BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OFINDIA

ADJUDICATION ORDER NO. Order/BM/JR/2022-23/ 19742 - 19750

UNDER SECTION15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

S. No.	Name	PAN Number
1.	**Arvind Babulal Goyal**	**ACIPG0193J**
2.	**Satish Radheshyam Mandowara**	**ACWPM3495P**
3.	**Abhay Dattatray Javlekar**	**ACVPJ4679B**
4.	**Yatin Vasantrai Parekh**	**AALPP0482A**
5.	**Manish Devendra Rathi**	**ANCPR8422N**
6.	**Dharmendra Harilal Bhojak**	**AFAPB7100D**
7.	**Ramesh Dwarkadas Daga**	**AMTPD7404Q**
8.	**Jignesh Rajendra Kumar Jain**	**AFGPJ6313N**
9.	**Kaushik Jayendra Solanki**	**AAGPS8390H**

In the matter of fraud involving physical shares and demat accounts

Facts of the Case:

1. Two news items had appeared on January 8, 2014, one in Economic Times and the other in Business Standard. Two more articles appeared in Business Standard on January 21, 2014 and on February 26, 2014. The articles pertained to some investigation and subsequent arrests by the Economic Offence Wing (hereinafter referred to as "**EOW**") of Mumbai Police in the issue of alleged dematerialization and selling shares of dormant accounts using forged documents.
2. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted investigation pursuant to the publishing of the aforesaid news items *inter alia* alleging dematerialization and selling shares of dormant accounts using forged

documents by certain entities. As a part of investigation, inspections were conducted on certain entities namely Angel Broking Pvt. Ltd., (hereinafter referred to as '**Angel**') Bigshare Services Private Limited (hereinafter referred to as '**Bigshare**') and MCS Ltd. (hereinafter referred to as '**MCS**'). Pursuant to the investigation, adjudication proceedings were initiated under the provisions of section 15HA of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") for the alleged violation of section 12 A(a), (b) and (c) of SEBI Act read with regulation 3(a), (b), (c), (d), 4(1) and 4(2)(h) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") by (1) Arvind Babulal Goyal (2) Satish Radheshyam Mandowara, (3) Abhay Dattatray Javlekar, (4) Yatin Vasantrai Parekh, (5) Manish Devendra Rathi, (6) Dharmendra Harilal Bhojak, (7) Ramesh Dwarkadas Daga, (8) Jignesh Rajendrakumar Jain and (9) Kaushik Jayendra Solanki, (hereinafter referred to as Noticees 1 to 9 respectively and collectively as "**Noticees**") for the alleged fraudulent transfers and demat of shares by the 26 individuals in 14 scrips between September 14, 2009 to March 08, 2013 (hereinafter referred to as "**Investigation Period**"/ "**IP**").

Appointment of Adjudicating Officer:

3. Vide a communique dated April 26, 2017, Mr. Suresh Gupta had been appointed as the Adjudicating Officer under section 19 of the SEBI Act read with section 15 I of SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Rules**') to inquire into and adjudge the alleged violations of provisions of SEBI Act and PFUTP Regulations. Subsequently, on appointment of Mr. K Saravanan as Adjudicating Officer, the matter was transferred to him vide communique dated May 18, 2017. Further, vide communique dated July 14, 2021, the matter was transferred to Mr. Parag Basu. Finally the matter was transferred to the undersigned vide communique dated March 11, 2022.

Show Cause Notice, Reply and Personal Hearing:

4. Show Cause Notice dated September 28, 2018 (hereinafter referred to as '**SCN**') was issued in terms of rule 4(1) of the Rules read with section 15-I of the SEBI Act to the Noticees alleging the following:

- On the basis of the observations from the inspections of Angel, Bigshare and MCS; information collected and from the statements recorded, following modus operandi of the dealings by the Noticees 1 to 9 has been alleged that:

3,56,222 shares of 14 listed companies were acquired in the name of 26 entities through transfer of physical shares and subsequent demat of these shares in the accounts of the 26 entities. The market value of these 3,56,222 shares was Rs. 4.60 crores. As submitted by DP Angel Broking Pvt. Ltd. post their internal investigations, these 26 entities are bogus and non-existing and in that sense were imposters with assumed names and fake identities. Further, the fact that these 26 entities are bogus and non-existing, has been confirmed by EOW. Also, summons issued by SEBI to these 26 entities have returned undelivered, which further confirms that these 26 entities are bogus and non-existing.

Since the 26 entities are bogus and non-existing, it is observed that 3,56,222 shares (amounting to Rs. 4.60 crores) of 14 listed companies acquired or transferred in the name of the 26 entities were either stolen or counterfeit and were acquired or transferred fraudulently in the name of the 26 non-existing entities. This is further evident from the inspection conducted of the 2 RTAs, Bigshare and MCS, wherein it was observed that there was lack of due care and diligence by the RTAs in the transfer of shares and issue of duplicate shares, which has been used in their advantage by the perpetrators in giving effect to their fraudulent designs.
It is, thus, observed that the physical share certificates of the 14 scrips were fraudulently acquired in the names of 26 non-existing bogus entities and were then dematted in the fraudulently opened demat accounts of the 26 non-existing entities. The accounts for the 26 entities were opened in different names with different addresses but using same or similar looking photographs through the different branches of Angel Broking Pvt. Ltd. at different points of time. In all, total of 3,56,222 shares, amounting to Rs. 4.60 crores, were acquired in such fraudulent manner. The shares were then either sold in the market through the 26 non-existing clients or were transferred to some other existing and non-existing entities in the off-market, who later sold the shares in the market.

From the investigations into the bank account dealings, it is observed that the money thus made out of the sale of shares and the money credited into the clients' account in the payout by NSE and BSE were used in following three ways:

a. *In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Jignesh Rajendrakumar Jain then gave cash in lieu of the cheques deposited in his account, OR*

b. *In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR*

c. *In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.*

- Angel found that it's 26 clients were imposters with assumed names or identities. They had opened accounts in different addresses, but using the same or similar looking photographs through different branches of Angel at different points in time. It is also observed that Angel immediately froze all the said 26 client accounts on 18th April 2013 & 23rd April 2013. Name and PAN of these 26 bogus entities are listed in below table –

Sl. No.	Name of entity	PAN
1	Anil Purushottam Atre	AZSPA1580E
2	Arvind Popatbhai Shah	CQFPS9660D
3	Ashwin Hasmukhlal Mody	BGZPM6240E
4	Bharat Hasmukh Mody	BGZPM6239D
5	Chitra Taggarshe	AOPPT1084G
6	Deoki Modi	BFQPM6938B
7	Devki Dinesh Agrawal	AUPPA2545P
8	Fanny Clarice Alethea Collins	AORPC0969H
9	Hira Santosh Aggarwal	AQGPA5440C
10	Indra Bahadurrajmadi Mishra	AUTPM4460D
11	Kamalnayan Mussady	BJQPM0573E
12	Kesavan Menon	BGZPM6237P
13	Mohanrao G Nettar	ALTPN1470B
14	Mukesh Kumar Mittal	AAAPM9187A
15	Narendrakumar G Vyas	ALUPV0455D
16	Pravesh Bhattacharya	BGUPB9706R
17	Pushpa Arvind Shah	CQFPS9662B
18	Rajiv Chandrakant Shah	BCZPS4467D
19	Ram Nawal Singh	DAGPS0888K
20	Rupprakash Agrawal	AWYPA3933G
21	Samer Rajiv Shah	COQPS5097K
22	Satya Paul Saigal	EMPPS7200R
23	Sheetal Arora	AVJPA1692A
24	Sirirampuri Hari Dewan	AHIPD1404G

25	Sukesh Arvind Shah	CQFPS9661C
26	Surendra Prakash Kayal	BRVPK4483L

- On perusal of the account opening forms (hereinafter referred to as '**AoF**')/ Know Your Clients (herein after referred to as '**KYC**') documents including Proof of Identity (hereinafter referred to as '**POI**') such as PAN card and Proof of Address (hereinafter referred to as '**POA**') attached along with 26 forms, by Angel which were later also inspected by SEBI inspection team, it was observed that the photographs in the PAN card were same/similar whereas other details such as name, father's name etc. were totally different. These 26 entities have been broadly divided in 5 Groups (A - E) based on the similarities in photographs observed by the inspection team.

NAME OF BO	**Observation**
Group A	
Sirirampuri Hari Dewan-05374234	Same/similar looking Photograph in PAN card as well as the AOF of both accounts.
Mohanrao G. Nettar-07167777	

Group B	Same/similar looking Photograph in PAN card of all 4 accounts.
Sheetal arora-7304646	
Devki Dinesh Agrawal-07333287	
Group C	Same/similar looking Photograph in PAN card of both accounts.
Deoki Modi-05960609 a/c.	
Pushpa Arvind Shah-05755388 a/c	

Group D	Same/similar looking Photograph in PAN card of all accounts.
Pravesh Bhattacharya-07641246	
Kesavan Menon-06583546	
Anil Purushottam Atre-07796088	
Ram Nawal Singh-06723129	
Surendra Kayal-05973314	
Satya Paul Saigal-8179752	
Samer Rajeev Shah-05485319	
Hira Santosh aggarwal-05374249	
Indra B Mishra-03962717	
Narendra Kr. Vyas-07209381	

Group E	Same/similar looking Photograph in PAN card of both accounts.
Mukesh Kr. Mittal-05372085	
Rup prakash Agrawal-07329200	

➢ It was observed that following accounts had common address as listed below:

Address	**BO Name and ID**
Ground floor, Building no. 179, Teen Bungalow, Western Railyway colony, Khar, Mumbai	1. Mohanrao G. Nettar-07167777 2. Sheetal Arora-7304646
Flat no. 257, Gaothan No. 27, Juhu Church, Santa Cruz, Mumbai	1. Pushpa Arvind Shah-05755388 2. Samer Rajeev Shah-05485319 3. Sukesh Arvind Shah-05755369 4. Arvind Popatbhai Shah-05755373
Room No. 10, Navjivan Socity, Samta Nagar, Kandivali	1. Ashwin H. Mody-06328750 2. Bharat Hasmukh Mody-06315631
Vijay Narayan Tiwari Chawl, P.M Road, Kothwadi, Santa Cruz	1. Devki Dinesh Agrawal-07333287 2. Narendra Kr. Vyas-07209381
5, Grd floor, Narbedeshwar Building,44 Gamdevi Road, Mumbai	1. Anil Purushottam Atre-07796088 2.Satya Paul Saigal-08179752

➢ It was also observed that following accounts had common mobile nos. but different address as listed below:

Mobile Nos.	**Beneficial Owner Name and ID**
7738520260	1. Bharat Hasmukh Mody-06315631 2. Satya Paul Saigal-08179752
8898637199	1. Surendra Kayal- 05973314 2. Arvind Popatbhai Shah- 05755373
9167276186	1. Pushpa Arvind Shah- 05755388 2. Sukesh Arvind Shah- 05755369 3. Fanny Clarice Collins- 05897039
9167512461	1. Ashwini Hasmukhlal Mody- 06328750 2. Kamal Nayan Mussady- 07379706
9819692407	1. Mohanrao G. Nettar- 07167777 2. Devki Dinesh Agrawal- 07333287
9920162989	1. Rupprakash Agrawal- 07329200 2. Anil Purushottam Atre- 07796088
9930118388	1. Sheetal arora- 07304646

	2. Chitra taggarshe- 07976341
9987609962	1. Kesavan Menon- 06583546 2. Pravesh Bhattacharya- 07641246
9305174739	1. Mukesh Kr. Mittal- 05372085 2. Indra B Mishra- 03962717

- SEBI sent summons to the 26 entities on the address as furnished by Angel and also as mentioned on the client master of the 26 entities maintained by the depository. The summons returned undelivered, post which a reminder was again sent to the 26 entities, which again returned undelivered.
- It is also observed that one of the 26 bogus entities, viz. Anil Purshottam Atre, was introduced to Angel through one of their sub-brokers, viz. P Babulal & Company and one Mr. Hemant Sagarmalji Punamiya, who was Manager of P Babulal & Co., knows Noticee 1. Further, it is observed that the brother of Hemant Sagarmalji Punamiya, Mr. Bhushan Punamiya who is mentioned as the introducer in the KYC form of Anil Purshottam Atre. It is also observed that the Noticee 1 had taken a Car Loan from ICICI Bank in April 2006 and during the processing of the loan application, he had submitted copy of a MTNL telephone bill dated February 07, 2006 (tel. no. 28775662) which was in the name of Bhushan Punamiya and the address was "Shop no. 3, Grd. Floor, Goyal Villa, Plot. No. 60, Jawahar Nagar, Road no. 6, Mumbai". Even Noticee 1 has signed on the copy of the telephone bill as a mark of attesting the telephone bill. Thus it is alleged that the Noticee 1 is connected to Mr. Hemant Sagarmalji Punamiya and Mr. Bhushan Punamiya, the two persons who were instrumental in registering and introducing a bogus non-existing entity by the name of Anil Purshottam Atre.
- It is observed that the abovementioned 26 bogus entities had dematerialized, total 3,56,222 physical shares of following 14 listed companies. Total estimated value of aforesaid 3,56,222 shares amounted to Rs. 4.60 crores. The 14 listed companies are:

Sr. No.	Company	Sr. No.	Company
1.	Anuh Pharma	8.	Genesys International Ltd.
2.	Arshiya International Ltd.	9.	GI Engineering Solutions Ltd.
3.	Atco Corporation Ltd. (now known as Vaarad Ventures Ltd.)	10.	Global Securities Ltd.

4.	Central Provinces Railway Corporation	11.	Jain Irrigation
5.	Chromatic India Ltd.	12.	Jyoti Structures Ltd.
6.	DCW Ltd.	13.	Panama Petrochem
7.	Eicher Motors Ltd.	14.	SML Isuzu Ltd.

- It is alleged that the physical share certificates of 14 scrips mentioned above were fraudulently acquired and then dematerialized in the aforesaid demat accounts of the 26 non-existing clients. The shares were then either sold in the market or were transferred to some 7 other entities in the off-market, who later sold the shares in the market. Out of these 7 entities, 5 were existing entities and 2 were non-existing bogus entities. Following are the details of the 2 non-existing bogus entities:

S. No.	Client	BO ID	DP Name	Depository
1	Bharat Bhushan Satia	53303959	ICICI Bank Limited	NSDL
2	Balasubramanian N Shankar	44671906	ICICI Bank Limited	NSDL

- It is alleged that Bharat Bhushan Satia received total 11,080 shares of 6 scrips viz. Anuh Pharma, Atco Corporation Ltd. (now known as Vaarad Ventures Ltd.), Central Provinces Railway Corporation, Chromatic India Ltd., DCW Ltd. and Jain Irrigation out of the 14 scrips involved in the case from one bogus entity viz. Indra Bahadurrajmadi Mishra.

- SEBI issued summons to Bharat Bhushan Satia at the address as furnished in the demat account and bank account of Bharat Bhushan Satia. The summons returned undelivered, post which a reminder was again sent to Bharat Bhushan Satia, which again returned undelivered. EOW, Mumbai Police has also furnished a list of bogus demat accounts along with the details of the linked bank accounts. The list, *inter-alia*, includes the bogus account of Bharat Bhushan Satia. Therefore, it is alleged that Bharat Bhushan Satia is non-existing and bogus entity and his name and identity has been used, through fake documents, by the perpetrators in their fraudulent scheme in the case.

- Bharat Bhushan Satia had dealt through ICICI Securities, with which he had trading account, and through ICICI Bank, with whom he had demat account. Both ICICI Bank and ICICI Securities were called for recording of their statement on oath. Summary of statement of Shri Parameshwaran Shivaramakrishnan, Chief Manager – Internal Controls of ICICI Securities and Shri Harshal Mody, Manager Compliance, ICICI Bank dated July 16, 2015 as deposed before Sebi is as under:

  Shri Satia….had only done sale of demat shares and there was no buying of shares by the client from ICICI……The orders were placed by the client online by using his user ID and Password. The initial user ID was given by us only and the client had never changed the user ID thereafter. The initial password was given by us and the client had changed the password at regular intervals as per the then policy of ICICI to change the password every 14 days……The last sell order by the client was placed through our call center on Jan. 12, 2012. This order was taken by us only after authentication of the registered mobile number, name, user ID and date of birth, etc……As regards payments, since the client had only sold the shares, the pay outs proceeds were credited directly to his linked ICICI bank account…..The demat account has been suspended for debit from Jan. 28, 2014 on the orders of EOW…..The trading account is still active but for all practical purposes the client cannot trade as his demat account has been suspended.
- It was also observed that the orders were placed from different locations in Maharashtra including Mumbai through landline and mobile connections. It is also observed that Bharat Bhushan Satia had given mobile number 9324517012 during account opening and that he had changed the same post account opening to 9870766581, online by using his user id and password. It is observed that this new mobile number 9870766581 is the same as that of Rajiv Chandrakant Shah, who is one of the 26 non-existing bogus entities as mentioned in earlier paras.
- As regards payment post the sale of shares, it is observed that the money credited into the client's account in the payout by NSE and BSE were used in following three ways:

  a. In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Noticee 8 then gave cash in lieu of the cheque deposited in his account, OR

b. In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR
c. In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.

- Thus, Bharat Bhushan Satia being a non-existing & bogus entity and Noticee 1 being the mastermind in the matter, it is alleged that:

I. Noticee 1 used the fake identity of Bharat Bhushan Satia to fraudulently open the trading cum demat account in his name and then to transfer the 11,080 shares of 6 listed companies in the name of Bharat Bhushan Satia in off-market.

II. Noticee 1 facilitated fraudulent off-market transfer of shares in the 6 companies to Bharat Bhushan Satia and has then facilitated fraudulent sale of 11,080 shares in the market by Bharat Bhushan Satia.

- On the basis of the above, it is alleged that Noticee 1, through Bharat Bhushan Satia, has defrauded the original and genuine shareholders of these 11,080 shares of 6 listed companies by not only fraudulently using the fake identity of Bharat Bhushan Satia but also by fraudulently using the systems at the offices of the DP and stock broker.

- It is alleged that Balasubramanian N Shankar has received total 5,515 shares of 3 scrips viz. Anuh Pharma, Jyoti Structures Ltd. and DCW Ltd. out of the 14 scrips involved in the case from two bogus entities viz. Indra Bahadurrajmadi Mishra and Rajiv C Shah.
- Balasubramanian N Shankar had dealt through ICICI Securities, with which he had trading account, and through ICICI Bank, with whom he had demat account. Both ICICI Bank and ICICI Securities were called for recording of their statement on oath. Summary of statement of Shri Parameshwaran Shivaramakrishnan, Chief Manager – Internal Controls of ICICI Securities and Shri Harshal Mody, Manager Compliance, ICICI Bank dated July 16, 2015 as deposed before Sebi is as under:

Shri Shankar….had only done sale of demat shares and there was no buying of shares by the client through ICICI. The orders were placed by the client online by using his user ID and Password. The initial user ID was given by us only and *the client had never changed the user ID. The initial password was given by us and the client had changed the password at regular intervals as per the then policy of ICICI to change the password every 14 days…..As regards payments, since the client had only sold the shares, the pay outs proceeds were credited directly to his linked ICICI bank account. The demat account has been suspended for debit from Jan. 28, 2014 on the orders of EOW. The trading account is still active but for all practical purposes the client cannot trade as his demat account has been suspended.*

- Since the orders were placed by the client online by using his user ID and Password, ICICI was asked to furnish details of the IP logs depicting the name and place from where the orders were placed by the client. As per the details submitted ICICI, it is observed that though the client belonged to Dharwad in Karnataka, all the orders were placed from different locations in Maharashtra including Mumbai through landline and mobile connections.

- It is observed that there have been several ATM withdrawals by the client from his bank account maintained with ICICI Bank. ICICI has furnished details of the location of the ATMs from where the withdrawals have been made by the client. From the details it is observed that though the client belonged to Dharwad in Karnataka, all the ATM withdrawals were from different locations in Mumbai.
- As regards payment post the sale of shares, it is observed that the money credited into the client's account in the payout by NSE and BSE were used in following three ways:

    a. In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Noticee 8 then gave cash in lieu of the cheque deposited in his account, OR
    b. In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR
    c. In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.

- Thus, Balasubramanian N Shankar being a non-existing & bogus entity and Noticee 1 being the mastermind in the matter, it is alleged that:
  I. Noticee 1 used the fake identity of Balasubramanian N Shankar to fraudulently open the trading cum demat account in his name and then to transfer the 5,515 shares of 3 listed companies in the name of Balasubramanian N Shankar in off-market.
  II. Noticee 1 facilitated fraudulent off-market transfer of shares in the 3 companies to Balasubramanian N Shankar and has then facilitated fraudulent sale of 5,515 shares in the market by Balasubramanian N Shankar.

- On the basis of the above, it is alleged that Noticee 1, through Balasubramanian N Shankar, defrauded the original and genuine shareholders of these 5,515 shares of 3 listed companies by not only fraudulently using the fake identity of Balasubramanian N Shankar but also by fraudulently using the systems at the offices of the DP and stock broker.

- It is alleged that after dematerialization these 3,56,222 shares were either sold in the market or transferred to demat account of the Noticee 3, 4, 5, 6 and 7. It is observed that Noticee 1 is the Joint Managing Director of Global Securities Ltd. (herein after referred to as 'GSL') which is one of the abovementioned 14 companies and nearly 70% of the dealings (by number of shares) in the instant matter have been done in the scrip of GSL only. Following are the details of these 5 Noticees in whose demat account the shares were transferred:

Noticee No.	Noticee Name	BO ID	DP Name	Depository
3	Abhay Dattatray Javlekar	12085396	Aditya Birla Money Limited	NSDL
4	Yatin Vasantrai Parekh	10053022	Edelweiss Broking Limited	NSDL
5	Manish Devendra Rathi	17494533	Religare Securities Ltd	NSDL
6	Dharmendra Harilal Bhojak	10562012	Arihant Capital Mkt. Ltd	NSDL
7	Ramesh Dwarkadas Daga	10556034	Arihant Capital Mkt. Ltd	NSDL

- It is alleged that Noticee 3 received total 45,300 shares of Global Securities Ltd. from two bogus entities viz. Indra Bahadurrajmadi Mishra and Kesavan Menon.

Noticee 3, who was proprietor of M/s Abhay Caterers, which is based at Amravati, Maharashtra, was called for recording of his statement on oath. Summary of his statement dated June 23, 2015 as deposed before SEBI is as under:

“Shri Arvind Goyal is one of my friends since 1992…..Shri Goyal met me in his home in 2009. He offered me to open a trading account and bank account for share trading purpose. My trading cum demat accounts were opened with Aditya Birla Money Ltd. and bank account was opened with IndusInd Bank in 2009. Another trading cum demat was opened at Maxgain Investment, sub-broker of MPSE. These accounts were opened with Shri Goyal as the facilitator at Aditya Birla, Maxgain and IndusInd. Shri Goyal told me that he would trade in my account in my name and would share the profit as a lumpsum amount to cover my losses. No agreement was signed between me and Shri Goyal for this. No specific percentage or absolute amount was discussed which he would share with me with such dealings in the share market. Shri Goyal started trading in my account with Aditya Birla since 2010 and with Maxgain since 2013. Shri Goyal generated the passwords for demat and trading accounts. Shri Goyal used to keep the passwords for my trading and demat accounts and I did not access them myself. He only used to give orders to the brokers to sell and purchase the scrips. During opening of my trading cum demat account, Shri Goyal had filled his email ID on the account opening form. Shri Goyal used to get the contract notes on his email ID agoyal143@yahoo.com. I have never got any contract notes. I have not closed the accounts till date. I never chequeed my bank account. Shri Goyal came to me in 2012 to get my signatures on DIS. I had a fight with him as to why he had bought huge amount of shares in my account. I signed on two books of DIS. I have not got any money and/or shares in all the dealings done by Shri Goyal through any above mentioned trading cum demat accounts and bank account. I got letters dated Jan. 09, 2015 and April 15, 2015 from EOW for visiting their office in relation with the above dealings done in my account by Shri Goyal. I visited EOW office for three times and I have deposed the same details as submitted by me in the above paras.”

- Noticee 3 had dealt in securities market through broker Aditya Birla Money Limited (herein after referred to as ‘ABML’), with which he had trading cum demat account. ABML was called for recording of its statement on oath. Summary of statement of Legal head of ABML viz. Shri Murali Krishnan L R dated July 24, 2015 as deposed before SEBI is as under:

“The client Shri Javlekar was introduced to us in Sep. 2010….We are not aware as to whether the client was approached by us or he approached us. Further, we are not sure as to whether the client was accompanied with anybody during the time of account opening as the available records do not provide such information…..We are not aware exactly as to how the orders were placed by Shri Javlekar and whether the orders were placed by him only or by somebody

else to us. However, as per the procedure a client would be either placing the order over telephone or would have walked in to our branch for placing the order. At this juncture, we would not be able to exactly tell as to how and who had placed the orders in Global Securities Ltd. as the dealer….is no more employed with us…At this juncture, due to passage of time, we are not able to confirm as to how the cheques were handed over to us and who would have brought the cheque to us as we cannot ascertain as to which of the employees at the branch office would have received the cheque at that time…..The client is no more active. However, both the trading as well as demat accounts with us have not been closed by the client."

- From the AoF of Noticee 3, it was observed that the email furnished is agoyal143@yahoo.com, which as deposed by Noticee 1, belonged to Noticee 1. It is also observed in one of the call records which was submitted by ABML (P0 10-05-2011 12=48=06 53 Out -1 9769995429), Noticee 3 had given a mobile number 9322229797 to the employee of ABML for confirmations/details. As deposed by Noticee 1, this number 9322229797 belonged to him.
- As regards payment post the sale of shares, it is observed that the money credited into the client's account in the payout by NSE and BSE were used in following three ways:
  a. In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Jignesh Rajendrakumar Jain then gave cash in lieu of the cheque deposited in his account, OR
  b. In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR
  c. In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.
- In view of the above, it is alleged that-
  I. The Noticee 1 used the identity of the Noticee 3 to open the trading cum demat account in his name and then to transfer the 45,300 shares of GSL in the name of Noticee 3 through off-market.
  II. The Noticee 1 facilitated fraudulent off-market transfer of shares of GSL to the Noticee 3 and has then facilitated fraudulent sale of 45,300 shares in the market by Noticee 3.

- It is alleged that Noticee 4 has received total 95,700 shares of GSL from five bogus entities viz. Rajiv C Shah, Sirirampuri Hari Dewan, Arvind Popatbhai Shah, Deoki Modi and Narendrakumar G Vyas. The Noticee 4, who is proprietor of M/s Harsh Tours N Travels, which is based at Borivali, Mumbai was called for recording of his statement on oath. Summary of his statement dated June 23, 2015 as deposed before SEBI is as under:

  "Shri Arvind Goyal is one of my friends since 1999…..Shri Goyal met me in my office in 2009. I needed money for my business purposes to cover my business losses. He offered me to open a trading account and bank account for share trading purpose. My trading cum demat accounts were opened with Edelweiss Broking Ltd. and Religare Securities Ltd. and bank account was opened with IndusInd Bank in 2009. These accounts were opened with Shri Goyal as the facilitator at Edelweiss, Religare and IndusInd. Shri Goyal told me that he would trade in my account in my name and would share the profit as a lumpsum amount to cover my losses. No agreement was signed between me and Shri Goyal for this. No specific percentage or absolute amount was discussed which he would share with me with such dealings in the share market.No dealings were done in my trading cum demat account of Religare. Shri Goyal started trading in my account with Edelweiss since late 2009 and continued till 2012. Shri Goyal generated the passwords for demat and trading accounts. Shri Goyal used to keep the passwords for my trading and demat accounts and I did not access them myself. He only used to give orders to the brokers to sell and purchase the scrips. I used to get the contract notes on my email ID harshtrav@rediffmail.com. After getting 10-15 contract notes, I sent emails to Edelweiss two to three time to close my trading cum demat account with them. But they never replied and did not close the accounts. I never chequeed my bank account. I asked Shri Goyal in the end of 2012 to share profits with me as regards trades done by him in my account. But he said that he has made losses and so asked me to wait for sometime. I reminded him to share the profits for many times since then but he always avoided giving any money to me for the trades done by him in my account. I have not got any money and/or shares in all the dealings done by Shri Goyal through any above mentioned trading cum demat accounts and bank account. I got letters dated Jan. 09, 2015 and April 15, 2015 from EOW for visiting their office in relation with the above dealings done in my account by Shri Goyal. I visited EOW office for three times and I have deposed the same details as submitted by me in the above paras."

- Noticee 4 had dealt in securities market through broker Edelweiss Securities Limited (herein after referred to as 'ESL'), with which he had trading cum demat account. ESL was called for recording of their statement on oath. Summary of statements dated July 15, 2015 of Senior vice president of ESL viz. Shri Prashant

Shashikant Mody and Legal Head of ESL viz. Shri Vijay Mandhayan as deposed before SEBI is as under:

"The dealer is mapped to approximately more than 300 clients from whom he receives orders. The dealer is typically able to identify most of the frequent trading clients and accordingly places orders in the system directly based on the orders received from such clients. The client, Mr. Yatin Parekh, has not been frequently trading clients as can be seen from his trading activity that he has traded only on 25 days in more than two years of his trading activity through us. The dealer is unable to recall with any degree of certainty on whether orders were placed on behalf of client by Arvind Goyal."

- As regards payment post the sale of shares, it is observed that the money credited into the client's account in the payout by NSE and BSE were used in following three ways:
    a. In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Jignesh Rajendrakumar Jain then gave cash in lieu of the cheque deposited in his account, OR
    b. In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR
    c. In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.
- In view of the above, it is alleged that-
    I. Noticee 1 used the identity of the Noticee 4 to open the trading cum demat account in his name and then to transfer the 95,700 shares of GSL in the name of the Noticee 4 through off-market.

    II. The Noticee 1 facilitated fraudulent off-market transfer of shares of GSL to the Noticee 4 and has then facilitated fraudulent sale of 95,700 shares in the market by Noticee 4.

- It is alleged that Noticee 5 has received total 48,000 shares of GSL from three bogus entities viz. Mukesh Kumar Mittal, Sukesh Arvind Shah and Rupprakash Agrawal.

The Noticee 5, who works as an assistant in a readymade garments shop by the name M/s Grabit, located at Kandivali, Mumbai, was called for recording of his statement on oath. Summary of his statement dated June 24, 2015 as deposed before SEBI is as under:

"I used to work as an office boy with Shri Satish Mandowara (Director in Global Securities Ltd., where Shri Arvind Goyal is also a Director) at his office by the name of Jesse Trading Pvt. Ltd., located at Mahavir Nagar, Kandivali (W), Mumbai from end of 2011 till end of 2014. Jesse Trading Pvt. Ltd. was involved in trading in the share market. Shri Arvind Goyal, who was a friend of Shri Mandowara, used to visit the office of Jesse Trading Pvt. Ltd. There, Shri Goyal asked me in early 2012 to open a trading cum demat account and bank account and that he would trade in the share on my behalf through my accounts. He told me that he would give me Rs. 5000/- every month for lending my name for his dealings in the share market. He also told me that he would give Rs. 50,000/- for treatment of my father who was suffering from heart ailment. Shri Goyal brought the applications forms and KYC for opening accounts with Religare (trading cum demat account) and ING Vysya Bank (bank account). He only filled in the forms and got my signature on them. He submitted the forms and the accounts were opened. Shri Goyal also got my signature on blank cheques and blank DIS. After two months, I enquired with Shri Goyal about the money which he had promised me to give. He told that no work had still started through my accounts and so he did not give me any money then. I also got at that time my demat statement from Religare and my bank statement from ING where I saw that Shri Goyal had put in his mobile number in my accounts, whereas my mobile numbers were put in during the time of opening the accounts. I then met Shri Goyal and told him that dealings are being done from my account as was shown from the account statements which I had got. He told me that he would not give me any money. I also told Shri Mandowara about this, who told that he would ask Shri Goyal about this when he would visit Mandowara's office. Shri Goyal then stopped visiting Shri Mandowara's office. For two years I regularly visited Shri Goyal at his Goregaon office from where he used to deal in the share market. He avoided me and did not give any money to me. I then got three letters from EOW in the same matter. I visited EOW for four times and I have deposed the same details as submitted by me in the above paras.After I received the summons from SEBI, I met Shri Goyal at Mahavir Nagar, Kandivali (W), Mumbai. He told me to manage the things myself and asked me to go."

- The Noticee 5 had dealt in securities market through broker Religare Securities Limited (herein after referred to as Religare), with which he had trading cum demat account. Religare was called for recording of their statement on oath. Summary of statement dated July 17, 2015 of Ex dealer of Religare viz. Shri Varsheet Vasantkumar Jain and Executive of Religare viz. Shri Tushar Chandrashekhar Pawar as deposed before SEBI is as under:

"The orders for Shri Rathi were placed over telephone to me by Shri Arvind Goyal. Shri Rathi had given authorization to Religare as regards placing of orders by Shri Goyal on behalf of Shri Rathi. I do not have copy of the authorization letter as it was given to the back office in Reilgare and not to me. As part of process, the telephone number/mobile number of the client changes in the records once such sort of authorization is given by the clients. The same would have happened in this case also and so as soon as Shri Goyal placed the orders to me, I used to cheque his mobile number on my screen with that which displayed on my telephone screen. This confirmed that the orders were being placed by Shri Goyal only, the authorised person of Shri Rathi and so I used to place the orders. Shri Goyal had introduced himself to me by telling his name for the first time when he placed order to me on behalf of Shri Rathi. After then, his number used to get displayed when he called me for subsequent orders on behalf of Shri Rathi. I also recognized the voice of Shri Goyal and so it was confirmed that only Shri Goyal was placing the orders to me for Shri Rathi. I do not remember the mobile number from which Shri Goyal used to place orders to me. The orders were placed by Shri Goyal over telephone only. So far as I remember, he or Shri Rathi had never visited our office to place the orders. I do not have any details as regards the payments by Shri Rathi or Shri Goyal as that was done by the back office. However, I confirm that neither Shri Rathi or Shri Goyal had brought any cheques to me nor I had given any cheques to them as regards dealings in the account of Shri Rathi. I had also gone to Shri Goyal's office in Goregaon once around 2011 or 2012 for business purpose of Religare in relation to his dealings in the share market through Religare. I was asked by Religare to go to Shri Goyal's office. I do not remember the exact official purpose of the meeting. I also had Shri Goyal's mobile number saved on my mobile and so he was my whatsapp list also. In fact I had mobile numbers of all the clients on my mobile. So I can very well recognize Shri Goyal."

- It was observed that Religare has submitted copy of profile change request form submitted by Noticee 5 wherein it is observed that the new mobile number of Noticee 5 was put in as 8097153100. A cheque over Truecaller website shows that the number belongs to Arvind Goyal. It is also observed that in KYC form of Noticee 5 as submitted by Religare, the email mentioned is arvindg500@gmail.com, which appears to be an email ID of Noticee 1 only. It is also observed that all the contract notes with regard to dealings by Noticee 5 were sent on this email ID only.
- It was also observed that Noticee 5 submitted a form for authorization of instructions to Religare authorizing Noticee 1 to place orders on his behalf. Further, it was also observed from the calls record as submitted by Religare, wherein the in one of the calls (120606144235O4927-9768063366-02233218244-Order), communication starts with the dealer referring to some person by the name "Arvind" asking him to give the order and this call has come from the mobile number 9768063366.

- As regards payment post the sale of shares, it is observed that the money credited into the client's account in the payout by NSE and BSE were used in following three ways:
  a. In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Noticee 8 then gave cash in lieu of the cheque deposited in his account, OR
  b. In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR
  c. In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.
- In view of the above, it is alleged that-
  I. The Noticee 1 used the identity of the Noticee 5 to open the trading cum demat account in his name and then to transfer the 48,000 shares of GSL in the name of the Noticee 5 through off-market.

  II. The Noticee 1 facilitated fraudulent off-market transfer of shares of GSL to the Noticee 5 and has then facilitated fraudulent sale of 48,000 shares in the market by Noticee 5.

- It is alleged that Noticee 6 has received total 40,000 shares of GSL from a bogus entity viz. Pushpa Arvind Shah. The Noticee 6, who works as a real estate agent as a freelancer at Malad, Mumbai was called for recording of his statement on oath. Summary of his statement dated July 23, 2015 as deposed before SEBI is as under:

  Shri Abhay Javlekar (who was friend of Arvind Goyal) was my friend since 1996 when we met in a marriage party in Mumbai. He introduced me to Shri Arvind Goyal in 2009 as I was in search of a job. I joined the office of Shri Goyal in Goregaon (E) in Feb. 2009 as an office boy. Shri Goyal used to deal in share market through his office. I was being paid Rs. 8000/- per month by him. In Oct. 2009, he told me to open demat cum trading account and bank account for his trading in shares on my behalf. He told me that he would not do anything wrong in the accounts and promised me to pay Rs. 5000/- per month for lending my name for his dealings in the share market. Shri Goyal then talked to Indusind Bank and Arihant for opening of my accounts. I then went to Kandivali (E) Branch of Indusind and Ville Parle (w) of Arihant, where the forms were filled in *by their employees after talking to Shri Goyal over his mobile. My mobile number was filled in the forms. I do not know how to operate computer and do not have any email ID. So an email ID was created by Shri Goyal which was then filled in the forms by Indusind and Arihant. I then made my signatures on the forms given to me by Indusind and Arihant. Shri Goyal then started dealing in the share market through my accounts. The orders were given by Shri Goyal only and I was not at all involved in the dealings through my account. I used to get regular statements from Indusind and Arihant within gap of 2-3 months. I used to give these statements to Shri Goyal as and when I received them at my home. However, I never got any contract note. I asked Shri Goyal for the payment for money promised by him but he always postponed giving money to me. He operated my account for nearly 3-4 years and since he did not give me any money, I went to Arihant for closure of my account and was asked to meet Shri Nimesh Vyas there. I met Shri Vyas there and gave him my letter requesting for closure of my account. Shri Vyas told me that he would talk to Shri Goyal in this regard. He talked to Shri Goyal then, while I waited outside their office. I then got a call from Shri Goyal on my mobile who told me that he would sell the shares already lying in my account and would then close the account. Thus my account was not closed by Arihant then. After 6-7 months, Shri Goyal brought some account closure form to me and took my signature on it. I do not know whether my account was closed or not but I did not get any statements after this. I also went to Indusind Bank and submitted by cheque book and signed on the account closure form and submitted that to the bank. I do not know whether my account was closed or not but I did not get any statements after this.*

- The Noticee 6 had dealt in securities market through broker Arihant Capital Markets Limited (herein after referred to as "Arihant"), with which he had trading cum demat account. Arihant was called for recording of his statement on oath. Summary of statement dated July 13, 2015 of Compliance officers of Arihant viz. Shri Dinesh Ahuja & Shri Arvind Sarda and Dealer of Arihant viz. Shri Nimesh Kantilal Vyas of Arihant as deposed before SEBI is as under:

Shri Bhojak had opened his trading cum demat account with Arihant on Oct. 23, 2009. Shri Bhojak was introduced to Arihant through our Mumbai Branch at Andheri (then at Ville Parle) by our ex-employee Shri Akshay Sekhsaria (then Business Development Manager at Arihant). Our client Shri Arvind Goyal had told Shri Sekhsaria to open trading cum demat account of Shri Bhojak. In person verification was done by our back office person, viz. Shri Saurabh Ghughe. Shri Goyal used to give orders through telephone to our dealer Shri Nimesh Vyas. Shri Arvind Goyal used to give orders on behalf of Shri Bhojak. Shri Goyal is also our existing client since 2010. Shri Bhojak had submitted a letter authorizing Shri Goyal to place the orders on his behalf. Shri Bhojak dealt in 10-15 scrips. The trading cum demat accounts of Shri Bhojak has been closed by Shri Bhojak on July 18, 2013….As per Shri Nimesh Vyas, Shri Goyal *knew our MD Shri Ashok Kumar Jain. Shri Jain used to meet Shri Goyal when Shri Jain used to visit our Mumbai office.*

- It was observed that during the recording of their statement on oath, Arihant had submitted copy of the letter authorizing Noticee 1 to place the orders on the behalf of Noticee 6. It was also observed that as per the KYC of the Noticee 6, the email ID given is arvinvestment500@gmail.com, which appears to be an email ID of the Noticee 1. In this regard Arihant informed that they had received request from Noticee 6 to change the email ID on the basis of which the email ID was updated. It was observed from change request form as submitted by Arihant that the request for change was for both email ID and mobile number and that the mobile number mentioned in the form is 808079797. Arihant confirmed that the mobile number belongs to the Noticee 1. Also, a check over Truecaller website shows that the number 808079797 belongs to the Noticee 1.

- As regards payment post the sale of shares, it is observed that the money credited into the client's account in the payout by NSE and BSE were used in following three ways:
    a. In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Noticee 8 then gave cash in lieu of the cheque deposited in his account, OR
    b. In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR
    c. In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.
- In view of the above it is alleged that-

I. The Noticee 1 used the identity of the Noticee 6 to open the trading cum demat account in his name and then to transfer the 40,000 shares of GSL in the name of Noticee 6 in off-market.

II. Noticee 1 facilitated fraudulent off-market transfer of shares in GSL to Noticee 6 and has then facilitated fraudulent sale of 40,000 shares in the market by Noticee 6.

- It is alleged that Noticee 7 has received total 7,100 shares of GSL from a bogus entity viz. Hira Santosh Aggarwal. The Noticee 7, who is involved in the business of computer sales and services through his proprietary firm by the name of Interactive Solutions located at Borivali, Mumbai was called for recording of his statement on oath. Summary of his statement dated July 03, 2015 as deposed before SEBI is as under:

I was totally unaware of the dealings in my accounts because my trading account, demat account and bank accounts were totally operated by Shri Arvind Goyal. I met Shri Goyal in 2009 through Shri Abhay Javlekar (who is a friend of Arvind Goyal) in relation with maintenance of computers at Shri Goyal's office located at Jawahar Nagar, Goregaon (W), Mumbai. I had also visited the residence of Shri Goyal for installing laptops. There I also met his wife Mrs. Pooja Goyal. I knew Shri Javlekar since 1997-98 through some common friend. After that Shri Javlekar brought some computer orders for me. I also provided computers in his hotel business. In 2010, while I was visiting the office of Shri Goyal for some computer related work, he told me to open a trading cum demat account and bank account, where he would trade on my behalf and will give Rs. 10,000 per month for this. He also gave me example of Shri Javlekar and Shri Dharmendra Bhojak who had also opened accounts in their name for trading by Shri Goyal. Shri Goyal and Shri Javlekar took me and Shri Bhojak to the Santacruz office of Arihant Capital where I and Shri Bhojak opened our trading cum demat account. On the third day, Shri Goyal and Shri Javlekar took me and Shri Bhojak to M G Road, Kandivali (W) branch of IndusInd Bank where I and Shri Bhojak opened our bank account.Shri Goyal got my signatures on blank cheques (book of 25-50 cheques), 25-50 blank RTGS forms and blank DIS (2-3 booklets of 20 DIS). Shri Goyal then started trading on my account. He regularly used to visit me to get my signatures on cheques and DIS. After 2-3 months, I enquired him about the money which he had promised me to give. He avoided my queries and told that he would give me the money soon. I used to get the contract notes and statements from Arihant and bank statements from IndusInd at my residence. The volumes of these started increasing and so I enquired from Shri Goyal if this can cause trouble for me and asked him to close my accounts. Everytime, he used to tell me that my accounts are loss making and he would close the account in a very short time. He operated my account for further 5-6 months without giving me any money as promised. In late 2013, Shri Goyal told me that he has closed my trading cum demat account. However, in Feb. 2014, I again got some bills and so enquired about this with Shri Javlekar. He told me that these may be last transactions. After this, I did not get any bills or statements from Arihant. My bank account with IndusInd is *operative, but there is zero balance in it.I never went to Arihant or IndusInd to close my accounts. However, I had talked to Arihant over telephone to close my account, but they told that Shri Goyal is operating my account and it would be closed once they talk to Shri Goyal.In Jan. 2015, I was called by EOW in the present matter where I deposed the same details as being given by me today through this statement. I have not heard from EOW since then.*

- The Noticee 7 had dealt in securities market through broker Arihant with which he had trading cum demat account. Arihant was called for recording of his statement on oath. Summary of statements dated July 13, 2015 of Compliance officers of Arihant viz. Shri Dinesh Ahuja & Shri Arvind Sarda and Dealer of Arihant viz. Shri Nimesh Kantilal Vyas of Arihant as deposed before SEBI is as under:

Shri Daga had opened his trading cum demat account with Arihant on Sep. 10, 2009. Shri Daga was introduced to Arihant through our Mumbai Branch at Andheri (then at Ville Parle) by our ex-employee Shri Akshay Sekhsaria (then Business Development Manager at Arihant). Our client Shri Arvind Goyal had told Shri Sekhsaria to open trading cum demat account of Shri Daga. In person verification was done by our back office person, viz. Shri Tulsiram Kadam. Shri Goyal used to give orders through telephone to our dealer Shri Nimesh Vyas. Shri Arvind Goyal used to give orders on behalf of Shri Daga. Shri Goyal is also our existing client since 2010. Shri Daga had submitted a letter authorizing Shri Goyal to place the orders on his behalf. Shri Daga dealt in 10-15 scrips. The trading cum demat accounts of Shri Daga has been suspended since Jan. 27, 2014, due to instruction from EOW. As per Shri Nimesh Vyas, Shri Goyal knew our MD Shri Ashok Kumar Jain. Shri Jain used to meet Shri Goyal when Shri Jain used to visit our Mumbai office.

- It was observed that Arihant submitted a copy of a letter authorizing the Noticee 1 to place the orders on the behalf of the Noticee 7 which is on plain paper and not on any stamp paper. Also, the letter does not appear to be any POA. Further, the letter does not bear any stamp or signature of receipt by Arihant. It is also observed that Arihant does not know exactly when said letters were submitted to them. However, they confirmed that the letter has not been fabricated by Arihant. With respect to receipt of payments from the Noticee 7, Arihant told that the payments were made by the Noticee 7 through cheques or RTGS from his account only. There were no third party cheques or RTGS and that the cheques were submitted to them by Noticee 1 only.

- As regards payment post the sale of shares, it is observed that the money credited into the client's account in the payout by NSE and BSE were used in following three ways:
  a. In course of just 2-3 days, the money was transferred through cross bearer cheques to different entities by the name K N Enterprises, D K Corporation, K D Corporation, K P Corporation, Om Enterprises and Balaji Developers and the payee account holder by the name of Jignesh Rajendrakumar Jain then gave cash in lieu of the cheques deposited in his account, OR
  b. In course of just 2-3 days, the money was withdrawn in cash through cross bearer cheques drawn on Self, OR
  c. In course of just 7-8 days, the money was withdrawn on a daily basis through ATMs.
- In view of the above it is alleged that-

  I. The Noticee 1 used the identity of the Noticee 7 to open the trading cum demat account in his name and then to transfer the 7,100 shares of GSL in the name of Noticee 7 in off-market.

  II. Noticee 1 facilitated fraudulent off-market transfer of shares in GSL to Noticee 7 and has then facilitated fraudulent sale of 7,100 shares in the market by Noticee 7.

- Noticee 8 was called for recording of his statement on oath. Summary of his statement dated June 25, 2015 as deposed before SEBI is as under:

  I….am a part time Accountant at Umaji Sureshkumar, which is involved in cloth business at Kalbadevi, Mumbai……I am a proprietor in Tulsi Textiles and Tirupati Corporation. These firms were started in 2011. My monthly income before starting these two firms in 2011 was Rs. 7,000/-. I started these on my own without any insistence from anybody. I used to do "cheque discounting" through these two firms. In cheque discounting, my clients used to give their cross bearer cheques to me which I used to deposit in my account. Then I transferred some money through RTGS or cheque to some third person, who then used to give me equivalent amount of cash. I then used to give this cash to the first person who had given me his cross bearer cheques, after deducting my commission from it. The cash was generally given on third or fourth day from clearing of the cheque by the bank. My commission was in the range of 0.05%.The cross bearer cheques were brought by 50 – 60 clients. In the instant case the cheques were brought by my client Shri Kaushik Shah / Kaushik Bhai…..These cheques did not belong to Shri Kaushik. He was just a *middleman. I never enquired him about the ultimate beneficiary…..I used to do this cheque discounting through my two Pearl Accounts (Current Account), in the name of Tulsi Textiles and Tirupati Corporation, opened at Tamilnad Mercantile Bank Ltd., Mandvi Branch, Kazi Sayyed Street, Mumbai-400003…..Nobody encouraged me to do this. I started this by my own. I got knowledge from my interaction with people doing such activities at Kalbadevi, Mumbai…..I did this type of cheque discounting from 2011 to 2013. In 2013, the bank stopped taking cross bearer cheques and so I had to close the account.*

- Noticee 9 was called for recording of his statement on oath. Summary of his statement dated June 26, 2015 as deposed before SEBI is as under:

I…am working as an accounts clerk at P B Corporation, which is a yarn merchant at Pydhonie, Mumbai…..I used to live at 11, Elaichiwala Building, 4th Floor, Keshav ji Naik Road, Masjid Bunder, Mumbai-400009 since birth till 2005. Shri Rakesh Dixit also used to live in the same lane as mine, 8-10 buildings from the building in which I lived….I started my business of dry dates in 2008. I met Shri Dixit in 2010 and we interacted with each other. He asked me whether there is any person involved in cheque discounting…..I used to go to Tamilnad Mercantile Bank, Mandvi, Branch in connection with depositing cheques regarding my office P B Corporation. There I met Shri Jignesh Rajendrakumar Jain and upon enquiry he told me that he was into the business of cheque discounting. I then told Shri Rakesh Dixit about Shri Jignesh Jain…..After this, I also joined this business of cheque discounting. Shri Rakesh Dixit started giving me cheques which I took to Shri Jignesh Jain for cheque discounting. Shri Jain used to give me cash after 3-4 days of clearing of cheques. I then used to give the cash to Shri Rakesh Dixit, after deducting my commission which was 0.1% of the amount….I am not aware whether Shri Rakesh Dixit was the ultimate beneficiary. I never enquired him about the ultimate beneficiary….I continued this business till Jan. 2014 after which Shi Rakesh Dixit was arrested by EOW. Presently, I am not involved in this business. After this, I never met Shri Rakesh Dixit. I tried calling on his mobile number 9322608512, which was always switched off. I enquired about him in the market at Masjid Bunder where everybody told that they were not aware about his whereabouts. I did not know his exact address, so I could not go to his place to enquire….I was also called by EOW 8 times for my statement recording during 2014….I deposed before them the same facts which I have told in above paras.

- Noticee 8 & 9 also informed that they did not know any of the existing or non-existing persons as mentioned in earlier paras. Noticee 8 stated that he knew one Noticee 9 only and dealt with him. Noticee 9 stated that he knew one Mr. Rakesh Dixit only and dealt with him.

- In view of the above it is alleged that Noticee 8 & 9 had through process of so called "cheque discounting", provided a channel to other Noticees to implement their fraudulent scheme and in the process has defrauded the original and genuine shareholders of 3,56,222 physical shares of 14 listed companies.
- It was observed that the Noticee 1 is the Joint Managing Director of GSL which is one of the company in the list of 14 companies' dealings in whose scrips by the 26 non-existing clients is under consideration of this investigation. It is also mentioned that nearly 70% of the dealings (by number of shares) in the instant matter have been done in the scrip of GSL only, where the Noticee 1 is the Joint Managing Director. Further, Noticee 2 is the Whole Time Director of GSL.
- Noticee 2 was called for recording of his statement on oath. Summary of his statement dated July 21, 2015 as deposed before SEBI is as under:

I…am involved in the trading in the share market as a client. I am also director in three companies, viz. Jesse Trading Pvt. Ltd. (share trading as a client with Religare Securities Ltd.), Nikita Enterprises Pvt. Ltd. and Halson Mercantile Pvt. Ltd. (paper company with no business)…..I do not have any relationship, personal, financial, business, or otherwise, with the promoters, directors and employees, past and/or present, of Global Securities Ltd. However, later in 2014, Shri Arvind Goyal and Shri Abhay Javlekar (my friend) told me that I am a director of Global Securities Ltd. I was not aware about this fact earlier. I then told Shri Goyal (who was also the director in Global) to remove my name from the directorship as my name was added without my knowledge….Shri Arvind Goyal and Shri Abhay Javlekar were my friends since 2010. They used to visit my erstwhile office in Mahavir Nagar, Kandivali for discussion on trading in the share market. They used to give me the tips and advices for my trading in share market. During one of the meetings, I gave copy my documents, including identity and address proof to Shri Arvind Goyal for opening trading account with his broker. However, no accounts were opened by Shri Goyal. Probably on the basis of these documents only, I was made a director in Global by Shri Goyal without my knowledge…..I was not aware that I was made a director at Global. So there is no case for financial favour or any other help or favour by anybody for becoming the Director at Global…..I was not aware that I was made a director at Global. So there is no case for salary or remuneration which I received from Global or anybody else after I became the Director of Global…..I have never attended board meetings at Global…..As per my knowledge all the dealings by my known persons in the matter have been done solely by Shri Arvind Goyal only on behalf of these persons….I know Abhay Dattatray Javlekar as he is my friend in the share market. Manish Devendra Rathi and Dharmendra Harilal Bhojak used to work as office boy in my company by the name Jesse Trading Pvt. Ltd….I do not have any relationship, personal, financial, business, or otherwise, with Yatin Vasantrai Parekh, Ramesh Dwarkadas Daga, Bharat Bhushan Satia and Balasubramanian N Shankar.

- It was observed that with respect to the Noticee 2, Noticee 7 (Ramesh Dwarkadas Daga) has deposed as under:

  "I knew Shri Mandowara since 2013 through Shri Goyal and Shri Javlekar. I used to supply computers to the office of Shri Mandowara, which was located at 1st Floor, Business Centre, Mahaveer Nagar, Kandivali (W), Mumbai."

- It is alleged that Noticee 2 has misleadingly deposed during investigations that he does not have any relationship, personal, financial, business, or otherwise, with Noticee 7. Further, Noticee 2 admitted that he is connected to Noticees 3, 5 and 6 who had off-market dealings with the 26 non-existing bogus entities and that he is also the Whole Time Director of GSL.
- In view the above it is alleged that:
  A. The Noticee 2 along with Noticee 1 became Directors in GSL to give effect to the fraudulent designs in the matter.
  B. Noticee 1 facilitated fraudulent off-market transfer of shares in GSL to the known persons of Noticee 2 and has then facilitated fraudulent sale of such shares in the market by the known persons of Noticee 2.

- The Noticee 1 was called for recording of his statement on oath. Summary of his statements dated July 17 & 27, 2015 as deposed before SEBI is as under:

  ….I am owner of a shop of readymade garments by the name of Wellset Collections at Jawahar Nagar, Goragaon (W), Mumbai. I also deal in the share market. I have no other business or occupation. I also have rent income from one flat which I own in the same compound in which I live….I confirm that I have no relationship, personal, financial, business, or otherwise, with the promoters, directors and employees, past and/or present, of Global Securities Ltd….Abhay Dattatray Javlekar and Yatin Vasantrai Parekh are my friends. I knew Sathish Mandowara, Ramesh Dwarkadas Daga, Manish Devendra Rathi and Dharmendra Harilal Bhojak. I am still in contact with Abhay Dattatray Javlekar and Yatin Vasantrai Parekh. I am presently not in contact with Sathish Mandowara, Ramesh Dwarkadas Daga, Manish Devendra Rathi and Dharmendra Harilal Bhojak. I have no relationship financial, business, or otherwise, with Abhay Dattatray Javlekar, Yatin Vasantrai Parekh, Dharmendra Harilal Bhojak, Ramesh Dwarkadas Daga, Manish Devendra Rathi and Sathish Mandowara…..I have been called by EOW in the matter for three times. I had visited them for the first time one and a half months back, then 15 days after

that and finally 10 days back…..I was issued summons to appear before them. I went to EOW where I was asked several queries in them matter. I was shown some photographs on account opening forms and was I told to identify the persons. These included some of the 26 persons mentioned in one of the questions above. I told them that I knew nobody of the photos shown to me. I was also asked whether I knew from where the shares in off market were credited in the accounts of Abhay Dattatray Javlekar, Yatin Vasantrai Parekh, Dharmendra Harilal Bhojak, Ramesh Dwarkadas Daga and Manish Devendra Rathi. I told EOW that I knew these people and that the shares were transferred in the accounts by Shri Mahavir Gohil. I further told EOW that I had met Shri Gohil in Ahmedabad in the later half of the year 2011 through our common friend Shri Samir Shah of Ahmedabad (later shifted to Mumbai). Shri Gohil then also used to meet me in Mumbai where Shri Abhay Dattatray Javlekar also met him in our meetings. We used to meet him in Hotel Sea Princess, Juhu, Mumbai. During one of our meetings in Mumbai in early 2012, Shri Gohil told me and Shri Javlekar to furnish details of some trading accounts in the shares market. He told that he had some trading tips and he can give returns to us. I told Shri Gohil that some friends of Shri Javlekar had trading accounts and that Shri Javlekar would provide their details. Shri Javlekar then gave the details of these accounts of his and his friends, viz. Abhay Dattatray Javlekar, Yatin Vasantrai Parekh, Dharmendra Harilal Bhojak and Ramesh Dwarkadas Daga. I had helped Shri Daga in opening in demat cum trading account…..The shares of Global Securities were then transferred to these accounts in off-market by Shri Mahavir Gohil and once of his accomplice Shri Jaideep Mehta. Then either Shri Gohil or Shri Mehta or I or the individuals, viz. Abhay Dattatray Javlekar, Yatin Vasantrai Parekh, Dharmendra Harilal Bhojak and Ramesh Dwarkadas Daga gave the orders for selling the shares in the market. Most of the times the orders were placed by Shri Gohil and Shri Mehta only. All the DIS of these accounts were kept with Shri Gohil only. My trading and/or demat accounts were not involved in any of these dealings. I have no knowledge as to who got the money from the sale of these shares of Global Securities. Also, I did not get any money out of these dealings....Yes, I had given my email ID to Shri Abhay as he did not have any email ID at that point. I do not use this email frequently and so did not cheque whether any contract notes came to my email ID.

- On the basis of above deposition of Noticee 1 before SEBI, following were observed:
  1. He knew Noticee 3, Noticee 4, Noticee 5, Noticee 6 and Noticee 7 and was even aware of the said off-market transactions by these entities.
  2. He had helped Noticee 7 in opening his demat cum trading account.
  3. He has shared his email ID to Noticee 3 as he did not have any email ID at that point.
  4. He only had introduced the Noticees 3, 4, 5, 6 and 7 to some Mahavir Gohil and some Jaideep Mehta.

5. He was placing orders on behalf of the Noticees 3, 4, 5, 6 and 7 with their stock brokers in the matter.

- During the time of his above mentioned depositions to SEBI, Noticee 1 had undertaken to furnish complete address, contact details, mobile numbers, emails IDs, photos and PAN of Mahavir Gohil and Jaideep Mehta and also to bring them to SEBI office for their depositions in the matter however, Noticee 1 failed to do so. Therefore, it is alleged that Noticee 1 used the name of the two persons just to feign his ignorance in the matter and to divert the attention of the SEBI investigations from his prime role in the matter.
- On the basis of depositions of Noticee 1, depositions and information submitted by other notices or entities in the matter following is observations were made regarding Noticee 1-

a. Noticee 1 is the Joint Managing Director of GSL, which is one of the 14 companies in which 26 bogus entities have allegedly done wrong doings. Further, nearly 70% of the dealings (by number of shares) in the instant matter have been done in the scrip of GSL only.

b. It was also observed from call records of one of the client by the name of Pushpa Arvind Shah, who was one of the 26 non-existing bogus entities, as furnished by Angel, the orders have been placed by some male person (as audible from the call record; also the dealer had addressed the person on the other side as “Arvind Sir” and “Sir”), though the client is a lady. Since the client’s name has “Arvind” as her middle name, then some “Arvind” may be the name of her husband (as is the prevalent practice). However, when it was observed the client herself is non-existing and bogus, then there could not be possibility of some “Arvind” as her husband. Therefore, it is alleged that the Noticee 1 has placed orders on behalf of non-existing bogus entity Pushpa Arvind Shah.

c. It was observed that one of the 26 non-existing clients, viz. Anil Purshottam Atre, was introduced to Angel through one of their sub-brokers, viz. P Babulal & Company and that Hemant Sagarmalji Punamiya, who is Manager of P Babulal & Co. knows the Noticee 1, due to both being from the same community and also because of the fact that the families of both the persons are related with each other. Further, it was observed that Bhushan Punamiya, the brother of Hemant Sagarmalji Punamiya, was mentioned as introducer in the KYC form of Anil Purshottam Atre. It was also observed that the Noticee 1 had taken a Car Loan from ICICI Bank in April 2006 and during the processing of the loan application, he had submitted copy of a MTNL telephone bill dt. Feb. 07, 2006 (tel. no. 28775662) which was in the name of Bhushan Punamiya and the address was "Shop no. 3, Grd. Floor, Goyal Villa, Plot. No. 60, Jawahar Nagar, Road no. 6, Mumbai". It was observed that Noticee 1 has signed on the copy of the telephone bill as a mark of attesting the telephone bill. Therefore, it is alleged that Noticee 1 is connected with Hemant Sagarmalji Punamiya and Bhushan Punamiya, the two persons who were instrumental in registering and introducing a bogus non-existing entity by the name of Anil Purshottam Atre.

d. Noticees 3, 4, 5, 6 and 7, who were involved in off-market dealings with the non-existing bogus entities deposed before SEBI that their demat, trading and bank accounts were opened at the insistence of and with the assistance of Noticee 1 only and that he only used to place orders on their behalf with their stock brokers.

e. From the AoF of Noticee 3, it is observed that the email furnished is agoyal143@yahoo.com, which as deposed by Noticee 1, belongs to him.

f. Aditya Birla Money Limited submitted some available records of voice calls associated with the account of the Noticee 3. It was observed that in one of the call records (P0 10-05-2011 12=48=06 53 Out -1 9769995429), Noticee 3 had given a mobile number 9322229797 to the employee of Aditya Birla Money Limited for confirmations/details. As deposed by Noticee 1, this number 9322229797 belonged to him. The number does not exist anymore and that Noticee 1 had got this number cancelled in 2013.

g. The concerned dealer at Religare Securities Ltd. confirmed that the orders for Noticee 5 were placed over telephone to the dealer by Noticee 1. Additionally, Religare submitted copy of a filled in form for authorization of instructions by third party, which was submitted by Noticee 5, wherein it was observed that he had authorized Noticee 1 to place orders on his behalf with Religare.

h. Religare submitted copy of profile change request form of Noticee 1 wherein it was observed that the new mobile number of Noticee 5 was put in as 8097153100. A check over Truecaller website shows that the number belongs to Noticee 5.

i. From the copy of KYC form of Noticee 5 as submitted by Religare, it was observed that the email mentioned is arvindg500@gmail.com, which appears to be an email ID of Arvind Goyal only. From the e-log of electronic contract notes as submitted by Religare, it was observed that all the contract notes with regard to dealings by Manish Rathi were sent on this email ID only.

j. Religare submitted some available records of voice calls associated with the account of the client. Among the various call records as submitted by Religare, there was a call record (120606144235O4927-9768063366-02233218244-Order), wherein the communication starts with the dealer referring to some person by the name "Arvind" asking him to give the order. As seen from the title of the call record, this call has come from the mobile number 9768063366. It was observed that the mobile number 9768063366 was not associated with Noticee 5.

k. Arihant confirmed that Noticee 1 had told the then Business Development Manager at Arihant to open trading cum demat accounts of Noticee 6 & 7 and Noticee 1 used to give orders through telephone to the dealer at Arihant Shri Nimesh Vyas on behalf of Noticee 6 & 7. Arihant even submitted copy of the letters authorizing Noticee 1 to place the orders on behalf of Noticee 6 & 7.

l. It was also observed that as per the KYC of Noticee 6, the email ID given is arvinvestment500@gmail.com, which appeared to be an email ID of Arvind Goyal. On query, Arihant told that they had received request from Bhojak to change the email ID on the basis of which the email was updated. Arihant also submitted copy of the change request form, from where it was observed that the request for change was for both email ID and mobile number and that the mobile number mentioned in the form is 808079797. On query, Arihant confirmed that the mobile number belonged to Noticee 1. Also, a cheque over Truecaller website showed that the number 808079797 belonged to Noticee 1.

m. As regards receipt of payments, Arihant has confirmed that the payments were made by Noticee 6 & 7 through cheques or RTGS from their accounts only and that the cheques were submitted to them by Noticee 1 only.

n. Noticee 1 fraudulently used the identity of Noticee 2, by falsely using his documents for proof of address and identity, to make him a Director at Global Securities Ltd.

o. On the basis of the depositions of various existing entities who dealt in the off-market with the 26 non-existing bogus entities, on the basis of depositions of various stock brokers and on the basis of the depositions of the Noticee 1 himself (wherein Noticee 1 has agreed to his involvement), it is alleged that Noticee 1 is the mastermind/key perpetrator in the matter and the 26 non-existing entities and various existing entities were brought only as front entities and that their accounts and dealings were being operated by Noticee 1 only. It is also alleged that Noticee 1 along with other Noticees and bogus entities in the case, had fraudulently acquired either stolen or counterfeit shares and fraudulently transferred the physical shares, by fraudulently using the identities of bogus non-existing entities and also of existing entities and had fraudulently dealt in the shares by using the systems at the offices of the RTAs, DPs and stock brokers, thus defrauding the original and genuine shareholders of 3,56,222 physical shares of 14 listed companies, amounting to Rs. 4.60 crores in market value.

5. The SCN was delivered to the Noticees through the following mode:

Noticee	**Mode of delivery**

Noticee 1 - Arvind Babulal Goyal	SPAD
Noticee 2 - Satish Radheshyam Mandowara	SPAD
Noticee 3 - Abhay Dattatray Javalkar	Hand Delivery
Noticee 4 - Yatin Vasantrai Parakh	SPAD
Noticee 5 - Manish Devendra Rathi	SPAD
Noticee 6 - Dharmendra Harilal Bhojak	SPAD
Noticee 7 - Ramesh Dwarkadas Daga	SPAD
Noticee 8 - Jignesh Rajendra Kumar Jain	SPAD
Noticee 9 - Kaushik Jayendra Solanki	SPAD

Noticee 1

6. As no reply was received from Noticee 1, an opportunity of personal hearing was given to him on January 19, 2021 vide notice dated January 7, 2021. Vide letter dated January 13, 2021, Noticee 1 sought inspection of certain documents and also sought to cross examine certain entities whose statement had been relied upon during investigation. Vide email dated May 5, 2021, Noticee 1 was informed that he may contact SEBI regarding request for documents. It was also observed that Noticee 1 had previously carried out inspection of documents in the case on February 28, 2020. Vide letter dated November 10, 2021, the then AO had noted that Noticee 1 had already cross examined Mr. Satish Mandodwara (Noticee 2), Mr. Ramesh Daga (Noticee 7), Mr. Manish Rathi (Noticee 5) and Mr. Dharmendra Bhojak (Noticee 6). An opportunity of cross examining Mr. Abhay Dattaray Javalkar (Noticee 3), Mr. Nimesh Kantilal Vyas and Mr. Varsheet Vasantkumar Jain (ex-dealer at Religare Securities) was given on December 21, 2021. As the cross examination could not be conducted at the scheduled date, another opportunity of cross examination was given on February 18, 2021. Mr. Varsheet Vasantkumar

Jain was cross examined on the scheduled date. However, vide letter dated December 18, 2021 Mr. Nimesh Kantilal Vyas objected to be cross examined.

7. After the case was transferred to the undersigned, an opportunity of personal hearing was given to Noticee 1 on May 2, 2022 vide notice dated April 19, 2022. Another opportunity of personal hearing was given to Noticee 1 on May 17, 2022. Vide letter dated April 28, 2022, Noticee 1 once again sought inspection of documents. An opportunity of inspection of documents was given to him on May 11, 2022 which was rescheduled to May 13, 2022 at his request. Noticee 1 inspected the relevant documents relied upon on May 13, 2022. Another opportunity of personal hearing was given to Noticee 1 on June 15, 2022 vide email dated June 3, 2022. Noticee 1 replied to the SCN vide letter dated June 14, 2022 stating, inter alia, the following:

- *In paragraph 5 of the SCN, Table 2, Table 3 and Table4 set out the details of the common addresses, contact numbers and similarity in photos or PAN details on the basis of which such fraud was perpetrated.*
- ***It** is submitted that none of the addresses, contact numbers, photographs or PAN belong to Noticee No. 1 and no such connection has been sought to be made by the Investigating Authority. Save and except in the case of one non-existing bogus entity namely, Anil Purshottam Atre, no connection has been sought to be established between Noticee No. 1 and the other 25 non-existing bogus entity.*
- *SEBI has allegedly observed that one of the non-existing entities viz. Anil Puroshottam Atre was introduced to Angel through one of their sub-brokers, nameIy P. Babulal & Company and Bhushan Punamiya, the brother of the manager of Babula!& Company as the introducer on the KYC form of Mr. Atre. Further, Mr. Hemant Punamiya, the manager knows the Noticee No.1. On this basis, SEBI has alleged that Noticee No.1 was instrumental in registering and introducing a bogus non- existing entity by the name of Anil Purshottan Atre. It is pertinent to note that no direct connection is established between the Angel and the Noticee No.1 or P. Babulal & Company and Noticee No.1. In a far-fetched attempt to connect the Noticee No.1 toP. Babulal & Company, SEBI has relied on a MTNL telephone bill submitted by Noticee No.1 in the year 2006 for a car loan, which was in the name of Bhushan Punamiya. Further, Hemant Punamiya and Bhushan Punamiya are relatives ofNoticee No. 1. Noticee No. 1 is from the same community as Hemant Punamiya and Bhushan Punamiya and they have resided nearby to each other. Noticee No. 1 submits that it is only for these reasons that Hemant Punamiya and Bhushan Punamiya had*

agreed to be guarantors for the car loan and the alleged MTNL bill was submitted. Noticee No. 1 submits that he has shared no business relationship of any kind, with Hemant Punamiya and Bhushan Punamiya till date.

- *The 5 (five) existing entities examined by SEBI revealed they have traded only in the scrips of Global Securities Limited. None of the witnesses have disclosed or deposed with respect to the trading activities in scrips of the other 13 companies as alleged. No documents have been relied upon by SEBI to substantiate connection of the Noticee No.1 with the trading activities in the scrips of the other 13 companies.*
- *Noticee No.1 has not used the identities of Yatin Parekh, Dharmendra Bhojak, Manish Rathi and Ramesh Daga to open the trading cum demat and bank accounts in their respective names, and then to transfer shares of Global in off-market transactions. **It** is further evident that the accounts have been created at the behest of Mr. Abhay Javlekar who has not only aided and facilitated· opening of the trading cum demat account of Yatin Parekh, Dharmendra Bhojak, Manish Rath and Ramesh Daga but also operated their bank account by obtaining their signatures on blank cheques and DIS slips. This also indicates that the statements made by Mr. Abhay Javlekar alleging that Noticee No.1 facilitated opening of his demat account and that Noticee No.1 gave orders to brokers to buy and sell shares were false and deliberate to wrongly implicate .the ,Noticee No,1 as the mastermind as alleged. Further, as stated above, Abhay Javlekar has remained-absent on both occasions i.e. on December 21, 2021 and on February 18, 2022 wherein an opportunity to cross-examine him was granted to Noticee No. 1. As Noticee No. 1 could not cross-examine Abhay Javlekar on his statements as relied upon in the present proceedings, such evidence cannot. be construed as admissible evidence and hence should be disregarded in toto.*
- ***It** is submitted that the statements made by the 5 Existing Entities before the investigating authority had been procured through force and coercion. The said Existing Entities have given their true and correct statement before the Ld. Whole-Time Member, SEBI during the course of these quasi- judicial proceedings and therefore, the false and incorrect statements recorded by the 5 Existing Entities by the Investigating Officer, SEBI cannot be relied upon by the Ld. AO. In the event the Ld. AO is not satisfied with the veracity of the statements/depositions made by the aforesaid witnesses as aforesaid, a further opportunity to cross-examination the said witnesses ought to be provided by the Ld. AO. Noticee No.1 has time and again requested for being provided an opportunity to cross examine Mr. Abhay Javlekar who has also made certain incriminating statements against the Noticee No.1. However, Mr. Abhay Javlekar has under one pretext or another, avoided subjecting · himself to cross examination by Noticee No.1 despite being summoned on December 21, 2021 and February*

18, 2022. It is to be noted that Mr. Abhay Javlekar has also been summoned for cross-examination on several other occasions such as January 07, 2020, January 31, 2020, March 04, 2020, June 26, 2020 and August 20, 2020 in the WTM Proceedings and has similarly abstained his appearance for the said cross-examination. It is submitted that adverse inference be drawn against Mr. Abhay Javlekar on this count alone and statements made by him against Noticee No.1 be disregarded completely.

- *The SCN alleges that Noticee No.1 is a Joint Managing Director of GSL which is one of the companies in the list of 14listed entities mentioned in paragraph 5 of the SCN and majority of the dealings have been sone in the scrip ofGSL in which Noticee No.1 is the Joint Managing Director. The said observation is patently erroneous and contrary to the record. Noticee No.1 was never appointed as the Joint Managing Director of GSL. Noticee No.1 was appointed as an Additional Director (Professional) of GSL with effect from 22"d July 2013 and had ceased to be its Director with effect from l0th September 2013. It is further submitted that during the limited tenure, ofless than two (2) months, as an Additional Director, Noticee No.1 has not attended any board meeting of the GSL and was not involved with its day to day affairs. Copies of the Form-32 filed at the time appointment and resignation of Noticee No. 1 as Director of Global are collectively enclosed herewith and marked as Annexure "D". It may be noted that as per the Form 32 filed at the time of resignation of Noticee No. 1, he had ceased to be associated with GSL in his capacity as a 'Director' and not that of a 'Managing Director'. It is therefore submitted that this information relied upon by SEBI is factually incorrect as Noticee No.1 never worked as a Joint Managing Director of Global.*
- *It is further evident from the statement made by Satish Mandowara that he and Noticee No.1 were not aware of their directorship with GSL. It is submitted that Mahavir Gohil has misused the documents of Noticee No.1 and Satish Mandowara to induct them as Directors of GSL. Therefore, it is impossible to conceive that since Satish Mandowara was the common link between the other 4 witnesses and Noticee No.l and that both Satish Mandowara and Noticee No.l were directors in GSL, that they were interested in the roping of the other entities like Abhay Javlekar, Manish Rathi, Dharmendra Bhojak and Ramesh Daga in carrying out fraudulent designs and activities. The allegation therefore stands disapproved by the testimony of the witnesses in cross examination. The deposition made by Satish Mandowara before the Ld. Whole-time Member, SEBI in the present proceedings is annexed at Annexure C hereinabove and the statement wrongly recorded during the investigation process ought to be disregarded.*
- *The SCN repeatedly alleges that 3,56,222 physical shares of 14listed companies were fraudulently traded amounting toRs. 4.60 crores in market value. While the SCN has levelled serious allegation of shares being fraudulently traded purportedly amounting to Rs. 4.60 crores,*

the SCN has failed to provide any cogent and detailed evidence for the same. Neither has the SCN provided a break- up or bifurcation for market value of shares traded for each of the 14 companies nor the SCN has provided the manner in which such an alleged amount ofRs. 4.60 was derived at.

- *Mr. Varsheet Jain was the dealer at the time with Religare, and as per the SCN, his statements was relied upon with respect to Noticee No. 5, Manish Rathi. It is clearly stated by Mr. Varsheet Jain that the respective client would give instructions and he would only then place an order as per such instructions of the client. To clarify, and on further questioning, he also stated that the trades being placed in the account of Mr. Manish Rathi and Mr. Satish Mandowara were placed by none other than themselves.*
- *Mr. Varsheet Jain, upon being showed the above-mentioned email dated September 4, 2019 confirmed its contents and its existence as sent by him. He further confirms that varsheetjain @gmail.com is an email address owned by him. It is very clearly stated in the email that his signature on the statement was taken without reading or explaining the contents and the nature of the document. In other words, the statement of Varsheet Jain being relied upon in the SCN, hold no legally tenable ground or value and should not have been used in deducing any legitimate conclusion without a detailed probe in the matter. He states in the email that he does not remember the details of the events as it is an old matter. Statements based on admittedly faded memory cannot be relied upon, and the reliance so placed by the Ld. AO is against the principles of equity and justice. Hence, the connection that the SCN purportedly and wrongly draws that Noticee No. I was placing orders on behalf of entities like Mr. Manish Rathi is baseless, without concrete evidence and presumptive in nature.*
- *With respect to the two Non-Existing entities named Bharat Bhushan Satia and Balasubramania N Shankar, it is 6 user ID and passwords. From the IP logs furnished by ICICI it is recorded in the SCN that orders were placed through different locations in Maharashtra including Mumbai through landline and mobile connections. All ATM withdrawals were from the ATMs in Mumbai from different locations. The statement given by Parmeshwaran Shivramakrishnan, Chief Manager- Internal Controls, ICICI Securities and Harshal Mody, Manager-Compliance, ICICI Bank Ltd does not indicate any connection or nexus with the Noticee No.l.*
- *It is only on this basis that SEBI has sought to connect the Noticee No.1 with the two Non-existing entities. The SCN is completely silent about the manner in which Noticee No.1 connected to all such activities through these 2 Non-Existing Entities. No concrete evidence is available on record to substantiate such allegations. It is therefore submitted that there is no nexus is established between the two Non-Existing entities and Noticee No.1. No evidence is on record to indicate that Noticee No.1 has actually aided and facilitated creation of the alleged 26 bogus entities.*

- *Additionally, without prejudice to the Noticee's aforesaid contentions, the statements made by Noticee No. 3 (Abhay Javlekar) appear to be ex-facie incorrect for the following reasons:*

- ***It** is submitted that the Noticee No.1 was introduced by Abhay Javlekar to the 5 existing entities i.e. Yatin Parekh, Dharmendra Bhojak, Manish Rathi, Ramesh Daga and Satish Mandowara.*

- *Even at that point in time Abhay Javlekar had been a director of five companies, out of which two happened to be public listed companies during the period 2008 to 2010. It may, therefore, be reasonable to presume that Abhay Javlekar had sufficient knowledge about securities laws, company laws and regulations. Yet, in another matter where the Noticee No.1 along with Abhay Javlekar, Dharmendra Bhojak and Ramesh Daga have been subject to investigation in relation to trading activities in a company known as Incap Financial Services Limited **("Incap"),** Abhay Javlekar had filed his letter dated 2nd January 2014 in response to an email communication forwarded by SEBI seeking information, recording therein the following:*

> *"...I had opened trading account with Yoke Securities on the insistence of Mr. Arvind Babula! Goyal who was a friend who I came in contact as he had taken an office near our premises in Malad, Mumbai.*
>
> *He advised me to open the account. The KYC at Yoke Securities contains the email id of Arvind Babulal Goyal which is agoyal143@yahoo.com. I did not get any communication of SEBI as this email id is of Arvin Goyal. My mail id is abhayjavlekar@yahoo.com. Upon receipt of communication on this email id I am now responding to your request for information.*
>
> *He promised to pay me a monthly payment for opening this account. However I did not get any money/amount from him and over this I disconnected my relationship and the account was closed in August 2011. This was a phone account and not online account.*
>
> *I am not aware of the trading in this scrips including off-market transfers. Further as the email id used was of Arvind Babulal Goyal I was not aware of the trading taking place in my name in the scrip. When I came to know of such heavy trading, I ensured that the account was closed.*
>
> *It is to be mentioned along with the trading account I also opened a bank account specifically to facilitate transactions with the broker with Indusind Bank with its branch in Kandivali A/c#0048E67527-050 ..... "*

- *A Final Report Form dated April 3, 2014 has been prepared by EOW under Section 173 of the Code of Criminal Procedure (Cr. P.C.) and is believed to be submitted with concerned*

Magistrate court. As per the said report, one Rakesh Somnath Dixit is the key accused in the matter who has been arrested by the authorities.

- *Further, SEBI has not obtained records from the Telecom service provider to ascertain the registered user of the new mobile number. Instead, time and again, reliance is sought to be placed on the details obtained from the True caller application which is not a reliable source of information. This also indicates that the investigation is done shallowly to implicate the Noticee No.1 in the matter.*

8. The Noticee appeared on the scheduled date of personal hearing and reiterated the submissions made vide letter dated June 14, 2022. He stated that he shall make further submissions in the matter.

9. Vide letter dated June 20, 2022, Noticee 1 submitted a written statement stating, inter alia, the following:

- *Noticee No. 1 submits that no nexus has been established between Noticee No. 1 and the 26 bogus entities alleged in the SCN. There are no addresses, contact numbers, photographs or PAN that belong to Noticee No.1 in connection to the purported 26 bogus entitires or any other sufficient evidence to establish the alleged connection save and except with one non-existing bogus entity called Anil Purshottam Atre.*
- *With respectto the connection allegedly established with AnilPurshottam Atre, Noticee No. 1 respectfully submits that the Ld. AO has attempted to make a far-fetched connection. It has been alleged that Anil Purshottam Atre was introduced to AngelBraking Private Limited ("Angel") through one of their sub-brokers P.Babula! & Company and Shushan Punamiya, brother of Hemant Punamiya (manager of P. Babula! & Co.). Further, the ld. AO has established a far-fetched connection between Hemant Punamiya and Bhushan Punamiya (collectively "Punamiya Brothers") and Noticee No. 1 as they had signed on a telephone bill that was in the file of a car loan taken by Noticee No. 1 in 2006.*
- *Noticee No. 1 submits that the Punamiya brothers were his relatives, from the same community and resided close by and for the same reasons they signed as guarantors for Noticee No. 1 for the aforesaid car loan. Noticee No. 1 shares no business relation with them. Noticee No. 1 respectfully submits that the mere signature of the Punamiya Brothers on a telephone bill cannot establish connection between Noticee No. 1 and Anil Purshottam Atre. Such alleged connection deemed to be established in the SCN is absurd, false and vehemently denied.*
- *The totality of the allegations against Noticee No.1 are based on deposition statements given by certain witnesses before SEBI. All the witness statements only point to allegations with respect to*

the shares of GSL fraudulently traded during the investigation period. Notices No.1 submits that without establishing any connection between Noticee No. 1 and the 13 listed companies whose shares were alleged to have been fraudulently traded, the allegation that Noticee No. 1 is a mastermind in the alleged fraudulent dealings holds no water, is superficial and ought to be dismissed.

- *At the outset, it is clear that the allegations with respect to the fraudulent trades in GSL are based on the deposition of the existing entities, namely, Abhay Javlekar, Yatin Vasantrai Parekh, Manish Devendra Rathi, Ramesh Daga, and Dharmendra Bhojak and Salish Mandowra. However, the above-mentioned witnesses, except for Abhay Javlekar, have retracted their statements as given in 2015 before SEBI upon cross-examination in the present proceedings before the Ld. Whole Time Member.*

Noticee 2

10. In the interest of natural justice, an opportunity of personal hearing was given to Noticee 2 on January 21, 2021 vide notice dated January 7, 2021. As Noticee 2 did not appear on the scheduled date another opportunity of personal hearing was given to him on October 26, 2021 vide notice dated October 12, 2021. Noticee 2 did not appear on the scheduled date. Further opportunity of personal hearing was given to him on March 7, 2022 vide notice dated February 17, 2022.

11. Vide letter dated February 24, 2022, Mukesh M Choksi, on behalf of Noticee 2 wrote, "*…we would like to inform you that he has been absolved from all the charges by order passed by the Securities and Exchange Board of India, vide order no. WTM/AB/EFD-1/DRA-II/ 26/2020-21 dated March 15, 2021..The order says that the allegations do not lead o any violation as alleged in the SCN against Satish Mandowara and he was absolved from all the charges*."

12. After the case was transferred to the undersigned, another opportunity of personal hearing was given to him on May 2, 2022. He appeared on the scheduled date of hearing and requested for a week's time to file reply. However, no reply was received from him.

Noticee 3

13. The Noticee replied to the SCN vide letter dated September 16, 2020 stating, inter alia, the following:

In this regard, I would like to submit as follows:

- *The trading in the scrip of GSL was carried out by Mr. Arvind Goyal in my name. This fact has been acknowledged and recognized even by SEBI in the SCN. It has been concluded by Aditya Birla Money Limited, with whom I had a trading cum demat account, in one of the call records, that I had given a mobile number 932229797 to the employee of Aditya Birla Money Limited for confirmation details. Further, it has already been deposed by Arvind Goyal that this cell number belonged to him but is not in existence anymore since 2013.*
- *Further, in the account opening form at Aditya Birla Money Limited, email id of Arvind Goyal has been provided which is agoyal143@yahoo.com.*
- *I have not been alleged for any synchronised trades, self-trades and reversal trades.*
- *It has been concluded in the SCN that Arvind has played a key role in creating 26 non existing bogus entities, and along with other suspected entities, had acquired or transferred 3,56,222 physical shares of 14 companies, thereby facilitating fraudulent off market transfer of the said shares.*
- *Further, all the 5 entities, including me, who were involved in off market dealings with the non-existing bogus entities have confirmed that that their demat, trading and bank accounts were opened at the insistence of and with the assistance of Arvind Goyal only and that he only used to place orders on their behalf with their stock brokers.*
- *Further, as stated above, vide the SCN issued by SEBI in the matter of alleged fraud involved in physical shares and demat accounts, it is SEBI's own case that Arvind has indulged in fraudulent activities in various scrips across the securities market, and therefore it is him who is liable to be proceeded against and not me.*
- *I submit that I am innocent in the entire matter. I have neither traded in my account, or anyone else's trading account. I am being framed in the matter based on wrongful trading which was eventually not done by me and the allegations levied against me in the SCN are deficient of any concrete evidence or documentary proof. I therefore state that the allegations levied in the SCN are untrue, false and have been levied without proper investigation in the matter.*
- *Under Para 2 and 11 of SCN, it has alleged that, I have received a total of 45,300 shares of GSL from two bogus entities viz. Indra Bahadurrajmadi Mishra and Kesavan Menon which are two of the 26 non-existing bogus entities. In this regard, I state that, my statement on oath was recorded by SEBI on 23.06.2015 and based on investigation SEBI has inter alia observed that in my client opening form, email id is agoyal1143@yahoo.com and belongs to Arvind which is also admitted by Mr. Arvind Babulal Goyal.*

14. In the interest of natural justice, an opportunity of personal hearing was given to Noticee 3 on January 19, 2021 vide notice dated January 7, 2021. Noticee 3, vide letter dated January 19, 2021 requested that the adjudication proceedings may be kept in abeyance as the proceedings before WTM, SEBI is ongoing. Accordingly, Noticee 3 did not appear on the scheduled date of hearing. Another opportunity of personal hearing was given to Noticee 3 on October 27, 2021. The Authorised Representative (hereinafter referred to as "AR") appeared before the then AO and reiterated the submissions made vide letter dated September 16, 2020. Further submissions were made by Noticee 3 vide letter dated November 15, 2021 stating, inter alia, the following:

- *At the outset and without prejudice to anything stated hereinafter, I deny all the allegations and findings made against me in the said notice except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by reason of non-traverse or otherwise, save and except what is expressly admitted herein. I deny all the statements, submissions, contentions, allegations and averments contained in the said notice that are contrary to and/ or inconsistent with what is stated herein below.*
- *During the hearing held on October 27, 2021, your honor advised my Authorized Representative to submit certain details pertaining to the SCN. The reply to the queries raised by the Ld. Adjudicating Officer is provided in the subsequent paragraphs.*
- *In so far as the captioned mobile number is concerned, I say that the mobile number belongs to me. However, I was instructed that if I receive any communication from any broker on this number, I am supposed to provide the number of Mr. Arvind Goyal.*
- *I submit that the number was used for opening the account in Aditya Birla Money Limited in the year 2010. It is submitted that though this number was used for opening the account, however, the e-mail id of Mr. Arvind Babulal Goyal was provided in the same KYC.*
- *I submit that I stopped using this number in and around 2012- 2013 and I have never received any alert, whatsoever on this number.*
- *I submit that in so far as my acquaintance with the other noticees in the matter is concerned, it is submitted that apart from Shri Jignesh Rajendra Kumar Jain and Shri Kaushik Jayendra Solanki who are Noticee No. 8 and Noticee No. 9 respectively in the captioned SCN all the other noticees are known to me either directly or through some other known person.*
- *In so far as I am concerned, Mr. Satish Radheshyam Mandowara, Mr. Yatin Vsantrai Parakh, Mr. Manish Devendra Rathi and Mr. Dharmendra Harilal Bhojak who are Noticee No. 2, 4,*

5 and 6 in the captioned matter have made adverse comments against me during the 11B proceedings.

- *In my letter dated January 30, 2020 I have already pointed out that the aforementioned persons have given the statement implicating Mr. Goyal not just once but many times, however, they have changed their statements after six years.*
- *These entities have retracted their submissions after a period of 6 years from the completion of investigation and the SCN was issued. There appears to be some other motive in roping me 1n the proceedings and retracting the submissions made before the Investigating Authority after a period of 6 years.*

15. Further, on the issue of cross-examination, Noticee 3 vide letter dated December 15, 2021 stated, inter alia, the following:

- *At the outset and without prejudice to anything stated hereinafter, I deny all the allegations and findings made against me in the said notice except to the extent specifically admitted by me. Nothing contained in the said notice may be deemed to be admitted by reason of non-traverse or otherwise, save and except what is expressly admitted herein. I deny all the statements, submissions, contentions, allegations and averments contained in the said notice that are contrary to and/ or inconsistent with what is stated herein below.*
- *In so far as the issue of cross examination to be conducted by Noticee Mr. Arvind Goyal is concerned, it is submitted that I do not have any document on the basis of which the cross examination is to be conducted. I am not privy to any information/document/statement on which Mr. Goyal wishes to rely upon for conducting the cross examination.*
- *I submit that permission to conduct Cross Examination is only granted by SEBI under exceptional circumstances and also when the statement of one person is being relied upon in any proceedings against the other person. The statement is also used in making allegation against the other person when adequate evidence is not available. There could also be a situation when there is a contradiction in the documents available with SEBI and the conclusion has to be drawn in case some investigation is carried out. Therefore, I humbly and kindly request you to please clarify to me the circumstances under which the cross examination is to be conducted and I may also be provided with copy of the statement j documents/ information etc. for which my cross examination has been granted to Mr. Goyal.*
- *I submit that the issue of cross-examination has already been decided by the Ld. WTM in their order dated March 16, 2021 and the same operates as 'Res Judicata' in so far as instant*

proceedings are concerned. I, therefore, submit that proceedings of cross examination has already been conducted before Ld. WTM and as per the conclusion, it was a futile exercise.

16. After the case was transferred to the undersigned, another opportunity of personal hearing was given to him on May 2, 2022 vide notice dated April 19, 2022. He appeared on the scheduled date and explained his role in the matter.

Noticee 4

17. In the interest of natural justice, an opportunity of personal hearing was given to Noticee 4 on January 21, 2021 vide notice dated January 7, 2021. Noticee 4 attended the personal hearing on the scheduled date. Vide email dated January 22, 2021, Noticee 4, inter alia, submitted, "*…dealing is not done by me as all dealing is done by mr abhay javlekar and arvind goyal who had open my ac and use it as they had offer me to give profit amount but till date they have not given me any amount and as per name give to from which share is transferred I am not noing to any of them directly or indirectly from which share has came, as I had never deal in trading market and shares still date, so pl do the needful*."

18. Vide email dated January 29, 2021, Noticee 4 reiterated the submissions made vide email dated January 22, 2021. With the change of AO, the then AO gave an opportunity of personal hearing on October 21, 2021 vide notice dated October 12, 2021. He appeared on the scheduled date of hearing and made further submissions vide email dated November 10, 2021 stating, inter alia, the following: "*…I had attend zoom on 21 Oct and give the statement that I am friend of abhay javlekar and he introduced Arvind Goyal. As they had told that they are taking some co for trading from Ahmedabad from mahavir bhai which is not known to me they had offer me to give some profit so they had open my ac in edlelwess and I had sign dp book hand over to them they offer to use ma demat ac and give profit but after some time I had ask to give some profit as I am in urgent money crises they dine and told that we r in loss so I had mail to Edel Wess to close the ac as I had not ever call at edelweiss for by and sell and for any transaction and I never gone edelweiss office not done any transaction for do the need full to me*."

19. After the case was transferred to the undersigned, another opportunity of personal hearing was given to him on MY 2, 2022 vide notice dated April 19, 2022. Noticee 4 appeared on the scheduled date and stated that he already made his submissions.

Noticee 5

20. In the interest of natural justice, an opportunity of personal hearing was given to Noticee 5 on January 21, 2021 vide notice dated January 7, 2021. Due to ill-health, Noticee 5 did not appear on the scheduled date of hearing. Another opportunity of personal hearing was given to Noticee 5 on October 25, 2021. Noticee 5 did not appear on the scheduled date of hearing. After the case was transferred to the undersigned, another opportunity of personal hearing was given to him on May 2, 2022. As Noticee 5 did not appear on the scheduled date another opportunity of personal hearing was given to him on May 17, 2022. Noticee 5 did not appear on the scheduled date.

Noticee 6

21. In the interest of natural justice, an opportunity of personal hearing was given to Noticee 6 on January 21, 2021 vide notice dated January 7, 2021. Vide letter dated February 23, 2021, Noticee 6 sought for another date for personal hearing. Another opportunity of personal hearing was given to Noticee 6 on February 4, 2022 by the subsequent Adjudicating Officer. Noticee 6 failed to appear on the scheduled date. After the case was transferred to the undersigned, an opportunity of personal hearing was given to him on May 2, 2022. As Noticee 6 did not appear on the scheduled date another opportunity of personal hearing was given to him on May 17, 2022. Noticee 6 did not appear on the scheduled date.

Noticee 7

22. In the interest of natural justice, an opportunity of personal hearing was given to Noticee 6 on January 21, 2021 vide notice dated January 7, 2021. Vide letter dated January 19, 2021, Noticee 7 replied to the SCN submitting, inter alia, the following:

- *"During the maintenance in my client's office I was interacted with Mr. Abhay Javlekar. Than after he use to give me business of my field through his friends and relatives. Once he requested me to open a savings account in my name and he explained that a good transaction will be made in that account and you will get a benefit of lone to expand your business, then he requested to open a Demat Account. An as per the request I opened a saving Account in IndusInd Bank (M.G. Road) Kandivali Branch through him having A/c No. 10004434914 and a demat account in Arihant Capital that too through him.*
- *Mr. Abhay requested me sign the cheque book/RTGS/NEFT forms and also the blank stock transactions slip of Arihant Capital. He regularly use to call me in the bank to sign more blank bank's and Araihant's forms. The whole bank accounts and trading accounts was handled be him.*
- *Sir, I have not done a single transaction in these stated accounts, as I am unaware how to trade in stocks till date, I have no personal trading account. Sir I was and I am in financial crises so there was no question to take any interest in trading in stock. Even I have not deposited or withdraw any amount for myself.*
- *After a few months when I saw the transactions in the passbook and statements of the demat accounts, I thought that it would let me in difficulties in future, so even on my request the accounts were not closed. Only the explanation was given that the trading account is in loss so you will not get any type of difficulties in feature time and if any negative things occurs, will bearer by him. Sir even I have requested Arithant Capital to close the trading account but the even neglected my request and continued the trading. Even I have explained that trading's are made in my name by the other person they ignored it.*

23. Vide letter dated January 21, 2021, Noticee 7 requested rescheduling of the personal hearing. Another opportunity of personal hearing was given to Noticee 7 on October 26, 2021. Noticee 7 did not appear on the scheduled date of hearing. After the case was transferred to the undersigned, another opportunity of personal hearing was given to him on May 2, 2022. As Noticee 7 did not appear on the scheduled date another opportunity of personal hearing was given to him on May 17, 2022. Noticee 7 appeared for the personal hearing and submitted letter dated May 17, 2022 reiterating the submissions made vide letter dated January 19, 2021.

Noticee 8 and 9

24. In the interest of natural justice, an opportunity of personal hearing was given to Noticees 8 and 9 on January 22, 2021 vide notice dated January 7, 2021. Noticees 8 and 9 jointly appeared for personal hearing. Noticee 8, vide email dated February 3, 2021 and Noticee 9, vide email dated February 2, 2021 submitted that they had already given their statements to SEBI as well as EOW, the same may be checked.

25. Another opportunity of personal hearing was given to Noticee 8 on October 21, 2021. Noticee 8 appeared on the scheduled date and submitted letter dated October 27, 2021 stating, inter alia, the following:

"*I am a proprietor in Tulsi textiles and Tirupati Corporation. These firms were started in 2011. I strated these on my own without any insistence from anybody. I used to do "cheque discounting" through these two firms. In cheque discounting, my clients used to give their cross bearer cheques to me which I used to deposit in my account. Then I transferred some money through RTGS or cheque to some third person, who then used to give me equivalent amount of cash. I then used to give this cash to the first person who had given me his cross bearer cheques, after deducting my commission from it. The cash was generally given on third or fourth day from clearing of the cheque by the bank. My commission was in the range of 0.05%. The cross bearer cheque were brought by 50-60 clients. In the instant case the cheques were brought by my client shri Kaushik Shah/ Kaushik Bhai… These cheques did not belong to Kaushik Shah. He was just a middleman. I never enquired him about the ultimate beneficiary…I used to this cheque discounting through my two Pearl Accounts (Current Account), in the name of Tulsi Textiles and Tirupati Corporation, opened at Tamilnadu Mercantile Bank Ltd., Mandvi Branch, Kazi Sayyed Street, Mumbai 400003. Nobody encouraged me to do this. I stated this by my own. I did this type of cheque discounting from 2011 to 2013. In 2013, the bank stopped taking cross bearer cheques and so I had to close the account.*"

26. After the case was transferred to the undersigned, another opportunity of personal hearing was given to him on May 2, 2022. Noticee 8 appeared for the personal hearing and submitted letter dated May 17, 2022 reiterating the submissions made vide letter dated October 27, 2021.

27. Another opportunity of personal hearing was given to Noticee 9 on October 21, 2021. Noticee 9 appeared on the scheduled date and submitted letter dated October 27, 2021 stating, inter alia, the following:

"Shri Rakesh Dixit also used to live in the same lane as mine, 8 – 10 building from the building in which I lived…I started my business of dry dates in 2008. I met Shri Dixit in 2010 and we interacted with each other. He asked me whether there is any person involved in cheque discounting...I used to go to Tamilnad Mercantile Bsnk, Mandvi Branch connection with depositing cheques regarding my office p b Corporation. There is met Jignesh Rajendrakumar Jain and upon enquiry he told me that he was into the business of cheque discounting. I then told Shri Rakesh Dixit about shri Jignesh Jain… After this I also joined the business of cheque discouting. Shri Rakesh Dixit strated giving me cheques which took to Shri Jignesh Jain for cheque discounting. Shri Jain used to give me cash after 3 – 4 days of clearing of cheques. I then used to give the cash to Shri Rakesh Dixit, after deducting my commission which was 0.1% of the amount...I am not aware whether Shri Rakesh Dixit was the ultimate beneficiary. I never enquired him bout the ultimate beneficiary…I continued this business till Jan. 2014 after which Shri Rakesh Dixit was arrested by EOW. Presently I am not involved in this business. After this, I never met Shri Rakesh Dixit. I tried calling on his mobile number 9322608512, which was always switched off. I enquired about him in the market at Masjid Bunder where everybody told that they were not aware about their whereabouts."

28. After the case was transferred to the undersigned, another opportunity of personal hearing was given to him on May 2, 2022. Noticee 9 appeared for the personal hearing and submitted letter dated May 6, 2022 reiterating the submissions made vide letter dated October 27, 2021.

29. I note that sufficient opportunities have been provided to Noticees 5 and 6 to represent their case by way of reply to the SCN and also by way of personal hearing. However, it is a matter of record that Noticees 5 and 6 failed to furnish their reply and also failed to appear for the personal hearing fixed on the stipulated date despite due service of the SCN. Therefore, in the absence of reply from Noticees 5 and 6 and/or their failure to make personal appearance, I am inclined to presume that Noticees 5 and 6 have nothing to offer in their defence and

therefore, they have admitted to the allegations levelled against them in the SCN. In this context, Hon'ble SAT in the matter of Sanjay Kumar Tayal vs SEBI, vide Order dated February 11, 2014 held that "*appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted to the charges levelled against them in the show cause notice".* In view of the above, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against Noticees 5 and 6 ex parte, based on the material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

30. The issues that arise for consideration in the instant matter are:
    (a) Whether the Noticees have violated section 12A (a), (b), (c) of SEBI Act read with regulation 3(a), (b), (c), (d) and regulation 4(1) and 4(2)(h) of PFUTP Regulations;
    (b) Do the violations, if any, on the part of the Noticees attract monetary penalty under Section 15HA of SEBI Act?; and,
    (c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in Section 15J of the SEBI Act?

31. The relevant provisions of section 12 A(a),(b),(c) of SEBI Act read with regulation 3(a),(b),(c),(d) & regulation 4(1) and 4(2)(h) of PFUTP Regulations, allegedly violated by the Noticees is mentioned hereunder:

    SEBI Act

    PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL

    Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

    12A. *No person shall directly or indirectly—*

(a) *use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

(b) *employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*

(c) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

<u>SEBI (PFUTP) Regulations, 2003</u>

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) *use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*

(c) *employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*

(d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(h) selling, dealing or pledging of stolen or counterfeit security whether in physical or dematerialized form;

FINDINGS

ISSUE I. Whether the Noticees have violated section 12A (a), (b), (c) of SEBI Act read with regulation 3(a), (b), (c), (d) and regulation 4(1) and 4(2)(h) of PFUTP Regulations?

32. I have gone through the submissions made by the Noticees and the other material on record and I now proceed to deal with the same. The brief case as made out in the SCN is that Noticee 1 opened 26 demat accounts in the name of 26 non-existing bogus entities, wherein, Noticee 1 dematted 3,56,222 shares of 14 companies which were either stolen or counterfeit or were acquired through impersonation. Thereafter, Noticee 1 sold 1,03,527 shares in the market from these 26 demat accounts and transferred 2,52,695 shares through off-market transaction to the demat account of five existing persons (i.e. Noticee no. 3 to 7) and 2 non-existing persons, which were also being operated by Noticee 1. Subsequently, Noticee 1 sold the shares transferred to these 7 demat accounts in the market and proceeds of sale were either withdrawn through cross bearer cheques/ATMs by Noticee 1 or Noticee 1 gave cross bearer cheques drawn in the name of different entities to one Rakesh Dixit for cheque enchasing through cheque discounting with the help of Noticees 8 and 9.

Noticee 1

33. It is alleged in the SCN that Noticee 1 is a Joint Managing Director of Global Securities Limited. However, Noticee submitted copy of Form 32 showing he was appointed as Additional Director w.e.f. July 22, 2013 and ceased to be director on September 10, 2013. I accept the submission of Noticee 1. However, I observe that being an Additional Director and not Joint Managing Director does not have any bearing in regard to the allegations levelled against him. I now proceed to analyse the role of Noticee 1 in the fraudulent scheme.

34. I note that shares were transferred from the accounts of these 26 non-existing bogus entities in off-market to the accounts of Noticees 3, 4, 5, 6 and 7. The summary of statements dated July 17 & 27, 2015 as deposed before SEBI is as under:

"I was issued summons to appear before them. I went to EOW where I was asked several queries in them matter. I was shown some photographs on account opening forms and was I told to identify the persons. These included some of the 26 persons mentioned in one of the questions above. I told them that I knew nobody of the photos shown to me. I was also asked whether I knew from where the shares in off market were credited in the accounts of Abhay Dattatray Javlekar, Yatin Vasantrai Parekh, Dharmendra Harilal Bhojak, Ramesh Dwarkadas Daga and Manish Devendra Rathi. I told EOW that I knew these people and that the shares were transferred in the accounts by Shri Mahavir Gohil. I further told EOW that I had met Shri Gohil in Ahmedabad in the later half of the year 2011 through our common friend Shri Samir Shah of Ahmedabad (later shifted to Mumbai). Shri Gohil then also used to meet me in Mumbai where Shri Abhay Dattatray Javlekar also met him in our meetings. We used to meet him in Hotel Sea Princess, Juhu, Mumbai. During one of our meetings in Mumbai in early 2012, Shri Gohil told me and Shri Javlekar to furnish details of some trading accounts in the shares market. He told that he had some trading tips and he can give returns to us. I told Shri Gohil that some friends of Shri Javlekar had trading accounts and that Shri Javlekar would provide their details. Shri Javlekar then gave the details of these accounts of his and his friends, viz. Abhay Dattatray Javlekar, Yatin Vasantrai Parekh, Dharmendra Harilal Bhojak and Ramesh Dwarkadas Daga. I had helped Shri Daga in opening in demat cum trading account…..The shares of Global Securities were then transferred to these accounts in off-market by Shri Mahavir Gohil and once of his accomplice Shri Jaideep Mehta. Then either Shri Gohil or Shri Mehta or I or the individuals, viz. Abhay Dattatray Javlekar, Yatin Vasantrai Parekh, Dharmendra Harilal Bhojak and Ramesh Dwarkadas Daga gave the orders for selling the shares in the market. Most of the times the orders were placed by Shri Gohil and Shri Mehta only. All the DIS of these accounts were kept with Shri Gohil only. My trading and/or demat accounts were not involved in any of these dealings. I have no knowledge as to who got the money from the sale of these shares of Global Securities. Also, I did not get any money out of these dealings....Yes, I had given my email ID to Shri Abhay as he did not have any email ID at that point. I do not use this email frequently and so did not cheque whether any contract notes came to my email ID."

35. I note that from the statements on oath dated July 17, 2015 and July 27, 2016, made by him before the SEBI Investigating Authority that was very much aware that the shares of Global Securities Limited from the accounts of the 26 non-existing bogus entities were transferred in off-market to the accounts of Noticees no. 3, 4, 5, 6 and 7. Further, I note that Noticee 1 had stated that he also used to

give orders for selling these shares of Noticees 3, 4, 5, 6 and 7 in the market. I observe that Noticee 1 had operated the trading cum demat accounts and bank accounts of Noticees 3, 4, 5, 6 and 7 and had facilitated the fraudulent sale of 45,300 shares (Noticee 3), 95,700 shares (Noticee 4), 48,000 shares (Noticee 5), 40,000 shares (Noticee 6) and 7,100 shares (Noticee 7), of Global Securities Ltd in the market. I note that these shares of Global Securities Ltd that were sold in the market through the accounts of Noticees 3, 4, 5, 6 and 7 by Noticee 1, were the shares received in off-market from the accounts of the 26 non-existing bogus entities. In view of the same, I find that there is enough evidence to show that Noticee 1 was operating the accounts of the 26 non-existing bogus entities as the shares with the 26 non-existing bogus entities could not have been transferred in off-market to the accounts of Noticees no. 3, 4, 5, 6 and 7 without the knowledge of Noticee 1 who was operating the accounts of Noticees 3, 4, 5, 6 and 7.

36. From the statements on oath given by Noticees 3, 4, 5, 6 and 7, I find that all of them have submitted that they have opened the demat account at the behest of Noticee 1 and it was Noticee 1 who traded on behalf of them. The statements were taken in writing, read over to them and signed by Noticees 3, 4, 5, 6 and 7. Therefore, it can be considered that the statements given by them are true and can be used as evidence in the case. Further it is observed that in their respective replies to the SCN, Noticees 3 and 4 had reiterated the submissions made by them in their statements to the Investigating Authority.

37. I also note that with regard to the deposition made by Noticee 1 before the SEBI Investigating Authority, Noticee 1 had submitted in his statement given to SEBI that the shares of Global Securities Ltd were transferred to these accounts of the 5 existing entities in off-market by one Mahavir Gohil and one of his accomplice Jaideep Mehta and that all the delivery instruction slips (DIS) of these accounts were kept with Mahavir Gohil only. Noticee 1 has also submitted that he has no knowledge as to who got the money from the sale of shares of Global Securities Ltd and that despite receiving all of this information, the Investigating Authority, SEBI has excluded Mahavir Gohil and his accomplice Jaideep Mehta from the investigation process. In this regard, I note that the said Mahavir Gohil and Jaideep Mehta who are alleged by the Noticee 1 to have transferred the shares of Global

Securities Ltd to the accounts of Noticees no. 3, 4, 5, 6 and 7 in off-market, are not Noticees in the present proceedings. Further, I note from the investigation report that during the time of his above mentioned depositions to the SEBI Investigating Authority, Noticee 1 had undertaken to furnish complete address, contact details, mobile numbers, email IDs, photos and PAN of Mahavir Gohil and Jaideep Mehta and also to bring them to SEBI office for their depositions in the matter. However, it has been noted in the investigation report that Noticee 1 neither submitted the details of the two persons nor has he brought them to SEBI office. Further in his reply dated June 14, 2022, Noticee 1 had expressed his concern in not being able to cross examine Mahavir Gohil. It is noted that investigation has not dealt with the role of Mahavir Gohil and did not record his statements. Although Noticee 1 undertook to provide his contact details to assist in investigation, he failed to give the relevant information to the Investigating Authority. As no information was provided by Noticee 1, no statement was recorded of Mahavir Gohil, there is no question for allowing Noticee 1 to cross-examine him. Hence with regard to the above submissions, I find that Noticee 1 has used the name of the two persons just to feign his ignorance in the matter and as an attempt to divert the attention of the SEBI investigations from his prime role in the matter.

38. From the statements given by dealers of Religare and Arihant, it is observed that Noticee 1 used to place orders on behalf of 5, 6 and 7. Further Religare submitted copy of an authorization form wherein it is observed that Noticee 5 authorized Noticee 1 to place orders on his behalf. Further, from the various call records submitted by Religare, it is observed that the dealer was referring to some person by the name “Arvind” asking him to give the order. Arihant also submitted copy of letter authorizing Noticee 1 to place orders on behalf of Noticee 6 and 7.

39. I also note that it has been alleged in the SCN that Bharat Bhushan Satia and Balasubramanian N Shankar were non-existing and bogus entities and Noticee 1 had defrauded the original and genuine shareholders of 11,080 shares of 6 listed companies and 5,515 shares of 3 listed companies, respectively, by not only fraudulently using the fake identity of Bharat Bhushan Satia and Balasubramanian

N Shankar but also by fraudulently using the systems at the offices of the DP and stock broker. In this regard, Noticee 1 has submitted that the statement given by Parmeshwaran Shivramakrishnan, Chief Manager-Internal Controls, ICICI Securities and Harshal Mody, Manager-Compliance, ICICI Bank Ltd., does not indicate any connection or nexus with the Noticee 1. That it is only on this basis that SEBI has sought to connect the Noticee 1 with the two Non-existing entities. The Noticee 1 submitted that the SCN is completely silent about the manner in which he is connected to all such activities through these 2 non-existing entities and no concrete evidence is available on record to substantiate such allegations and therefore, he has submitted that there is no nexus established between the two Non-existing entities and him. In this regard, I am inclined to find the allegation that Bharat Bhushan Satia and Balasubramanian N Shankar were non-existing and bogus entities created by Noticee 1 does not hold. However, since the accounts of the 26 non-existing bogus entities, through which the shares were transferred in off-market to Bharat Bhushan Satia and Balasubramanian N Shankar, were operated by Noticee 1, I find that Noticee 1 is responsible for the fraudulent transfer of the shares in off-market to their accounts and was also operating their accounts as there is no other reason why Noticee 1 would have transferred shares in off market from his 26 bogus entities accounts to the accounts of Bharat Bhushan Satia and Balasubramanian N Shankar, who are also non-existing and bogus entities. Hence, it is evident that the purpose of transferring 16,595 shares (11,080 shares of Bharat Bhushan Satia and 5,515 shares of Balasubramanian N Shankar) from the 26 bogus entities accounts in off market to their accounts, who are also non-existing and bogus entities, was part of the fraudulent scheme of Noticee 1 in selling the fraudulently acquired shares in the market. Therefore, I find that Noticee 1 was also operating the accounts of Balasubramanian N Shankar and sold the 16,595 shares through their accounts in the market.

40. From the statement of Noticee 2, I observe that he had given documents including identity and address proof to Noticee 1 to open trading account with his broker. I observe Noticee 1 misused the documents and made Noticee 2 a director in Global Securities Ltd.

41. In view of the statements given before the Investigating Authority, I find that Noticee 1 used fake identities of the 26 non-existing entities to fraudulently open the trading cum demat accounts in their names and then to transfer and/ or demat the 3,56,222 physical shares of 14 listed companies in the name of these 26 non-existing bogus entities. Noticee1 further facilitated fraudulent off-market transfer of shares in the 14 companies to other existing entities and then facilitated fraudulent sale of the 3,56,222 shares in the market by these existing and non-existing entities.

42. With regard to the above submissions made by the Noticee 1 with respect to the Final Report Form dated April 03, 2014 prepared by the EOW, which has been submitted by the Noticee along with his reply, I note that SEBI had initiated an investigation in the matter pursuant to the appearance of 2 news items that had appeared on January 08, 2014, one in Economic Times and the other in Business Standard *inter alia*, alleging dematerialization and selling shares of dormant accounts using forged documents by certain entities. In the report filed by EOW, the role of entities which were examined were different from the ones which has been examines by SEBI in its investigation. I note that the investigation by SEBI has been independently conducted to investigate the alleged fraudulent transfers and dematerialisation of shares. I note that neither the investigation report of SEBI nor the SCN has relied upon the investigation of the EOW or relied upon the statements of the Noticees recorded during the EOW Investigation. Moreover, Noticee 1 himself stated on oath that he had transacted in the shares of 14 companies. With respect to Rs. 4.6 crore involved in the matter, Noticee 1 had relied on this report to submit that the actual amount involved in the matter is Rs. 2,30,25,673/- and not Rs. 4,60,99,440/- as it is calculated two time on computer in complaint. Noticee 1 did not give any basis of calculation for arriving at the said figure. Therefore, the submission of Noticee 1 cannot be accepted.

43. In view of the above, I find that Noticee 1 has violated section 12 A(a),(b),(c) of SEBI Act read with regulation 3(a),(b),(c),(d) & regulation 4(1) and 4(2)(h) of PFUTP Regulations.

<u>Noticee 2</u>

44. I find that the allegation against Noticee 2 is that he is a Whole Time Director in the company Global Securities Limited where Noticee 1 was the Joint Managing Director. He was also known to Noticees 3, 5, 6 and 7 who had off-market dealings with the 26 non-existing bogus entities. Summary of his statement dated July 21, 2015 as deposed before SEBI is as under:

I…am involved in the trading in the share market as a client. I am also director in three companies, viz. Jesse Trading Pvt. Ltd. (share trading as a client with Religare Securities Ltd.), Nikita Enterprises Pvt. Ltd. and Halson Mercantile Pvt. Ltd. (paper company with no business)…..I do not have any relationship, personal, financial, business, or otherwise, with the promoters, directors and employees, past and/or present, of Global Securities Ltd. However, later in 2014, Shri Arvind Goyal and Shri Abhay Javlekar (my friend) told me that I am a director of Global Securities Ltd. I was not aware about this fact earlier. I then told Shri Goyal (who was also the director in Global) to remove my name from the directorship as my name was added without my knowledge….Shri Arvind Goyal and Shri Abhay Javlekar were my friends since 2010. They used to visit my erstwhile office in Mahavir Nagar, Kandivali for discussion on trading in the share market. They used to give me the tips and advices for my trading in share market. During one of the meetings, I gave copy my documents, including identity and address proof to Shri Arvind Goyal for opening trading account with his broker. However, no accounts were opened by Shri Goyal. Probably on the basis of these documents only, I was made a director in Global by Shri Goyal without my knowledge…..I was not aware that I was made a director at Global. So there is no case for financial favour or any other help or favour by anybody for becoming the Director at Global…..I was not aware that I was made a director at Global. So there is no case for salary or remuneration which I received from Global or anybody else after I became the Director of Global…..I have never attended board meetings at Global…..As per my knowledge all the dealings by my known persons in the matter have been done solely by Shri Arvind Goyal only on behalf of these persons….I know Abhay Dattatray Javlekar as he is my friend in the share market. Manish Devendra Rathi and Dharmendra Harilal Bhojak used to work as office boy in my company by the name Jesse Trading Pvt. Ltd….I do not have any relationship, personal, financial, business, or otherwise, with Yatin Vasantrai Parekh, Ramesh Dwarkadas Daga, Bharat Bhushan Satia and Balasubramanian N Shankar.

45. From the submissions made by Noticee 2, I observe that he had given his documents including identity and address proof to Noticee 1 to open trading account with his broker.

46. From the documents available on record, I find that investigation did not bring out the role of Noticee 2 in the entire scheme. There was no allegation against Noticee 2 that he was part of the scheme to fraudulently demat and transfer shares. In the

absence of any such allegation or cogent evidence to show that he was part of the scheme, I find that the allegation of violation of section 12 A(a),(b),(c) of SEBI Act read with regulation 3(a),(b),(c),(d) & regulation 4(1) and 4(2)(h) of PFUTP Regulations by him does not stand established.

Noticee 3

47. I observe that Noticee 3 is a proprietor of M/s Abhay Caterers which is based at Amravati, Maharashtra. Noticee 3 has received total 45,300 shares of Global Securities Ltd. from two bogus entities viz. Indra Bahadurrajmadi Mishra and Kesavan Menon. The summary of the statement dated June 23, 2015 given on oath by him is as under:

"Shri Arvind Goyal is one of my friends since 1992…..Shri Goyal met me in his home in 2009. He offered me to open a trading account and bank account for share trading purpose. My trading cum demat accounts were opened with Aditya Birla Money Ltd. and bank account was opened with IndusInd Bank in 2009. Another trading cum demat was opened at Maxgain Investment, sub-broker of MPSE. These accounts were opened with Shri Goyal as the facilitator at Aditya Birla, Maxgain and IndusInd. Shri Goyal told me that he would trade in my account in my name and would share the profit as a lumpsum amount to cover my losses. No agreement was signed between me and Shri Goyal for this. No specific percentage or absolute amount was discussed which he would share with me with such dealings in the share market. Shri Goyal started trading in my account with Aditya Birla since 2010 and with Maxgain since 2013. Shri Goyal generated the passwords for demat and trading accounts. Shri Goyal used to keep the passwords for my trading and demat accounts and I did not access them myself. He only used to give orders to the brokers to sell and purchase the scrips. During opening of my trading cum demat account, Shri Goyal had filled his email ID on the account opening form. Shri Goyal used to get the contract notes on his email ID agoyal143@yahoo.com. I have never got any contract notes. I have not closed the accounts till date. I never checked my bank account. Shri Goyal came to me in 2012 to get my signatures on DIS. I had a fight with him as to why he had bought huge amount of shares in my account. I signed on two books of DIS. I have not got any money and/or shares in all the dealings done by Shri Goyal through any above mentioned trading cum demat accounts and bank account. I got letters dated Jan. 09, 2015 and April 15, 2015 from EOW for visiting their office in relation with the above dealings done in my account by Shri Goyal. I visited EOW office for three times and I have deposed the same details as submitted by me in the above paras."

48. It is observed from the client opening form of Noticee 3, that his email ID is agoyal143@yahoo.com. I note that investigation had revealed that the said e-mail ID belonged to Noticee 1. Aditya Birla Money Limited submitted some available

records of voice calls associated with the account of the client, from which it is observed that in one of the call records (P0 10-05-2011 12=48=06 53 Out -1 9769995429), Noticee 3 had given a mobile number 9322229797 to the employee of Aditya Birla Money Limited for confirmations/details. As deposed by Arvind Babulal Goyal (Noticee 1), this number 9322229797 belonged to him, but does not exist anymore as he claims that he had got this number cancelled in 2013.

49. From the above statements and submissions of Noticee 3, I note that Noticee 3 had opened his bank account at Indusind Bank and trading cum demat account with Maxgain Investment and Aditya Birla Money Ltd. for Noticee 1 and that it was Noticee 1 who was operating these accounts and trading through them. I note that Noticee 1 had offered to open the trading cum demat account for Noticee 3 and then transferred the 45,300 shares of Global Securities Ltd., in off-market to the account of Noticee 3. I note that Noticee 3 in his statements before the SEBI Investigating Authority had stated that Noticee 1 had told him that he would trade in his account in his name and would share the profit as a lumpsum amount to cover his losses and that no agreement was signed between him and Noticee 1 for this. Further, that no specific percentage or absolute amount was discussed which Noticee 1 would share with him with such dealings in the share market. In view of the above, I find that Noticee 3 had permitted Noticee 1 to operate his banking and trading accounts in lieu of monetary gain and profit, who then facilitated fraudulent off-market transfer of 45,300 shares in Global Securities Ltd., to Noticee 3 and subsequently facilitated fraudulent sale of the said shares in the market by Noticee 3, thereby defrauding original and genuine shareholders of these 45,300 shares of Global Securities Ltd. Hence, I find from the submissions of Noticee 3 that his name and accounts have been misused by Noticee 1 to be untenable and Noticee 3 is responsible for providing his bank and trading accounts to Noticee 1 and permitting him to use the accounts for trading in the said shares of Global Securities Ltd. Thus Noticee 3 was a part of this fraudulent scheme.

<u>Noticee 4</u>

50. I note that Noticee no. 4 was the proprietor of M/s Harsh Tours N Travels, which is based at Borivali, Mumbai and had received 95,700 shares from five bogus entities

viz. Rajiv C Shah, Sirirampuri Hari Dewan, Arvind Popatbhai Shah, Deoki Modi and Narendrakumar G Vyas. The summary of the statement dated June 23, 2015 given on oath by him is as under:

"Shri Arvind Goyal is one of my friends since 1999…..Shri Goyal met me in my office in 2009. I needed money for my business purposes to cover my business losses. He offered me to open a trading account and bank account for share trading purpose. My trading cum demat accounts were opened with Edelweiss Broking Ltd. and Religare Securities Ltd. and bank account was opened with IndusInd Bank in 2009. These accounts were opened with Shri Goyal as the facilitator at Edelweiss, Religare and IndusInd. Shri Goyal told me that he would trade in my account in my name and would share the profit as a lumpsum amount to cover my losses. No agreement was signed between me and Shri Goyal for this. No specific percentage or absolute amount was discussed which he would share with me with such dealings in the share market. No dealings were done in my trading cum demat account of Religare. Shri Goyal started trading in my account with Edelweiss since late 2009 and continued till 2012. Shri Goyal generated the passwords for demat and trading accounts. Shri Goyal used to keep the passwords for my trading and demat accounts and I did not access them myself. He only used to give orders to the brokers to sell and purchase the scrips. I used to get the contract notes on my email ID harshtrav@rediffmail.com. After getting 10-15 contract notes, I sent emails to Edelweiss two to three time to close my trading cum demat account with them. But they never replied and did not close the accounts. I never checked my bank account. I asked Shri Goyal in the end of 2012 to share profits with me as regards trades done by him in my account. But he said that he has made losses and so asked me to wait for sometime. I reminded him to share the profits for many times since then but he always avoided giving any money to me for the trades done by him in my account. I have not got any money and/or shares in all the dealings done by Shri Goyal through any above mentioned trading cum demat accounts and bank account. I got letters dated Jan. 09, 2015 and April 15, 2015 from EOW for visiting their office in relation with the above dealings done in my account by Shri Goyal. I visited EOW office for three times and I have deposed the same details as submitted by me in the above paras."

51. I note that his accounts were opened at Edelweiss, Religare and IndusInd with Noticee 1 as the facilitator. Noticee 4 has stated that Noticee 1 started trading in his account with Edelweiss since late 2009 and continued till 2012 and that Noticee 1 generated the passwords for demat and trading accounts and kept it to himself. Further, I note that Noticee 4 stated that only Noticee 1 used to give orders to the brokers to sell and purchase the scrips and that Noticee 1 told him that he would trade in his account in his name and would share the profit as a lumpsum amount to cover his losses and that no agreement was signed between him and Noticee 1 for this. Further, that no specific percentage or absolute amount was discussed

which Noticee 1 would share with him with such dealings in the share market. Noticee 4 also stated that he had demanded part of the profit earned by Noticee 1 from him which Noticee 1 denied to give him stating that he had incurred loss. In view of the above, I find that Noticee 4 had permitted Noticee 1 to operate his banking and trading accounts in lieu of monetary gain and profit, who then facilitated fraudulent off-market transfer of 95,700 shares in Global Securities Ltd., to Noticee 4 and subsequently facilitated fraudulent sale of the said shares in the market by Noticee 4, thereby defrauding original and genuine shareholders of these 95,700 shares of Global Securities Ltd.

<u>Noticee 5</u>

52. I observe that Noticee 5 worked as an assistant in a readymade garments shop by the name M/s Grabit, located at Kandivali and had received 48,000 shares of GSL from three bogus entities viz. Mukesh Kumar Mittal, Sukesh Arvind Shah and Rupprakash Agrawal. The summary of the statement dated June 24, 2015 given on oath by him is as under:

"I used to work as an office boy with Shri Satish Mandowara (Director in Global Securities Ltd., where Shri Arvind Goyal is also a Director) at his office by the name of Jesse Trading Pvt. Ltd., located at Mahavir Nagar, Kandivali (W), Mumbai from end of 2011 till end of 2014. Jesse Trading Pvt. Ltd. was involved in trading in the share market. Shri Arvind Goyal, who was a friend of Shri Mandowara, used to visit the office of Jesse Trading Pvt. Ltd. There, Shri Goyal asked me in early 2012 to open a trading cum demat account and bank account and that he would trade in the share on my behalf through my accounts. He told me that he would give me Rs. 5000/- every month for lending my name for his dealings in the share market. He also told me that he would give Rs. 50,000/- for treatment of my father who was suffering from heart ailment. Shri Goyal brought the applications forms and KYC for opening accounts with Religare (trading cum demat account) and ING Vysya Bank (bank account). He only filled in the forms and got my signature on them. He submitted the forms and the accounts were opened. Shri Goyal also got my signature on blank cheques and blank DIS. After two months, I enquired with Shri Goyal about the money which he had promised me to give. He told that no work had still started through my accounts and so he did not give me any money then. I also got at that time my demat statement from Religare and my bank statement from ING where I saw that Shri Goyal had put in his mobile number in my accounts, whereas my mobile numbers were put in during the time of opening the accounts. I then met Shri Goyal and told him that dealings are being done from my account as was shown from the account statements which I had got. He told me that he would not give me any money. I also told Shri Mandowara about this, who told that he would ask Shri Goyal about this when he would visit Mandowara's office. Shri

Goyal then stopped visiting Shri Mandowara's office. For two years I regularly visited Shri Goyal at his Goregaon office from where he used to deal in the share market. He avoided me and did not give any money to me. I then got three letters from EOW in the same matter. I visited EOW for four times and I have deposed the same details as submitted by me in the above paras. After I received the summons from SEBI, I met Shri Goyal at Mahavir Nagar, Kandivali (W), Mumbai. He told me to manage the things myself and asked me to go."

53. I note from the statement of Noticee 5 that Noticee 1 had asked him to open a trading cum demat account and bank account and that Noticee 1 would trade on behalf of him through his accounts. Further, that Noticee 1 would pay him Rs. 5000/- every month for lending his name for dealing in the share market. Noticee 5 had also stated that Noticee 1 had brought the application forms and KYC for opening accounts with Religare Securities Limited and ING Vyasa Bank and Noticee 1 had filled in the forms and taken his signature and further, that Noticee 1 had taken his signature on blank cheques and blank DIS. In view of the above, I find that Noticee 5 had permitted and authorised Noticee 1 to operate his banking and trading accounts in lieu of monetary gain and profit, who then facilitated fraudulent off-market transfer of 48,000 shares in Global Securities Ltd. to Noticee 5 and subsequently facilitated fraudulent sale of the said shares in the market by Noticee 5, thereby defrauding original and genuine shareholders of these 48,000 shares of Global Securities Ltd. I also note that Noticee 5 has not filed any reply to the SCN. Hence, in view of the above, I find that Noticee 5 is responsible for providing his bank and trading accounts to Noticee 1 and permitting him to use the accounts for trading in the said shares of Global Securities Ltd. Thus, Noticee 5 was part of the fraudulent scheme.

Noticee 6

54. I observe that Noticee 6 worked as a freelancer real estate agent at Malad, Mumbai and had received 40,000 shares of Global Securities Limited from a bogus entity viz. Pushpa Arvind Shah. The summary of the statement dated June 24, 2015 given on oath by him is as under:

"Shri Abhay Javlekar (who was friend of Arvind Goyal) was my friend since 1996 when we met in a marriage party in Mumbai. He introduced me to Shri Arvind Goyal in 2009 as I was in search of a job. I joined the office of Shri Goyal

in Goregaon (E) in Feb. 2009 as an office boy. Shri Goyal used to deal in share market through his office. I was being paid Rs. 8000/- per month by him. In Oct. 2009, he told me to open demat cum trading account and bank account for his trading in shares on my behalf. He told me that he would not do anything wrong in the accounts and promised me to pay Rs. 5000/- per month for lending my name for his dealings in the share market. Shri Goyal then talked to Indusind Bank and Arihant for opening of my accounts. I then went to Kandivali (E) Branch of Indusind and Ville Parle (w) of Arihant, where the forms were filled in by their employees after talking to Shri Goyal over his mobile. My mobile number was filled in the forms. I do not know how to operate computer and do not have any email ID. So an email ID was created by Shri Goyal which was then filled in the forms by Indusind and Arihant. I then made my signatures on the forms given to me by Indusind and Arihant.Shri Goyal then started dealing in the share market through my accounts. The orders were given by Shri Goyal only and I was not at all involved in the dealings through my account. I used to get regular statements from Indusind and Arihant within gap of 2-3 months. I used to give these statements to Shri Goyal as and when I received them at my home. However, I never got any contract note. I asked Shri Goyal for the payment for money promised by him but he always postponed giving money to me. He operated my account for nearly 3-4 years and since he did not give me any money, I went to Arihant for closure of my account and was asked to meet Shri Nimesh Vyas there. I met Shri Vyas there and gave him my letter requesting for closure of my account. Shri Vyas told me that he would talk to Shri Goyal in this regard. He talked to Shri Goyal then, while I waited outside their office. I then got a call from Shri Goyal on my mobile who told me that he would sell the shares already lying in my account and would then close the account. Thus my account was not closed by Arihant then. After 6-7 months, Shri Goyal brought some account closure form to me and took my signature on it. I do not know whether my account was closed or not but I did not get any statements after this. I also went to Indusind Bank and submitted by cheque book and signed on the account closure form and submitted that to the bank. I do not know whether my account was closed or not but I did not get any statements after this."

55. From the above statements of Noticee 6, I note that Noticee no. 6 had opened his bank account at Indusind Bank and trading cum demat account with Arihant Capital Markets Ltd for Noticee 1 and that it was Noticee 1 who was operating these accounts and trading through them. Further, I note that Noticee 6 stated that Noticee 1 had promised to pay him Rs. 5,000/- per month for lending his name for his dealings in the share market. Thus, it is observed that Noticee 1 had opened the trading cum demat account for Noticee 6 and then transferred the 40,000 shares of Global Securities Ltd., in off-market to the account of Noticee 6. This was further corroborated by the broker Arihant Capital Markets Ltd., who submitted a letter of Noticee 6 authorizing Noticee 1 to place the orders on his behalf. In view

of the above, I find that Noticee 6 had permitted and authorised Noticee 1 to operate his banking and trading accounts in lieu of monetary gain and profit, who then facilitated fraudulent off-market transfer of 40,000 shares in Global Securities Ltd., to Noticee 6 and subsequently facilitated fraudulent sale of the said shares in the market by Noticee 6, thereby defrauding original and genuine shareholders of these 40,000 shares of Global Securities Ltd. I also note that Noticee 6 has not filed any reply to the SCN. Hence, in view of the above, I find that Noticee 6 is responsible for providing his bank and trading accounts to Noticee 1 and permitting him to use the accounts for trading in the said shares of Global Securities Ltd.

Noticee 7

56. I observe that Noticee 7 was involved in the business of computer sales and services through his proprietary firm by the name of Interactive Solutions located at Borivali, Mumbai and had received 7,100 shares of Global Securities Limited from a bogus entity viz. Hira Santosh Aggarwal. The summary of the statement dated July 3, 2015 given on oath by him is as under:

"I was totally unaware of the dealings in my accounts because my trading account, demat account and bank accounts were totally operated by Shri Arvind Goyal. I met Shri Goyal in 2009 through Shri Abhay Javlekar (who is a friend of Arvind Goyal) in relation with maintenance of computers at Shri Goyal's office located at Jawahar Nagar, Goregaon (W), Mumbai. I had also visited the residence of Shri Goyal for installing laptops. There I also met his wife Mrs. Pooja Goyal. I knew Shri Javlekar since 1997-98 through some common friend. After that Shri Javlekar brought some computer orders for me. I also provided computers in his hotel business. In 2010, while I was visiting the office of Shri Goyal for some computer related work, he told me to open a trading cum demat account and bank account, where he would trade on my behalf and will give Rs. 10,000 per month for this. He also gave me example of Shri Javlekar and Shri Dharmendra Bhojak who had also opened accounts in their name for trading by Shri Goyal. Shri Goyal and Shri Javlekar took me and Shri Bhojak to the Santacruz office of Arihant Capital where I and Shri Bhojak opened our trading cum demat account. On the third day, Shri Goyal and Shri Javlekar took me and Shri Bhojak to M G Road, Kandivali (W) branch of IndusInd Bank where I and Shri Bhojak opened our bank account.Shri Goyal got my signatures on blank cheques (book of 25-50 cheques), 25-50 blank RTGS forms and blank DIS (2-3 booklets of 20 DIS). Shri Goyal then started trading on my account. He regularly used to visit me to get my signatures on cheques and DIS. After 2-3 months, I enquired him about the money which he had promised me to give. He avoided my queries and told that he would give me the money soon. I used to get the contract notes and statements from Arihant and bank statements from IndusInd at my residence. The volumes of these started increasing and so I

enquired from Shri Goyal if this can cause trouble for me and asked him to close my accounts. Everytime, he used to tell me that my accounts are loss making and he would close the account in a very short time. He operated my account for further 5-6 months without giving me any money as promised. In late 2013, Shri Goyal told me that he has closed my trading cum demat account. However, in Feb. 2014, I again got some bills and so enquired about this with Shri Javlekar. He told me that these may be last transactions. After this, I did not get any bills or statements from Arihant. My bank account with IndusInd is operative, but there is zero balance in it.I never went to Arihant or IndusInd to close my accounts. However, I had talked to Arihant over telephone to close my account, but they told that Shri Goyal is operating my account and it would be closed once they talk to Shri Goyal.In Jan. 2015, I was called by EOW in the present matter where I deposed the same details as being given by me today through this statement. I have not heard from EOW since then."

57. From the above statements of Noticee 7, I note that Noticee 1 and Noticee 3 had taken Noticee 7 to the Santacruz office of Arihant Capital where Noticee 7 opened his trading cum demat account and he was also taken to M G Road, Kandivali (W) branch of IndusInd Bank where Noticee 7 opened his bank account. I note that Noticee 7 in his above statements stated that Noticee 1 told him to open a trading cum demat account and bank account, where he would trade on my behalf and will give Rs. 10,000 per month for this. I note that Noticee 1 had then taken the signatures of Noticee 7 on blank cheques (book of 25-50 cheques), 25-50 blank RTGS forms and blank DIS (2-3 booklets of 20 DIS) and then started trading in the account of Noticee 7. Further, from the above statements, I note that Noticee 1 used to regularly visit Noticee 7 to get his signatures on cheques and DIS. Hence, I note that Noticee 1 was operating the trading cum demat account of Noticee 7 to transfer the 7,100 shares of Global Securities Ltd. in the name of Noticee 7 in off-market. This has been further corroborated by the broker Arihant Capital Markets Ltd., who have submitted a letter of Noticee 7 authorizing Noticee 1 to place the orders on his behalf. In view of the above, I find that Noticee 7 had permitted and authorised Noticee 1 to operate his banking and trading accounts in lieu of monetary gain and profit, who then facilitated fraudulent off-market transfer of 7,100 shares in Global Securities Ltd., to Noticee 7 and subsequently facilitated fraudulent sale of the said shares in the market by Noticee 7, thereby defrauding original and genuine shareholders of these 7,100 shares of Global Securities Ltd. I also note that Noticee 7 has not filed any reply to the SCN. Hence, in view of the above, I find that Noticee 7 is responsible for providing his bank and trading

accounts to Noticee 1 and permitting him to use the accounts for trading in the said shares of Global Securities Ltd. and thus was part of the fraudulent scheme.

<u>Noticees 8 and 9</u>

58. I note that Noticees 8 and 9, through the process of so called “cheque discounting”, had provided a channel to Noticee 1 to implement his fraudulent scheme. I find that Noticees 8 and 9 were responsible for channeling the money accrued from the fraudulent sale of the shares of the genuine shareholders and in the process have defrauded the original and genuine shareholders of 3,56,222 physical shares of 14 listed companies. In this regard, as observed in the aforesaid paras, I note that Noticee 1 was operating the accounts of the 26 non-existing bogus entities and Noticees 3, 4, 5, 6 and 7. I note that Noticees 4, 5, 6 and 7 had stated that Noticee 1 was operating their bank accounts and they had provided blank signed cheques to Noticee 1. Hence, from the above, it is evident that Noticee 1 who was operating the accounts of 26 non-existing bogus entities and Noticees 3, 4, 5, 6 and 7 was providing these cross bearer cheques to the said individual Rakesh Dixit, who had then given the same to Noticee 9 who in turn gave it to Noticee 8 for cheque discounting.

59. Therefore, in view of the observations in the foregoing paras, I find that Noticees 3, 4, 5, 6 and 7 were responsible for permitting and authorising Noticee 1 to operate their banking and trading cum demat accounts, through which Noticee 1 had facilitated the fraudulent sale of 45,300 shares of Noticee 3, 95,700 shares of Noticee 4, 48,000 shares of Noticee 5, 40,000 shares of Noticee 6 and 7,100 shares of Noticee 7 of Global Securities Ltd. in the market. Further, Noticees 8 and 9 were responsible for channeling the money accrued from the fraudulent sale of the shares of the genuine shareholders and in the process have defrauded the original and genuine shareholders of 3,56,222 physical shares of 14 listed companies.

60. Thus, I find that Noticees 1, 3, 4, 5, 6, 6, 7, 8 and 9 have violated section 12A (b) and (c) of SEBI Act read with Regulations 3(a), 3(c), 3(d), 4(1) and 4(2)(h) of the PFUTP Regulations.

ISSUE II. Do the violations, if any, on the part of the Noticees attract monetary penalty under Section 15HA of SEBI Act?

61. In view of the violation as established above, I refer to the order of the Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which held that - *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".*

62. In view of the above, I am convinced that it is a fit case for imposition of monetary penalty on the Noticees under the provisions of section 15HA of the SEBI Act (as prevailed during the IP), which reads as under:

SEBI Act

"Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

ISSUE III. If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in Section 15J of the SEBI Act?

63. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the relevant factors as stipulated in the section 15J of the SEBI Act which reads as under:-

Factors to be taken into account while adjudging quantum of penalty.

15J.While adjudging quantum of penalty under 15-I, the adjudicating officer shall have due regard to the following factors, namely:—

(a)the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b)the amount of loss caused to an investor or group of investors as a result of the default;

(c)the repetitive nature of the default.

64. I note from the available records that Noticee 1 along with Noticees 3, 4, 5, 6, 7, 8 and 9 had defrauded the original and genuine shareholders of 3,56,222 physical shares of 14 listed companies amounting to Rs. 4.60 crore. Noticee 1 is the mastermind in the matter and the other Noticees were brought as front entities and their accounts and dealings were being operated by Noticee 1. Noticee 1 continued with the modus operandi during the entire IP. I also note that Whole Time Member, SEBI has passed an order in respect of all the Noticees dated March 16, 2021 wherein Noticee 1 was restrained from accessing the market for a period of 2 years and Noticees 3, 4, 5, 6, 7, 8, and 9 was restrained from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a period of 1 year from the date of the order. Noticee 1 was further directed to disgorge Rs. 2,22,91,898.75, alongwith interest of 12% p.a., within a period of 45 days from the date of the order.

ORDER

65. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticees, the period of debarment, direction of disgorgement to Noticee 1 and also the factors mentioned in section 15J of the SEBI Act and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the AO Rules, I hereby impose a penalty under the provisions of section 15HA of the SEBI Act in the following manner:

Noticee No.	**Name**	**Penalty (in Rs.)**
1	Arvind Babulal Goyal	1,00,00,000 (Rupees One crore only)
3	Abhay Dattatray Javlekar	30,00,000 (Rupees Thirty Lakh only)
4	Yatin Vasantrai Parekh	30,00,000 (Rupees Thirty Lakh only)
5	Manish Devendra Rathi	30,00,000 (Rupees Thirty Lakh only)

6	Dharmendra Harilal Bhojak	30,00,000 (Rupees Thirty Lakh only)
7	Ramesh Dwarkadas Daga	30,00,000 (Rupees Thirty Lakh only)
8	Jignesh Rajendra Kumar Jain	30,00,000 (Rupees Thirty Lakh only)
9	Kaushik Jayendra Solanki	30,00,000 (Rupees Thirty Lakh only)

I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

66. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

67. The aforesaid Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department 1 DRA-4), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051." The Noticee shall also provide the following details while forwarding DD / payment information:

- Name and PAN of the Noticee
- Name of the case / matter
- Purpose of Payment – Payment of penalty under AO proceedings
- Bank Name and Account Number
- Transaction Number

68. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

69. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Date: September 28, 2022	**BARNALI MUKHERJEE**
Place: Mumbai	**ADJUDICATING OFFICER**