UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

In respect of

Shree Gopal Gupta (PAN No.:ACSPG2988B)
Ashok Kumar Nigam (PAN No.:ADMPN4957A)
Hari Om Mishra (PAN No.:AAJPO3043L)
Ajay Srivastava (PAN No.:AQRPS5403J)
Paramjeet Arora (PAN No.:AGTPA4589R)
Parul Kansal (PAN No.:ANYPK5729M)
K P Abraham (PAN No.:AGEPA0396B)
JLG Securities Private Limited (PAN No.:AABCJ3812F)

In the matter of Regency Hospital Limited
CIN No.: U85110UP1987PLC008792

BACKGROUND OF THE CASE

1. M/s. Regency Hospital Limited is a company listed at Bombay Stock Exchange Limited (hereinafter referred to as **'BSE'**) and at the National Stock Exchange of India Limited (hereinafter referred to as **'NSE'**). Securities and Exchange Board of India (herein after referred to as **"SEBI")** observed that, prima facie there appeared to be creation of artificial volume in the scrip of the company and influence on price in the scrip of the company during the period of April 01, 2011 to September 30, 2011 (hereinafter referred to as the **'investigation period'**). SEBI conducted investigation in the scrip of the company to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade practices) Regulations, 2003 (herein after referred to as PFUTP Regulations 2003) by Shree Gopal Gupta (Gopal), Ashok Kumar Nigam (Ashok), Hari Om Mishra (Hari), Ajay Srivastava(Ajay), Paramjeet Arora (Paramjeet), Parul Kansal (Parul), K P Abraham(K.P) and JLG Securities Private Limited (JLG) (herein after collectively referred to as **"Noticees"**) and M/s. Regency Hospital Li mited (herein after referred to as **"the Company / RHL"),** Dr. Atul Kapoor, Managing Director, Dr. Rashmi Kapoor, Whole Time Director, in the scrip of the company during the investigation period.
2. Pursuant to the investigation following was observed:
    a) There were 9 identified suspected entities (Noticees), who had traded 37,47,171 (96.66% of the total market volume) shares among themselves out of which 33,05,396 shares (88.21%) were synchronized in nature.
    b) The trades among identified clients (Noticees) dealing through trading members Zuari Investments Ltd., Aditya Birla Money Ltd. and UPSE Securities Ltd. was for 3747171 shares i.e. 96.66% of the total traded volume in the scrip.
    c) Out of the trading of 37,47,171 shares within the connected entities, for 36,588,86 shares accounting for 94.38% of the total market volume, trades were placed within one minute time difference and hence, was in the nature of synchronized trades.
    d) 4 of the Noticees namely; i.e. Hari Om, Gopal Gupta, Ashok Kumar Nigam and Ajay kumar Srivastava, were involved in 119 repetitive self-trades for 1,95,432 shares which was 31.53% and

31.67% of their total buy and total sell, respectively. Thus, the aforesaid 4 Noticees have created artificial volume.

e) From the bank account statements of these 7 suspected entities (Noticees), it was observed that there were numerous transaction between the company and these entities. The entities have mainly traded in the scrip of the company during the investigation period and payments to their respective brokers were funded by the company.

3. Thus, it was alleged that the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul, K.P. and JLG have violated Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) and (g) of SEBI PFUTP Regulations, 2003. Proceedings against M/s. Regency Hospital Limited, Dr. Atul Kapoor and Dr. Rashmi Kapoor, have already been concluded vide adjudication order dated September 28, 2018. Therefore, the current proceedings are continued only against the aforementioned Eight Noticees.

APPOINTMENT OF ADJUDICATING OFFICER

4. The Adjudicating Officer (AO), was appointed in the matter vide order dated May 18, 2017 to enquire into and adjudge the matter under section 15HA of the Securities and Exchange Board of India Act, 1992 (SEBI Act) read with section 15-I of the SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (Adjudication Rules) to inquire into and adjudge the alleged violations of Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) and (g) of SEBI PFUTP Regulations, 2003, committed by the Noticees.

SHOW CAUSE NOTICE, WRITTEN SUBMISSIONS, PERSONAL HEARING, ADDITIONAL WRITTEN SUBMISSIONS

5. A Show Cause Notice (SCN) dated June 30, 2015 was issued by the erstwhile AO in the matter to all the Noticees. As per records, the aforesaid SCNs were duly delivered to the Noticees namely; Ashok, Parul, K.P, Gopal and Ajay on December 26, 2015 and to the Noticees namely; Paramjeet, Hari and JLG on December 28, 2015. Thereafter, the Noticees namely; Gopal and Paramjeet, vide their respective letters dated February 01, 2016, Ajay and Parul, vide their respective letters dated February 02, 2016, K.P. and Ashok, vide their respective letters dated February 03, 2016 and Noticee Hari vide his letter dated January 31, 2016, sought for inspection of documents in the matter. The Noticee JLG vide its letter dated January 21, 2016, submitted its preliminary reply to the SCN.
6. Thereafter, on transfer of these proceedings, the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P. vide their letter dated September 15, 2017, were advised to avail inspection of documents not later than October 13, 2017 and accordingly file their replies to the SCN by October 23, 2017.
7. The Noticees availed opportunity of inspection of documents on October 13, 2017, However, no reply to the SCN was submitted by the Noticees in the matter, as advised in the letter dated September 15, 2017.
8. Subsequently, vide letters dated December 20, 2017, notice under rule 4(3) SEBI(Procedure for Holding Enquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'the Adjudication Rules'), was issued to all the Noticees affording them first opportunity of personal hearing on January 12, 2018. The said hearing Notices were successfully delivered to all the Noticees on December 26, 2017 except to the Noticee Parul, from whom the said HN had returned undelivered. However, the Noticee Parul had sought adjournment for the hearing which was scheduled on January 12, 2018, on the ground that the Noticee Parul claimed to have received the HN dated December 20, 2017.
9. Subsequently, Noticees namely; Ajay, Hari and K.P., vide their respective letters dated December 28, 2017 and Noticees namely; Gopal, Parul, Ashok and Paramjeet, vide their respective letters dated

December 29, 2017, sought for adjournment of scheduled personal hearing in the matter. The Noticee namely JLG did not attend the aforesaid hearing on January 12, 2018. However, vide its e-mail dated December 29, 2017, JLG submitted its reply.

10. Thereafter, hearing notices (HNs) dated January 05, 2018, was issued to the Noticees namely; Ajay, Hari, K.P, Gopal, Parul, Ashok and Paramjeet, granting them second opportunity of personal hearing on January 23, 2018. The Noticee JLG, vide HN dated January 15, 2018, was granted second opportunity of personal hearing on January 29, 2018. As per the available records, the said HN was delivered to all the Noticees except to the Noticee Parul, from whom the said HN had again returned undelivered.
11. However, the Noticees namely; Ajay, Hari, K.P, Gopal, Ashok and Paramjeet, vide their letter dated January 15, 2018, again sought for adjournment of personal hearing. The HN was duly delivered to the Noticee JLG on January 22, 2018. However, the hearing opportunity was not availed by the Noticee JLG.
12. Thereafter, vide letter dated January 23, 2018, the Noticees namely; Ajay, Hari, K.P, Gopal, Ashok, Parul and Paramjeet, vide letter dated July 20, 2018, Noticee JLG, were granted third hearing opportunity on February 14, 2018, in the interest of principles of natural justice.
13. However, Noticees namely; Ajay, Hari, K.P, Gopal, Ashok, Parul and Paramjeet vide their individual letter dated February 12, 2018 and e-mail dated February 13, 2018, informed that they are in process of filling settlement application under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018. Noticee JLG vide its letter dated August 06, 2018, submitted, its reply.
14. In terms of the OD instructions of October 12, 2018, the current proceedings were kept on hold till the processing of the settlement application. Thereafter, vide communication dated May 17, 2019, it was informed by the concerned department of SEBI that the settlement application of the Noticees was rejected in terms of regulation 6 of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018. Therefore, the current proceedings were continued from the stage where it was kept in abeyance.
15. Subsequently, since considerable time had lapsed from the date of opportunity of last hearing granted to the Noticee, due to the ongoing settlement proceedings, the Noticees namely; Ajay, Hari, K.P, Gopal, Ashok, Parul and Paramjeet, vide HN dated May 30, 2019 and Noticee JLG vide HN and e-mail dated May 14, 2019, were given fourth opportunity of personal hearing on June 13, 2019 and May 28, 2019, respectively, in the interest of natural justice. The said HNs were duly delivered to the Noticees namely; Ajay, Hari, K.P, Gopal and Ashok on June 04, 2019 and to the Noticee JLG on May 20, 2019. Noticees Parul and Paramjeet vide their individual letters dated June 05, 2019, acknowledged receipt of HN dated May 14, 2019.
16. Vide individual letters dated June 05, 2019, Noticees namely; Ajay, Hari, K.P, Gopal, Ashok, Parul and Paramjeet, sought for adjournment of hearing. However, Noticee JLG, vide its letter dated May 17, 2019, made additional written submissions in the matter.
17. Vide HN dated June 11, 2019, fifth opportunity of hearing was given to the Noticees namely; Ajay, Hari, K.P, Gopal, Ashok, Parul and Paramjeet, on June 27, 2019. The said HN were successfully delivered to the Noticees Ajay, Hari, K.P, Gopal and Ashok on June 17, 2019. Noticees Parul and Paramjeet vide their individual letters dated June 20, 2019, acknowledged receipt of HN dated June 11, 2019.
18. Thereafter, vide letter dated June 20, 2019, the Noticees namely; Ajay, Hari, K.P, Gopal, Ashok, Parul and Paramjeet, again sought for adjournment of scheduled hearing.
19. Subsequently, vide HNs dated June 24, 2019, sixth opportunity of hearing was granted to the Noticees Ajay, Hari, K.P, Gopal, Ashok, Parul and Paramjeet, on July 10, 2019. The aforesaid HNs were duly delivered to the Noticees Ajay, Hari, K.P and Ashok on June 29, 2019, to Gopal on July 04, 2019.

Noticees Parul and Paramjeet vide their individual letters dated July 05, 2019, acknowledged receipt of HN dated June 24, 2019. The Noticees namely; Ajay, Hari, K.P and Paramjeet vide their letters dated July 05, 2019, Noticees Ashok and Gopal vide their letters dated July 03, 2019 and Noticee Parul vide her letter vide her letter dated July 06, 2019, submitted their replies to the SCN. However, this time also none of the Noticees availed opportunity of personal hearing.

20. Since, during the instant proceedings, despite giving ample opportunity to the Noticees to file reply to the SCN and to appear for personal hearing on several occasions, Noticees have not availed opportunity of personal hearing till the date of passing of order in the current proceedings. In view of the same, the matter is being proceeded on the basis of material available on record and replies of the Noticees.
21. The submissions made by the Noticees are summarized as follows:

Submissions of Gopal

- *As I work in a Hospital which employs large number of persons, a lot of people would have lunch together in the lunch room of the Company. During our lunch time, a lot of people would gossip about the investments made in share market and the profit they made in short time by making such investments.*
- *Two three colleague's of mine also insisted that I should invest in share market to earn side income. As a middle class person, I was very excited of the thought of earning a side income over and above the meagre salary I receive from Regency. As I did not had a demat account, I sought advise of my colleagues to open a demat account. It is on their suggestion that I opened demat account with the two brokers mentioned in the SEBI's notice, who pursuaded us to open the account and do the trading as he was the known person who used to visit our office for selling mutual funds and LIC's.*
- *Once I opened my demat account, I was thinking of which scrip to invest in as I had very little saving of my own. Then I decided, why not invest in the Company I work in i.e. Regency Hospital Limited as it was only one reputed hospital in Kanpur and it had a lot of goodwill in and around the city. My decision was also backed by my broker who told me that the sentiment about the scrip of Regency was very good in the market. Further, my decision was also backed by my colleagues who had told me to invest in the share market.*
- *As my decision to invest in Regency was well backed by the broker as well as my colleagues, I decided to buy the shares of Regency. However, I was ably guided by my broker as to when to buy and sell the shares as I was new to the market and was not aware of the nitty gritty as to how the share market functions. I had taken loan from company to carry the share trading. Since I was very old employee, so company did not enquired about the purpose of the loan*
- *I would like to highlight that even though I had traded in the market on advise of my broker, I suffered a loss of Rs. 3,700/ -. As I suffered loss, I decided to never invest in share market again as I realised the risk involved for a normal middle class person like me is huge.*
- *On reading of SEBI's notice, I understand that I have been accused of fraudulent activity like synchronized trades, reversal trades and self-trades while dealing in the scrip of Regency. I being not very highly educated person, never understood the meaning of terms that I am accused of like synchronized trades, reversal trades and self-trades, since all these buy/ sale was done by broker to whom I had authorised to do and buy/ sale of shares are being done by millions of people every day.*
- *Further, the files provided along with SEBI's notice contains trade details of all the persons whose names have been mentioned in the SEBI's notice. However, I am not able to understand which trades of mine have SEBI considered as fraudulent and why they are considered to be fraudulent.*
- *In this regard, I request you to kindly give me the exact details of my trades that are considered to be fraudulent and explain as to why they are considered to be fraudulent.*
- *I would like to mention that I have always traded in the scrip of Regency i.e. shares bought and sold at the price at which it was being traded in the market. I have never bought or sold shares in off market. I have always followed laws, rules etc while dealing in the scrip of Regency.*
- *I deny that I have violated provisions of SEBI while dealing in the share of Regency Hospital Limited.*

Submissions of Ashok

- *My decision to invest in the scrip of RHL was based on the advise given to me by my colleagues who work with me in RHL. They told me that investing in RHL would fetch me good returns as RHL is financially very sound and has a good business model. As I had limited knowledge of trading in stock market, I heeded their advise to invest in RHL and opened a demat account with Zuari nvestments Ltd and Aditya Birla Money Ltd.*
- *As I was new in the stock market, I was always guided by my broker as in when to buy, how much to buy, when to sell and how much to sell etc. Being new to the stock market, I had no option but to go by what my broker said.*
- *As per my brokers advise I traded in the scrip of RHL in many months from April 2011, May 2011, June 2011, July,2011, August, 2011 and September,2011. However, while dealing in the scrip of RHL, I suffered a huge loss of Rs. 1,75,498/-. As I lost a huge amount of Rs. 1,75,498/-, I decided never to invest in stock market again.*
- *I would like to mention that, I have traded in the scrip of RHL out of my own funds and RHL has never funded me to trade in their scrip. All amount received by me from RHL as mentioned in the SCN are w.r .t. my salary, performance bonus and instalments of my housing loan which I had sought from RHL. Thus, it is unfair to conclude that RHL funded my trading in the scrip of their own Company.*
- *I would like to mention that it is only receipt of the present SCN that I came to know that there were fraudulent activities carried out in the scrip of RHL. Even my broker did not caution me of any fraudulent activities carried out in the scrip of RHL. In view of the aforesaid, I state that I have never indulged in synchronized trades, reversal trades or self-trades. Further, it is only on receipt of the SCN that I have come across terms like synchronized trades, reversal trades or self-trades.*

Submissions of Hari

- *My decision to invest in the stock market was based on advise given to me by my relatives who suggested that Ican earn a side income over and above the normal salary Ireceive from RHL. The thought of earning additional income was very exciting and I decided to invest in the stock market. As Ialways consulted my colleagues at work regarding any financial matter, Isought their advise on the same and even they supported that Ishould invest in the stock market.*
- *Further, some of my colleagues who were already trading in stock market, suggested that Ishould invest in RHL as even they had invested in RHL. As Ihad no knowledge where to begin with, I took their advise and invested in RHL.*
- *My colleagues would let me know when to buy or sell the shares of RHL and I would do the same on their advise.*
- *Additionally, it were my colleagues who advised me to open account with the brokers whose names are mentioned in the Show Cause Notice as Ihad zero knowledge of the matter.*
- *The amount received from RHL in my bank account are in nature of salary and instalments of housing loan which Ihad sought from RHL.*

Submissions of Ajay

- *As I work in a large organization which employs hundreds of persons, a lot of people have lunch together in the lunch room of the Company. During the said lunch time, a lot of people would discuss about their investments made in stock market and the gains they made in short time by making such investments.*
- *As I did not have a demat account, I sought advice of my colleagues as to where can I open a demat account. Based on their suggestions, I opened demat account with the two brokers. The names of the same are mentioned in SEBI's notice.*
- *Once I opened my demat account, I was thinking of which scrip to invest in. Then I decided, why not invest in the Company I work in i.e. Regency Hospital Limited as it was a reputed hospital in Kanpur and it had a lot of goodwill in and around the city. My decision to invest in Regency was backed my broker and my colleagues who had told me to invest in the share market.*
- *As my decision to invest in Regency was backed by the broker as well as my colleagues, I decided to buy the shares of Regency. However, I was ably guided by my broker as to when to buy and sell the shares as I was new to the market and was not aware as to how the share market functions.*

- *(vi) I would like to highlight that even though I had traded in the market on advice of my broker, I suffered huge loss. As I suffered loss, I decided to never invest in stock market again as I realised the risk involved for a normal middle class person like me is huge.*
- *On plain reading of SEBI's notice, I understand that I have been accused of fraudulent activity like synchronized trades, reversal trades and 8elf trades while dealing in the shares of Regency. I being a normal ordinary person, I never understood the meaning of terms that I am accused of like synchronized trades, reversal trades and self-trades.*
- *Further, the files provided along with SEBI's notice contain trade details of all the persons whose names have been mentioned in the SEBI's notice. However, I am not able to understand which trades of mine are considered to be fraudulent and why such trades are alleged to have manipulated the price of the shares of Regency.*
- *In this regard, I request you to kindly give me the exact details of my trades that are considered to be fraudulent and explain as to why they are considered to be fraudulent.*
- *Additionally, I would like to mention that I have always traded in the scrip of Regency i.e. shares bought and sold at the price at which it was being traded in the market. I have always followed laws, rules etc while dealing in the shares of Regency.*

Submissions of Paramjeet Arora

- *My decision of investing in the scrip of Regency was based on trading decisions of my fellow colleagues at Regency. Few of my colleagues traded in the scrip of Regency and they advised me to also invest some money in the said scrip as they were of the opinion that the same will fetch good return Based on their suggestion, I traded in the scrip of Regency i.e. when they suggested to buy I bought the shares and when they suggested to sell, I sold the shares. As it was their suggestion, I followed their advise. Additionally, I would like to mention that all my trades were carried out on the exchange platform, at the prevalent rates in market and I had met with all my obligations as required under law. Further, I had traded through a reputed broker who was duly registered with SEBI.*
- *W.r.t. amounts received from Regency as mentioned in the SCN, I state that the same are in nature of salaries received for my services rendered to the Company and reimbursement of conveyance expenses paid by me.*

Submissions of Parul Kansal

- *My decision to invest in the stock market was based on advise given to me by my fellow colleagues at RHL who used to always advise me regarding any financial matters. It is on their insistence Idecided to invest in stock market.*
- *Some of my colleagues who were already trading in stock market, suggested that Ishould invest in RHL as even they had invested in RHL. As Ihad no knowledge where to begin with, Itook their advise and invested in RHL.*
- *My colleagues would let me know when to buy or sell the shares of RHL and Iwould do the same on their advise.*
- *The amount received from RHL in my bank account are in nature of salary, reimbursement of my travel expenses and performance bonus.*
- *My decision to invest in the stock market was based on advise given to me by my fellow colleagues at RHL who used to always advise me regarding any financial matters. It is on their insistence Idecided to invest in stock market.*
- *Some of my colleagues who were already trading in stock market, suggested that I should invest in RHL as even they had invested in RHL. As I had no knowledge where to begin with, I took their advise and invested in RHL.*
- *My colleagues would let me know when to buy or sell the shares of RHL and I would do the same on their advise.*
- *I deny all the charges against me in the SCN and Istate that Iam an innocent investor who traded in the shares of RHL.*

Submissions of K. P. Abraham

- *My decision of investing in the ·scrip of Regency was based on trading decisions of my fellow colleagues at Regency. Few of my colleagues traded in the scrip of Regency and they advised me to also invest some money in the said scrip as they were of the opinion that the same will fetch good return. Based on their suggestion, 1 trade in the scrip of Regency i.e. when they suggested to buy I bought the shares and when they suggested to sell, I sold the shares. As it was their suggestion, I .followed their advice. Additionally, I would like to mention that all my trades were carried out* *on the exchange platform, at the prevalent rates in ma1ket and I had met with all my obligations as required under law; Further, I had traded through a reputed broker who was duly registered with SEBI.*

- *W.r.t amounts received from Regency as mentioned in the SCN, I sate that the same are in nature of salaries received for my services rendered to the Company arid reimbursement of conveyance expenses paid by me.*

Submissions of JLG

- *The prices of the Shares of the Company on 02.07.2010, 06.09.2010 and 31.12.2010 were Rs.66/-, 64.35 and 48.05 respectively.*
- *We are a Sub-broker of UPSE Securities Limited i.e. Subsidiary of erstwhile U.P. Stock Exchange Limited and Member of BSE.*
- *Our parent broker i.e. UPSE Securities limited, having an adequate surveillance system and having access to all the orqers/trades executed by us, did not raise alarm or alert us about any wrong doing on our part during the investigation period as alleged in the Notice under reference. During the entire period of trades covered under investigation period i.e. 01.04.2011 to 30.09.2011, we were never being warned or signalled by UPSE Securities limited of any such kind of trades as alleged.*
- *Our next regulator i.e. BSE, having a well-equipped and managed on-line surveillance system and also having the access to the identity of buyers and sellers, also did not raise alarm or alert us about any wrong doing on our part during the investigation period as alleged in the Notice under reference. During the investigation period, BSE did not raise alarm or alert us about the alleged artificial volume by synchronized & reversal trades and influence of price I contribution in the price rice, notwithstanding being fully equipped with all the means and resources.*
- *Before placing any order and during & after execution of any trade, the sub- broker does not have any mechanism to know the name of counter party. Accordingly, we were also not at all knowing the counter parties to our trades. Only from the Notice under reference, we came to know about the counter parties (other Noticees) and their identities.*
- *The Learned Adjudicating Officer, with a pre-determined mind-set, in the Notice under reference, has placed the statistical data in several tables, in such a way, only to prove us guilty, whereas, we reiterate (as stated in our earlier reply letter dated 11.03.2014 to SEBI) that we are not directly or indirectly connected to any of the other 10 Noticees and we specifically state that we have not done (not involved in) any synchronized ,reversal & self-trades for creating artificial volume and influence of price as alleged in the Notice. The Learned Adjudicating Officer himself at the end of the Para 17 (Page 21) of the Notice has concluded that except us, all other suspected entities (all other Noticees} have traded among thernselves and manipulated the price of the scrip. Thus the Learned Adjudicating Officer himself has absolved us from the allegations.*
- *As far as off market receipt of 2,500 Shares by our part time employee cum client i.e. Shri Raj Kumar Gupta from Shri Ajay Srivastava (Noticee No. 7) on 09.05.2011, Shri Raj Kumar Gupta has informed us that, to settle delivery obligation, he has borrowed the Shares through a friend, without knowing the identity of the lender.*
- *It s expressly stated that all the trades were executed in routine course of our business and we had neither any means / resources to know as to who were the counter parties, who had traded in the Shares of Regency Hospital Limited nor had any reason to be suspicious about the referred trades at that point of time. We had independently traded in the Shares of Regency Hospital Limited and we never had any link/connection/nexus with the other Noticees mentioned in the Notice before, during or after the period under investigation or for that matter at any point of time during the entire course of our business.*
- *The total trades executed by us including delivery and non-delivery transactions were done in regular course of our business and were not meant or had not done deliberately/intentionally synchronized trading.*
- *We used to do jobbing in the Shares of Regency Hospital Limited i.e. same day purchase and sale of Shares. Most of the trades were squared off on the same day. In very few trades, when market was much down, we took deliveries, which were sold in next days.*
- *We were not aware that the other 10 Entities (Noticees), mentioned in your Notice, had indulged in synchronized tradlrig , nor we have any relation or connection with any entity against whom enquiry proceedings has been initiated neither during nor after the referred investigation proceedings. We were not aware, nor did we have any means to know whether the other 10 Noticees were entering into synchronized or reversal or self-trades, creating artificial volume and resulting in increase*

of price of Shares of Regency Hospital Limited. We had I have nothing to do with any type of synchronized or reversal or self-trading.

- *In routine business, at times purchases orders at market price get executed at once and, if order is at a price which is less than or greater than market price, then the order gets executed as per price mechanism of BSE.*
- *In an intraday trade or otherwise also, an investor always has the inclination to sell his scrip at a price more than LTP or high price and if price does not rise, how will an investor earn in his intraday trade and how at all would the price of share increase at any point of time?*
- *No conclusive material or any substantive evidence which confirmed or proved in any manner, any malpractice on our part had been mentioned in the learned adjudicating officer's Notice.*
- *Mere possibility or presumption of any kind could riot be used as base for any allegation of any kind of default or inquiry or for framing charges of the alleged violation.*
- *In addition to the above, before taking any further initiative/action in the inquiry against us for alleged violation, it should be made clear/specified to us, what specific measures/options/ ways/means were available to a sub broker, to identify, whether the order placed by it, was bonafide or not, in advance or during the course of business/placing orders on BSE, which we had ignored/avoided/negligently not complied with while entering the orders, which were alleged to have been made/entered into in contravention of the provisions of SEBI (Prohibition of fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003.*
- *The Noticee has also relied upon following case laws;*

1. *Kasat Securities Private Limited*
2. *Millennium Equities (India) Private Limited*
3. *Ashok K. Chaudhary Vs. SEBI*
4. *Kishore R Ajmera vs. SEBI*
5. *SEBI vs. Rakhi Trading*

CONSIDERATION OF ISSUES

22. The issues that arise for consideration in the present case are :

i. Whether the Noticees have violated Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) and (g) of SEBI PFUTP Regulations, 2003?
ii. Whether the Noticee is liable for monetary penalty under Section 15HA of the SEBI Act 1992?
iii. If so, what quantum of monetary penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

FINDINGS

23. Before dealing with issues under consideration in seriatim, the texts of the said provisions are reproduced as under :-

CHAPTER II
PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO THE SECURITIES MARKET

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 fraudulent or an unfair trade practice in securities.

(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:—

(a) Indulging in an act which creates false or misleading appearance of trading in the securities market;

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

(e) Any act or omission amounting to manipulation of the price of a security [including, influencing or manipulating the reference price or bench mark price of any securities;

(g) Entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

24. It is further noted that it has been a common submission of all the Noticees that they are not able to understand which trades of them have SEBI considered as fraudulent and why they are considered to be fraudulent. The Noticees have further requested to provide exact details of their trades that are considered to be fraudulent and explain as to why they are considered to be fraudulent.
25. In this regard, it is noted that SCN, which was self-explanatory, containing all the relevant documents, relied upon in the matter as part of Annexures, was already provided to the Noticees. Moreover, Noticees had sought inspection of all relevant documents in the matter which was done on October 13, 2017, wherein all the documents relied upon for framing of charges in the SCN were provided to the Noticees. Moreover, after availing inspection, none of the Noticees raised any query with respect to any specific documents inspected at the time of inspection.
26. In this regard, it is pertinent to refer to the latest judgement dated July 23, 2019, in Reliance Commodities Ltd. vs. SEBI, wherein Hon'ble Securities Appellate Tribunal (SAT) has held that *"having perused the list of documents so required for inspection we are of the opinion that the documents sought for is nothing but a roving and fishing enquiry. We accordingly do not find any merit in the submission of the learned counsel for the appellant that these documents are essential for the purpose of filing an appropriate reply"*

27. In light of above finding of Hon'ble SAT, it is opined that continuous persistence of Noticees for inspection of documents, despite of inspecting the same at various levels under current proceedings is nothing but a roving and fishing enquiry.
28. It is also a matter of record that none of the Noticees made specific submissions for the alleged synchronized, reversal and self-trades, executed by them or with respect to the LTP analysis. The Noticees have only made a generic denial of the allegations, as is evident from submissions of the Noticees, as recorded earlier in this order, which are being dealt with.
29. After considering the allegations levelled in this case, replies/submissions of the Noticees and relevant material on record, the findings are recorded in succeeding paragraphs.

Issue No. I: Whether the Noticees have violated Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(a), (b), (e) and (g) of SEBI PFUTP Regulations, 2003?

30. It is noted that from the investigation report that the scrip of Regency Hospital Limited ("RHL") opened at Rs. 48, touched a high of Rs. 58.85 and closed at Rs. 45.6 during the period of April 1, 2011 to September 30, 2011.
31. During the period of investigation, BSE Sensex moved from 19463.11 to 16453.76 registering a fall of 3009.35 points (15.46 %). During the same period price of the scrip in BSE moved from Rs. 48 to Rs. 58.85 and then closed at Rs.45.6. The scrip closed at Rs. 43.95 in BSE on January 31, 2014.
32. It is further noted that details of top 10 clients based on gross basis during the investigation is tabulated as below:

Clients Name	Buy (No. of shares)	As a % to Market volume	Sell (No. of shares)	As a % to Market volume	Net Qty. (Buy- Sell)	Gross Qty. (Buy+Sell)
JLG SECURITIES PVT LTD	10,36,404	27	10,35,905	27	499	20,72,309
ASHOK KUMAR NIGAM	7,97,895	21	7,96,306	21	1,589	15,94,201
HARI OM	6,12,075	16	6,09,176	16	2,899	12,21,251
PARAMJEET ARORA	4,81,639	12	4,83,134	12	-1,495	9,64,773
SHREE GOPAL GUPTA	4,53,019	12	4,53,251	12	-232	9,06,270
AJAY KUMAR SRIVASTAVA	2,46,099	6	2,43,213	6	2,886	4,89,312
PARUL KANSAL	1,52,630	4	1,54,095	4	-1,465	3,06,725
PARVINDER SINGH	28,646	1	28,647	1	-1	57,293
ASHWANI BANSAL	11,820	0	11,820	0	-	23,640
KARUKATHARAYIL PAULOSE ABRAHAM	6,072	0	6,607	0	-535	12,679
TOTAL	38,26,299	99	38,22,154	99	4,145	76,48,453
OTHERS	50,550	1	54,695	1		

Grand Total (Market Vol)	38,76,849	100	38,76,849	100		

33. It is further noted that the Noticee JLG in its submission has stated that it was not directly/indirectly connected with the entities mentioned in the SCN.

34. However, the connection *inter se* between the entities on the basis of KYC forms, bank a/c. nos., off market transfers etc. is given below;

	Client Name (PAN)	Member Code	Client Code	Connection
1	Shree Gopal Gupta (ACSPG2988B)	3166	UKSG23	All four entities are registered as clients with two trading member's viz. Zuari Investments Ltd. (3166) and Adtiya Birla Money Ltd. (184).These entities have been introduced to the respective trading members by common entities viz. Manish Rastogi and Deepak Kumar Khanna respectively. Also all of them are having their bank account with Bank of Baroda, SSI Branch, and Kanpur. Moreover the cell number of Shree Gopal Gupta, Hari Om and Ajay Srivastava are in a continuous series. These entities were registered as client with the trading member Aditya Birla Money Ltd. (184) in the month of July 2010 and with the trading member Zuari Investments Ltd. (3166) in the month of January 2010. **(All the Noticees were employees of the Company RHL)**
		184	917330	
2	Ashok Kumar Nigam (ADMPN4957A	184	916973	
		3166	UKAN08	
3	Hari Om Mishra (AAJPO3043L)	3166	UKHO01	
		184	917024	
4	Ajay Srivastava (AQRPS5403J)	3166	UKAS22	
		184	917332	
5	Raj Gupta (ACEPG0016C)	298	JLI5	Received 2500 shares in Off Market transactions from Ajay Srivastava.
6	JLG Securities Pvt Ltd (Prabhakar Gupta) (AABCJ3812F)	298	JLSE	As per KYC s of JLG Sec. Pvt. Ltd. and Raj Gupta submitted by trading member UPSE Securities Ltd. (298), they both have common email id viz. jlg5 @in.com. Further, as per the KYC, JLG Securities Ltd. is the sub-broker of UPSE Securities Ltd and Raj Kumar Gupta is registered as client of UPSE through the said sub broker. Also, Raj Gupta has signed as witness in the KYC of JLG Securities Ltd. Further, It was observed that in most of the trades executed by JLG Securities, Raj Gupta was the dealer. JLG Securities vide its email dated 12/03/2014 has also confirm that Raj Gupta was part-time employee.
7	Paramjeet Arora (AGTPA4589R	184	917328	All of these entities are having bank account with Bank of Baroda, SSI Branch, Kanpur and introduced by common

8	Parul Kansal (ANYPK5729M)	184	917023	entity Deepak Kumar Khanna (Dealer of the trading member Aditya Birla Money Ltd.(184). They all were registered as client with the trading member in the month of July 2010. **(All the Noticees were employees of the Company RHL).**
9	K P Abraham (AGEPA0396B	184	918111	

35. From above, it is clear that as per Know Your Client (KYC) of the Noticee JLG and Raj Gupta submitted by trading member UPSE Securities Ltd. (298), both have common email id viz. jlg5 @in.com. It is further noted from the KYC of the JLG that Noticee was the sub- broker of UPSE Securities Ltd and Raj Kumar Gupta was registered as client of UPSE through the Noticee JLG. It is also noted that Raj Gupta had signed as witness in the KYC of JLG. Therefore, as stated in the table above, it is evident that there was a clear connection between the company and all the Noticees.

36. It is further noted that Raj Gupta, who is connected to JLG, as mentioned in the table above, had received 2500 shares in Off Market transactions from Ajay Srivastava (one of Noticees and employees of the Company RHL).

37. In addition to the above, following has also been observed with respect to relation of the Noticees:

32.1 Ajay Srivastava, Hari Om Mishra, Ashok Kumar Nigam, K P Abraham, Paramjeet Arora, Parul Kansal, Shree Gopal Gupta, were the employee of M/s. Regency Hospital Ltd. and having their salary account with Bank of Baroda, Kanpur.

32.2 From the Minutes of the twenty second Annual General Meeting of the members of Regency Hospital Ltd. held on Saturday, the 17th September 2011 at 10.00 am at the registered office of the company, it was observed that majority of the Agenda items were proposed or seconded by aforesaid entities viz. Ajay Srivastava, Hari Om Mishra, Ashok Nigam, K P Abraham, Paramjeet Arora, Parul Kansal, Shree Gopal Gupta.

32.3 JLG Securities P Ltd. in its letter dated March 11, 2014 have stated that the company or its directors/promoters were not directly/indirectly connected with the entities mentioned at sr. 1 to 4 and 7-9 of the above table. However, JLG Securities P Ltd. had executed 383 and 362 trades and bought 967116 and sold 844769 shares respectively with the Noticees through synchronized trades during investigation period. Further, JLG Securities has entered into 194 reversal trades consist of 902 trades with these suspected entities. Out of 902 trades, in 847 trades, the buy and sell orders were placed within one minute time difference. Also, JLG Securities has executed 47 first trades within suspected entities. From the above, it can be concluded that JLG Securities is also connected to other Noticees.

38. Further, the trading details of the Noticees are given below:-

Sr. no.	Entities name	Total Buy	% to mkt vol	Total Sell	% to mkt vol	Within grp Buy Qty	% to mkt vol	Net Qty	Within grp Sell Qty	% to mkt vol
1	JLG SECURITIES PVT LTD	10,36,404	26.73	10,35,905	26.72	10,30,807	26.59	499.0	10,27,255	26.50

2	ASHOK KUMAR NIGAM	7,97,895	20.58	7,96,306	20.54	7,90,995	20.40	1,589.0	7,87,352	20.31
3	HARI OM	6,12,075	15.79	6,09,176	15.71	6,08,105	15.69	2,899.0	6,01,524	15.52
4	PARAMJEET ARORA	4,81,639	12.42	4,83,134	12.46	4,75,993	12.28	(1,495.0)	4,79,459	12.37
5	SHREE GOPAL GUPTA	4,53,019	11.69	4,53,251	11.69	4,46,868	11.53	(232.0)	4,47,839	11.55
6	AJAY KUMAR SRIVASTAVA	2,46,099	6.35	2,43,213	6.27	2,37,549	6.13	2,886.0	2,41,119	6.22
7	PARUL KANSAL	1,52,630	3.94	1,54,095	3.97	1,51,126	3.90	(1,465.0)	1,53,592	3.96
8	KARUKATHAR AYIL PAULOSE ABRAHAM	6,072	0.16	6,607	0.17	4,728	0.12	(535.0)	6,031	0.16
9	RAJ GUPTA	1,000	0.03	3,500	0.09	1,000	0.03	(2,500.0)	3,000	0.08
	TOTAL	37,86,833	97.68	37,85,187	97.64	37,47,171	96.66	1,646.0	37,47,171	96.66

39. It is noted from above that Noticees mentioned in serial no. 1-7 in the table above, bought 37,41,443 and sold 37,38,140 shares within themselves which accounted for 99.85% and 99.76% of the total shares traded within the Noticees.
40. However, in order to deal with the alleged violation of the Noticees details of the trades for allegations mentioned in the SCN are tabulated below:

Name of the Noticee	**Nature of violation**	**Specific reference to para no. in the SCN**
Ashok Kumar Nigam	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16
	Self -trades	Para no. 13
	LTP	Para no. 17 and 18
Hari Om	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16
	Self -trades	Para no. 13
	LTP	Para no. 17 and 18
Paramjeet Arora	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16
	LTP	Para no. 17 and 18
Shree Gopal Gupta	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16
	Self -trades	Para no. 13
	LTP	Para no. 17 and 18
Ajay Kumar Srivastava	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16

	Self -trades	Para no. 13
	LTP	Para no. 17 and 18
Parul Kansal	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16
	LTP	Para no. 17 and 18
K.P. Abraham	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16
	LTP	Para no. 17 and 18
JLG Securities Pvt Ltd	Synchronized trades	Para no. 12
	Reversal Trades	Para no. 14,15 and 16
	LTP	Para no. 17 and 18

41. Moreover, it is also pertinent to mention here that in all the hearings opportunities granted to the Noticees prior and after the disposal of settlement application, the Noticees were clearly explained the trading details as alleged in the SCN. Additionally, wherever the trading details of the Noticees were given in the SCN, details of the same were provided as a part of annexures to the SCN. The same were inspected by the Noticees at the time of availing inspection on October 13, 2017. Beyond merely denying the allegations in the SCN the noticees have not made any submissions supported by evidence/ documents/information. The further analysis of the trading details of the Noticees in detail are discussed in succeeding paragraphs.

Synchronised Trades

42. It is observed that out of the total trading of 37,47,171 shares within the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul, K.P. and JLG, the buy and sale orders were placed within one minute time difference for 36,588,86 shares, which amounted to 94.38% of the total market volume. Here, it is pertinent to note that 36,588,86 shares constitutes 96.62% of the total purchase of the suspected entities and 96.66% of the total sale of the suspected entities.
43. Further, it is observed that out of 36,588,86 shares, the buy and sale orders were placed in synchronised manner (i.e. difference between placement of order by buyer and seller within one minute and order rate as well as order quantity of buy side and sale side being same) for 33,05,396 shares amounting to 85.26% of the total market volume. It is noted that 33, 05,396 shares constitutes 87.29% of the total purchase of the suspected entities and 87.32% of the total sale of the suspected entities. Further, 33,05,396 shares constitute 88.21% of the total trade (37,47,171 shares) among the suspected entities.
44. In this regard the summary of the synchronised trades by the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul, K.P. and JLG, is given below:

Sl. No.	Client Name	Total Buy	Total Buy syn qty (no. of trades)	% to to mkt vol.	% to total buy	Total sale	Total Sale sync qty (No. of trades)	% to mkt vol.	% to total sale	LTP

1	JLG SECURITIES PVT LTD	1036404	967118 (383)	24.9	93.3	1035905	844769 (362)	21.8	81.5	-15.1
2	ASHOK KUMAR NIGAM	797895	683217 (319)	17.6	85.6	796306	714843 (323)	18.4	89.8	76.15
3	HARI OM	612075	541923 (261)	14.0	88.5	609176	553050 (261)	14.3	90.8	46.35
4	SHREE GOPAL GUPTA	453019	394916 (202)	10.2	87.2	453251	383343 (194)	9.9	84.6	17.35
5	PARAMJEET ARORA	481639	381526 (160)	9.8	79.2	483134	437159 (170)	11.3	90.5	28.25
6	AJAY KUMAR SRIVASTAVA	246099	208691 (112)	5.4	84.8	243213	219885 (117)	5.7	90.4	8.2
7	PARUL KANSAL	152630	124600 (73)	3.2	81.6	154095	143697 (83)	3.7	93.3	-1
8	KARUKATHARAYIL PAULOSE ABRAHAM	6072	2405 (10)	0.1	39.6	6607	5650 (9)	0.1	85.5	4.05
9	RAJ GUPTA	1000	1000 (1)	0.0	100.0	3500	3000 (2)	0.1	85.7	-0.75
	TOTAL	3786833	3305396 (1521)	85.3	87.3	3785187	3305396 (1521)	85.3	87.3	163.5

45. From above, it can be seen that the Noticees have contributed significantly towards synchronized trades and thus, created artificial volume in the scrip, giving false and misleading appearance of trading in the scrip.
46. It is also observed that through synchronised trades among themselves, the Noticees, have also contributed in the net price rise by Rs.163.5 and hence, contributed in the price rise of the scrip.

Reversal Trades

47. It was further observed that these Noticees have entered into reversal trades. The details of the same are as below:

No. of reversal trades	Total traded quantity between the entities in 431 reversal trades.	Total reversed quantity	% of total reversed quantity to total traded quantity between the entities in 431 reversal trades.
431	32,24,646	15,12,429	46.9%

48. Further, summary of 431 reversal trades amongst the Noticees are as below:

Name of the Noticee	Name of the counter Noticee	Reversal Quantity	No. of Reversal Trades
ASHOK KUMAR NIGAM	AJAY KUMAR SRIVASTAVA	32,200	14
ASHOK KUMAR NIGAM	PARAMJEET ARORA	66,047	20
ASHOK KUMAR NIGAM	PARUL KANSAL	17,905	11
HARI OM	AJAY KUMAR SRIVASTAVA	27,350	16
HARI OM	ASHOK KUMAR NIGAM	90,505	29
HARI OM	KARUKATHARAYIL PAULOSE ABRAHAM	300	1
HARI OM	PARAMJEET ARORA	54,125	18
HARI OM	PARUL KANSAL	31,950	17
HARI OM	SHREE GOPAL GUPTA	45,011	23
JLG SECURITIES PVT LTD	AJAY KUMAR SRIVASTAVA	53,567	14
JLG SECURITIES PVT LTD	ASHOK KUMAR NIGAM	2,99,669	54
JLG SECURITIES PVT LTD	HARI OM	1,91,439	38
JLG SECURITIES PVT LTD	KARUKATHARAYIL PAULOSE ABRAHAM	50	1
JLG SECURITIES PVT LTD	PARAMJEET ARORA	2,13,612	46
JLG SECURITIES PVT LTD	PARUL KANSAL	36,250	20
JLG SECURITIES PVT LTD	SHREE GOPAL GUPTA	1,18,806	21
KARUKATHARAYIL PAULOSE ABRAHAM	AJAY KUMAR SRIVASTAVA	400	1
PARAMJEET ARORA	AJAY KUMAR SRIVASTAVA	24,400	7
PARUL KANSAL	AJAY KUMAR SRIVASTAVA	11,450	6
SHREE GOPAL GUPTA	AJAY KUMAR SRIVASTAVA	16,902	14
SHREE GOPAL GUPTA	ASHOK KUMAR NIGAM	81,041	26
SHREE GOPAL GUPTA	KARUKATHARAYIL PAULOSE ABRAHAM	300	1
SHREE GOPAL GUPTA	PARAMJEET ARORA	82,100	22
SHREE GOPAL GUPTA	PARUL KANSAL	17,050	11
Grand Total		15,12,429	431

49. From above, it is seen that the Noticees have entered into 431 reversal trades for 15,12,429 shares. It is further noted that % of total reversed quantity to total traded quantity of the Noticee was 46.9%. The pattern of few reversal trades of the Noticees are shown as below:

Date	Buyer name	Seller name	Trade Qty	Reversal Qty	Trade Time	Buy Order LMT	Sell Order LMT	Time Difference
JLG SECURITIES PVT LTD								
06/05/2011	JLG SECURITIES PVT LTD	ASHOK K NIGAM	1000	1000	09:23:51	09:22:05	09:23:51	00:01:46
	ASHOK K NIGAM	JLG SECURITIES PVT LTD	1000		15:21:48	15:21:48	15:21:44	00:00:04
29/06/2011	JLG SECURITIES PVT LTD	PARUL KANSAL	1850	1500	09:50:03	09:50:03	09:50:01	00:00:02
	JLG SECURITIES PVT LTD	PARUL KANSAL	1500		15:22:21	15:22:21	15:22:19	00:00:02
	PARUL KANSAL	JLG SECURITIES PVT LTD	1500		15:22:34	15:22:34	15:22:31	00:00:03
27/07/2011	JLG SECURITIES PVT LTD	PARAMJEET ARORA	2500	4985	14:51:35	14:51:35	14:51:34	00:00:01
	PARAMJEET ARORA	JLG SECURITIES PVT LTD	2495		14:58:51	14:58:51	14:58:50	00:00:01
	JLG SECURITIES PVT LTD	PARAMJEET ARORA	2500		15:05:25	15:05:25	15:05:23	00:00:02
	PARAMJEET ARORA	JLG SECURITIES PVT LTD	2490		15:07:59	15:07:58	15:07:56	00:00:02
29/09/2011	JLG SECURITIES PVT LTD	ASHOK KUMAR NIGAM	2100	600	09:26:03	09:26:03	09:26:02	00:00:01
	ASHOK KUMAR NIGAM	JLG SECURITIES PVT LTD	600		10:13:27	10:13:27	10:13:25	00:00:02

50. From above, it is clear that most of the orders matched in a time gap of 1, 2, 3 or 4 seconds this proof is enough to establish the existence of synchronization of trades. Hence, contention of the Noticee

JLG *"No conclusive material or any substantive evidence which confirmed or proved in any manner, any malpractice on our part had been mentioned in the learned adjudicating officer's Notice."* and contention of the Noticee Goapl *"I am not able to understand which trades of mine have SEBI considered as fraudulent and why they are considered to be fraudulent."* and Noticee Ashok that *"I have never indulged in synchronized trades, reversal trades or self-trades"* has no merit.

51. It is further observed that the Noticees namely; namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul, K.P. and JLG have entered into 194 reversal trades resulting in no change of beneficial ownership and thus, created artificial volume in the scrip and gave false and misleading appearance of trading in the scrip. Thus, the above trades by the Noticees are self-explanatory to establish violation of reversal trades on part of the Noticee. Thus, contention of the Noticee JLG *"we were also not at all knowing the counter parties to our trades. Only from the Notice under reference, we came to know about the counter parties (other Noticees) and their identities."* and Noticee Ashok that "I have never indulged in synchronized trades, reversal trades or self-trades" does not hold any merit.
52. Here, it is relevant to refer to the decision of the Hon'ble Supreme Court in the matter of Securities and Exchange Board of India v. Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 dated February 08, 2018) wherein, the Hon'ble Supreme Court while cumulatively analysing the reversal transactions held that, *"…quantity, time and significant variation of prices, without major variation in the underlying price of the securities clearly indicate that Respondent's trades are not genuine and had only misleading appearance of trading in the securities market…..".*
53. Applying the rationale of the Hon'ble Supreme Court in the matter of Kishore R. Ajmera and Rakhi Trading (supra), it is noted that there is no justification for the wide variation in prices, within minutes and some, even seconds, except for an element of pre-determination in the prices by both counterparties when reversing the trades. Thus, the nature of trading as brought out above clearly indicates an element of prior meeting of minds and therefore, a collusion to carry out trades at pre-determined prices. Hence, contention of the Noticee *"we specifically state that we have not done (not involved in) any synchronized, reversal & self-trades for creating artificial volume and influence of price as alleged in the Notice."* does not hold any merit given the overwhelming evidence available in the matter, which has not been specifically denied by the Noticees.

Last traded Price

54. It is further observed that out of 4320 trades, Noticee entered into 2812 buy transactions with the net LTP impact of Rs. 329.1. Out of 2812 trades, the suspected entities entered into 1953 trades (69.45% of total suspected entities buy trades) within themselves and had a net LTP impact of Rs. 233.05.
55. The details of individual contribution of all the Noticees to change in the price of the scrip by entering into buy transaction within themselves is placed as under:

Name	Total No of trades	no of trades above LTP	Gross increase in price	No of trades less than LTP	Gross fall in price	No of trades at LTP	Net impact
JLG SECURITIES PVT LTD	434	140	128.85	243	-167.55	51	-38.7
HARI OM	325	147	114.75	138	-58.4	40	56.35
RAJ GUPTA	1	0	0	1	-0.75	0	-0.75

SHREE GOPAL GUPTA	267	101	91.65	127	-63.2	39	28.45
ASHOK KUMAR NIGAM	400	229	147.8	129	-42	42	105.8
KARUKATHARAYIL PAULOSE ABRAHAM	36	23	18.1	5	-3.9	8	14.2
PARAMJEET ARORA	232	129	60.9	67	-24.15	36	36.75
PARUL KANSAL	105	60	32.75	28	-17.55	17	15.2
AJAY KUMAR SRIVASTAVA	153	67	37.4	58	-21.65	28	15.75
	1953	**896**	**632.2**	**796**	**-399.15**	**261**	**233.05**

56. From above, it is noted that all the Noticees have traded among themselves and contributed to price increase to Rs. 233.05. Further, JLG has a net impact of Rs. -38.7. Thus, except for JLG, all other Noticees have traded among themselves and manipulated the price of the scrip.
57. It is also noted that the Noticees have placed their orders with the same price, same quantity and in almost at the same time with high LTP so that the scrip open with a high price. Thus, the Noticees have traded among themselves and contributed significantly to the price rise through first trades. Following are the details given in this regard;

Noticee	**Buy Order Number**	**Date (mm/dd /yy)**	**Order Time**	**Diff. of LTP in Rs.**	**Buy Order Rate**	**Buy Order Qty**	**Trade d Price/ QTY**	**Best pending Ask Order Number**	**Client Name**	**Order Time**	**Best pendin g ASK Order rates**	**Best pendin g Ask Order Quanti ty**
Ajay K Srivastava	12000050 001490	5/7/11	09:22:15	5.1	53.5	300	53.5 /300	13000040 001600	Shree G Gupta	09:22:0 3	53.5	300
Ajay K Srivastava	20000040 001892	13/9/11	09:21:08	3.85	52.5	2500	52.5 / 2500	18000035 001207	JLG Securities	09:21:0 8	52.5	2500
Ajay K Srivastava	14000034 001485	21/9/11	09:22:05	2.4	50.8	830	50.8 / 830	11000038 001471	JLG Securities	09:22:0 5	50.8	830
Ashok Kumar Nigam	19000230 000502	15/7/11	09:21:46	4.9	53	50	53 / 50	14000260 000412	Hari Om	09:21:4 4	53	50
Ashok Kumar Nigam	23000179 000812	16/9/11	09:16:19	3.75	51.5	1800	51.5/ 1800	21000163 000814	JLG Securities	09:16:1 9	51.5	1800
Ashok Kumar Nigam	11000038 001271	29/6/11	09:17:37	3.65	53	100	53 / 100	13000034 000864	JLG Securities	09:17:3 3	53	100
Hari Om	17000029 002401	30/8/11	09:30:09	7.75	50.75	2700	50.75/2 700	17000029 002398	JLG Securities	09:30:0 4	50.75	2700

Hari Om	21000038 001558	31/5/11	09:29:01	4	55	2615	55 / 2615	19000034 001720	Ashok K Nigam	09:28:5 8	55	2615
Hari Om	11000045 002208	8/9/11	09:22:59	3.85	51.5	2800	51.5 /2800	11000045 002204	JLG Securities	09:22:5 8	51.5	2800
JLG Securities	16000037 000599	22/7/11	09:15:44	7.9	55	50	55 / 50	12000053 000136	K P Abraham	09:15:4 1	55	50
JLG Securities	13000033 001078	30/9/11	09:21:41	4	50	1050	50 /1050	12000038 001115	Shree Gopal Gupta	09:21:4 0	50	1050
JLG Securities	21000118 000568	25/7/11	09:15:19	3.55	52	2000	52 /2000	22000127 000448	Ashok K Nigam	09:15:1 2	52	2000
K P Abraham	20000108 000217	5/4/11	09:15:02	1.75	48.25	400	48.25/4 00	14000114 000362	Shree Gopal Gupta	09:15:1 3	48.25	800
Paramjeet Arora	23000035 001131	23/5/11	09:18:38	4.9	54	500	54/500	19000034 001147	Hari Om	09:18:3 5	54	500
Paramjeet Arora	13000039 000137	6/4/11	09:15:03	2.4	48.3	500	48.3/ 500	15000029 000450	Shree Gopal Gupta	09:15:1 3	48.3	900
Paramjeet Arora	11000103 000801	9/5/11	09:17:33	0.05	53	1100	53/ 1100	15000095 000758	Ashok K Nigam	09:17:3 0	53	1100
Parul Kansal	18000032 001330	14/7/11	09:22:24	3.45	53.5	25	53.5 / 25	15000031 001681	JLG Securities	09:22:2 1	53.5	25
Parul Kansal	23000121 000096	8/4/11	09:15:03	2.1	48	900	48 /900	11000104 000593	Hari Om	09:15:2 7	48	1100
Shree Gopal Gupta	12000040 000816	28/9/11	09:17:51	3.7	51.5	1600	51.5 /1600	22000043 000582	JLG Securities	09:17:5 0	51.5	1600
Shree Gopal Gupta	11000038 001475	21/4/11	09:19:02	3.5	48.5	900	48.5/ 900	18000033 000911	Shree Gopal Gupta	09:18:5 8	48.5	900
Shree Gopal Gupta	11000038 000809	26/9/11	09:19:36	3.2	51.25	1000	51.25/ 1000	23000038 001121	JLG Securities	09:19:3 4	51.25	1000

58. Thus, from above it is clear that Noticees have placed orders with the same price, same quantity and in almost at the same time with high LTP so that the scrip open with a high price. Thus, the Noticees, have contributed significantly to the price rise through first trades. Therefore, contention of JLG that *"It's expressly stated that all the trades were executed in routine course of our business and we had neither any means I resources to know as to who were the counter parties, who had traded in the Shares of Regency Hospital Limited nor had any reason to be suspicious about the referred trades at that point of time."* has no merit in it.

Self – Trades

59. It was further observed that the Noticees namely; Hari, Gopal, Ashok and Ajay, were indulged in repetitive self-trades (i.e. same buy client as well as the sale client for a given trade resulting in no change of beneficial ownership). The detail of the same is presented as under;

60. Thus, from above, it was observed these four Noticees namely; Hari, Gopal, Ashok and Ajay were involved in 119 repetitive self-trades for 1,95,432 shares which was 31.53% and 31.67% of their total buy and total sell, respectively and thus created artificial volume.

61. It is also noted that SEBI has come out with a policy decision to deal with intentional and non-intentional self-trades. The Policy indicates that in order to find someone guilty of self-trades under

Noticee	Total Buy	Total Sell	Self-trade qty	% to Total Buy	% to Total Sale	% to Market Volume	No of Self-trades	No. of days	Net LTP
HARI OM	6,12,075	6,09,176	74,164	12.12	12.17	1.91	41	24	6
SHREE GOPAL GUPTA	4,53,019	4,53,251	7,365	1.63	1.62	0.19	15	12	-3
ASHOK KUMAR NIGAM	7,97,895	7,96,306	1,01,401	12.71	12.73	2.62	54	22	20.8
AJAY KUMAR SRIVASTAVA	2,46,099	2,43,213	12,502	5.08	5.14	0.32	9	7	0.4
TOTAL	**21,09,088**	**21,01,946**	**1,95,432**	**31.53**	**31.67**	**5.04**	**119**	**65**	**24.2**

the PFUTP Regulations, it is essential to find out that there is an intention of manipulation behind such self-trades. The policy indicates that accidental/unintentional self-trades should not be subjected to PFUTP Regulations, as mere occurrence of self-trades would not be considered per se illegal in the absence of any other additional evidence to support manipulation or intention to defraud. The aforesaid policy thus, suggests that in matters of self-trade, an assessment has to be made as to whether the said trade was intentional or unintentional on the basis of supporting evidences such as the manipulative intent, the volume transacted, illiquidity of the scrip etc. Provisions of PFUTP Regulations prescribes that dealing in securities shall be deemed to be a fraudulent transaction or an unfair trade practice if it involves an element of fraud and may also include entering into a transaction in securities without any intention of performing it or without an intention of effecting any change of ownership of such security. Since self-trades do not result in transfer of beneficial ownership, the same gets covered within the sweep of PFUTP Regulations. However, mere occurrence of self-trades cannot be suo-moto considered as illegal in the absence of any other corroborative evidence to prove manipulation of price or volume or intent to defraud, as normally seen in cases of synchronized trades.

62. It is also that volume traded is also one of the important and relevant factor in order to ascertain the 'manipulative intent' in terms of the aforesaid Policy. As observed earlier, trades executed by the Noticees which have been alleged to be self-trades in the SCN were substantial in terms of quantity, i.e., 5.04% of the total market volume of the trades in the scrip executed on both of the exchanges.

63. In light of above discussion, following is noted with respect to self-trades executed by the Noticees;
    60.1 Noticees have executed 119 repetitive self-trades.
    60.2 The self-trades executed by the Noticees were for 1,95,432 shares.
    60.3 Percentage of total buy and total sale of the Noticees, by executing 119 self-trades was 31.53% and 31.67%, respectively.
    60.4 Noticees executed self-trades for 1,95,432 shares which amounted to 5.04% of the total market Volume.

60.5The Noticees by executing self-trades amongst themselves for 65 days, contributed to net LTP of 24.2 and thus created artificial volume in the scrip.

64. Thus, from above, it is clear that the Noticees were involved in 119 repetitive self-trades for 1,95,432 shares which amounted to 5.04% of the total market Volume. Further in light of foregoing, it is also clear that the instances of self-trades alleged in this case were not merely an occurrence on account of trading strategies in the scrip at the relevant time. Thus, the ‘self-trade’ in question were, thus, purely manipulative and intentional to create artificial volume in the market.

65. Moreover, considering the order placing pattern as found from the hourly trade data and other relevant facts pertaining to the trading activity of the Noticees as discussed above, it is observed that Noticees have executed synchronized trades, where the buy and sale orders were placed within one minute time difference for 36,588,86 shares, which amounted to 94.38% of the total market volume. The Noticees have also executed reversal trades resulting in no change of beneficial ownership and thus, created artificial volume in the scrip and gave false and misleading appearance of trading in the scrip and thus, the self-trades are seen in the context of the role played by the Noticees in this case and they are being considered as manipulative with perverse intention.

<u>Fund trail for the trading activities</u>

66. Further, from the analysis of the ledger statements of the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P. (who were employees of the company), during the investigation period, it was observed that payments were made by the aforesaid seven Noticees to the respective brokers, details of which are as below:

Sr. no.	Entity name	Date	Credit (Rs.)	Details of payer	Debit (Rs.)	Details of payee	Balance after credit /debit (Rs.)
1.	HARI OM	7/3/2011	11404	Regency Hospital A/c. no. 25770500001512			12293
		6/4/2011	**78582**				78632
		7/4/2011			78582	Zuari Investments Ltd. (broker)	50
		8/4/2011	11404	Regency Hospital A/c. no. 25770500001512			11454
		9/5/2011	11404				16642
		13/6/2011	**66000**				74546
		14/6/2011			12400	Adiya Birla Money Ltd. (Broker)	62146
		15/6/2011			53069	Zuari Investments Ltd. (broker)	9077
		3/8/2011	**79200**	Regency Hospital A/c. no. 25770500001512			86074
		6/8/2011			79176	Zuari Investments Ltd. (broker)	6898
		1/10/2011	**45345**	Regency Hospital A/c. no. 25770500001512			54095

		4/10/2011			45345	Zuari Investments Ltd. (broker)	8750
2.	SHREE GOPAL GUPTA	7/3/2011	19015	Regency Hospital A/c. no. 25770500001512			24895
		23/3/2011	50000				54839
		8/4/2011	16715				67351
		9/5/2011	18015				19162
		7/6/2011	14626				14626
		13/6/2011	**58000**				64724
		15/6/2011			1320	Adiya Birla Money Ltd. (Broker)	60904
		17/6/2011			56418	Zuari Investments Ltd. (broker)	4486
		7/7/2011	18015	Regency Hospital A/c. no. 25770500001512			18015
		6/8/2011			3360	Zuari Investments Ltd. (broker)	25.5
		9/8/2011	18015	Regency Hospital A/c. no. 25770500001512			26018
		6/9/2011	**21000**				21668
		7/9/2011	13616				35344
		15/9/2011			20165	Zuari Investments Ltd. (broker)	7152
		1/10/2011	**3409**	Regency Hospital A/c. no. 25770500001512			3409
		4/10/2011			3409	Zuari Investments Ltd. (broker)	138
		10/10/2011	19015	Regency Hospital A/c. no. 25770500001512			19153
3.	ASHOK KUMAR NIGAM	7/3/2011	20814	Regency Hospital A/c. no. 25770500001512			23474
		8/4/2011	20766				21968
		9/5/2011	20814				22329
		7/6/2011	20814				21499
		13/6/2011	**20000**				29499
		14/6/2011			10334	Adiya Birla Money Ltd. (Broker)	19165
		15/6/2011			9270	Zuari Investments Ltd. (broker)	9895
		7/7/2011	20814	Regency Hospital A/c. no. 25770500001512			22559
		3/8/2011	**146000**				148946
		6/8/2011			145852	Zuari Investments Ltd. (broker)	3094
		9/8/2011	20814	Regency Hospital A/c. no. 25770500001512			23908
		19/8/2011	12500				36408
		6/9/2011	**22000**				22370
		7/9/2011	24214				46584

		8/9/2011			21667	Zuari Investments Ltd. (broker)	17917
		1/10/2011	**117465**	Regency Hospital A/c. no. 25770500001512			120557
		4/10/2011			117465	Zuari Investments Ltd. (broker)	3092
		10/10/2011	23714	Regency Hospital A/c. no. 25770500001512			26806
4.	KARUKAT HARAYIL PAULOSE ABRAHAM	7/3/2011	19684	Regency Hospital A/c. no. 25770500001512			19811
		8/4/2011	19684				19995
		3/5/2011	10000				10568
		9/5/2011	20184				20752
		8/6/2011	10184				12694
		13/6/2011	**1200**				
		14/6/2011			1156	Adiya Birla Money Ltd. (Broker)	2738
		8/7/2011	20184	Regency Hospital A/c. no. 25770500001512			20322
		9/8/2011	20184				20720
		7/9/2011	20184				20904
		10/10/2011	20184				21088
5.	PARAMJEET ARORA	7/3/2011	25277	Regency Hospital A/c. no. 25770500001512			33906
		8/4/2011	15118				28186
		11/4/2011	5869				34055
		9/5/2011	30000				46986
		16/5/2011	14435				56421
		8/6/2011	30320				66594
		13/6/2011	**13400**				79994
		15/6/2011			13400	Adiya Birla Money Ltd. (Broker)	66594
		8/7/2011	30830	Regency Hospital A/c. no. 25770500001512			88427
		9/8/2011	30830				60561
		7/9/2011	34430				87994
		10/10/2011	34280				87480
		9/11/2011	33309				92449
6.	PARUL KANSAL	7/3/2011	17352	Regency Hospital A/c. no. 25770500001512			29714
		8/4/2011	17352				22066
		9/5/2011	20922				31283
		7/6/2011	20922				45552
		13/6/2011	**5200**				50752
		15/6/2011			5195	Adiya Birla Money Ltd. (Broker)	45557
		7/7/2011	20922	Regency Hospital A/c. no. 25770500001512			30479
		16/8/2011	20922				23910

		12/9/2011	22172				35082
		10/10/2011	21172				26323
		24/10/2011	10000				25323
7	AJAY KUMAR SRIVASTAVA	7/3/2011	13315	Regency Hospital A/c. no. 25770500001512			15731
		25/3/2011	20000				22231
		8/4/2011	13315				15646
		9/5/2011	14315				15577
		7/6/2011	15315				18240
		13/6/2011	**98000**				101240
		14/6/2011	18000				119240
		14/6/2011			9300	Adiya Birla Money Ltd. (Broker)	110040
		15/6/2011			88641	Zuari Investments Ltd. (broker)	1399
		7/7/2011	13315	Regency Hospital A/c. no. 25770500001512			14714
		9/8/2011	15814				17528
		6/9/2011	**30000**				32028
		7/9/2011	15814				47842
		8/9/2011			29838	Zuari Investments Ltd. (broker)	3004
		1/10/2011	**44883**	Regency Hospital A/c. no. 25770500001512			52262
		4/10/2011			44883	Zuari Investments Ltd. (broker)	7379
		10/10/2011	15814	Regency Hospital A/c. no. 25770500001512			23193
8.	RAJ GUPTA	No credit transactions found from Regency Hospital Ltd. in these two accounts.					
9.	JLG SECURITIES PVT LTD						

67. In this regard, it is noted that the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P., under current proceedings, have submitted that the payments were received in lieu of salaries, perquisites and loans from the company. However they have not commented on the issue that the payments so received from the company were immediately paid off for covering the dues of the stock brokers. IT is not clear how loan taken for home loans could have been utilised for other purposes Here, it is to be mentioned that these are the theories brought on record at a later stage of proceedings and were not part of the replies to the SCN. Thus, the timing of propagating this theory at this stage of proceeding stinks of an afterthought on part of the Noticees.
68. It is further noted there were credits in the bank account of Noticees from the company with the corresponding debit entries for the equivalent amount for payment towards the respective brokers of the Noticees. Here, it is deemed necessary to draw reference towards the bank account statements and salary slips of the Noticees. The following is the elaboration of some of the funds transfers from the

company which were directly met out to the broker for meeting the trading obligations of the various noticees:

62.1 Salary slip of the entity Gopal Gupta reflects Personal Loan of 2 separate amounts i.e. one for Rs. 79,000/- and other for Rs. 80,000/-. However, analysis of bank account of Gopal Gupta reflects credit at 3 instances of aggregate amount of Rs. 82,409, which is higher than the loan amount reflected on the salary slip. It is also pertinent to mention here that at each of these 3 instances equal / approximate amount of debit entry is made in favour of Aditya Birla Money ltd. and Zuari Investments Ltd.

62.2 Salary slip of the entity Ashok Kumar Nigam reflects Housing Loan of 2 separate amounts i.e. one for Rs. 2,95,965/- and other for Rs. 3,00,000/-. However, analysis of bank account of Ashok Kumar Nigam reflects credit at 4 instances of aggregate amount of Rs. 3,05,465/-, which is higher that the loan amount reflected on the salary slip. It is also pertinent to mention here that at each of these 4 instances equal / approximate amount of debit entry is made in favour of Aditya Birla Money ltd. and Zuari Investments Ltd.

62.3 Bank account statement of the Noticee Hari, reflects credit of Rs. 78582/- from the company on April 06, 2011. Subsequently, there is a debit entry of equivalent amount of Rs. 78582/- towards the Broker Zuari Investments Ltd. on the very next day i.e. April 07, 2011. There are similar credit and debit entries on other dates such as October 01, 2011 (Credit) and on October 04, 2011(Debit) for the amount of Rs. 45345/-. In this regard, it is noted that the bank balance of Hari after the payment by the company increased to Rs. 78632/-. However, after the subsequent debit entry the bank balance was decreased by Rs. 50/-.

62.4Bank account statement of the Noticee Gopal, reflects the credit of Rs. 3409/- from the company on October 01, 2011. Subsequently, there is a debit entry of equivalent amount of Rs. 3409/- towards the Broker Zuari Investments Ltd. after 3 days i.e. October 04, 2011. In this regard, it is noted that the bank balance of Gopal after the payment by the company increased to Rs. 3409/-. However, after the subsequent debit entry the bank balance was decreased by Rs. 138/-.

62.5Bank account statement of the Noticee Ashok, reflects the credit of Rs. 117465/- from the company on October 01, 2011. Subsequently, there is a debit entry of equivalent amount of Rs. 117465/- towards the Broker Zuari Investments Ltd. after 3 days i.e. October 04, 2011. In this regard, it is noted that the bank balance of Ashok after the payment by the company increased to Rs. 120557/-. However, after the subsequent debit entry the bank balance was decreased by Rs. 3092/-.

62.6. Bank account statement of the Noticee Paramjeet reflects the credit of Rs. 13400/- from the company on June 13, 2011. Subsequently, there is a debit entry of equivalent amount of Rs. 13400/- towards the Broker Adiya Birla Money Ltd. on June 15, 2011. In this regard, it is noted that the bank balance of Paramjeet after the payment by the company increased to Rs. 79994/-. However, after the subsequent debit entry the bank balance was decreased by Rs. 66594/-.

62.7Bank account statement of the Noticee Ajay reflects the credit of Rs. 44883/- from the company on October 01, 2011. Subsequently, there is a debit entry of equivalent amount of Rs. 44883/- towards the Broker Zuari Investments Ltd. after 3 days i.e. October 04, 2011. In this regard, it is noted that the bank balance of Ajay after the payment by the company increased to Rs. 52262/-. However, after the subsequent debit entry the bank balance was decreased by Rs. 7379/-.

69. Therefore, it is clear from above that company has facilitated and funded its employees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P.(Noticees), from which Noticees have undertaken synchronized, reversal and self-trades in the securities market, resulting in creation of artificial volume in the scrip, giving false and misleading appearance of trading in the scrip.

70. Moreover, it is a matter of record that none of the aforementioned seven Noticees have submitted any material or document to establish their stand that the credit from the company in the respective accounts of the Noticees were in the nature of salaries / loans.
71. It is also observed that no recovery schedule has been submitted by the Noticees towards recovery of loan availed by any of the above mentioned seven Noticees from the company.
72. Further, no evidence like documents pertaining to hypothecation / mortgage of assets / property to create collateral security towards personal / housing loan of the employees has been placed on record by the seven Noticees.
73. It is also pertinent to mention here that it has also been admitted by the company and its directors, in their replies under separate proceedings for the similar violations that the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P., who were also preferential allottees / traders in the market, were employees of the company. Further, from the ledger statement provided by Bank of Baroda vide e-mail dated January 21, 2014, it is observed that there were many credit transactions in the accounts of Noticees from the company, other than payment towards salaries and perquisites.
74. Further, substantial discrepancies were also observed in the salary slip details and Form 16 of the Noticees. For instance, copy of the salary slip of the employee Hari Om Mishra (working as Manager) and Ashok Kumar Nigam (working as Manager Accounts), reflects disbursement of Housing Loan of Rs. 3,00,000/- (Three Lakhs Rupees) and 2,95,965/- (Two Lakh Ninety Five Thousand Nine Hundred Sixty Five only) respectively, by the company. Whereas form 16 of the employees nowhere reflects rebate on the interest of the Housing loan under section 24 of Income Tax Act, 1961.
75. Similarly, in another instance, copy of the salary slip of the employee Shree Gopal Gupta (working as Assistant Manager) reflects disbursement of 79,000/- as personal Loan by the company. However, the salary slip nowhere specifies this amount under the head "credit" rather merely mentions as "disbursement of personal loan 79,000" and so on. This leads to suspicion regarding authenticity of salary slips of the employees and loan availed by them. Therefore, it is observed that no legally sustainable documents / material, were presented by the Noticees under current proceedings.
76. Apart from the above credit, it was also observed that whenever the payments have been made to the brokers by the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P., for settlement of trades, exact/ approximately equal amounts were credited in the respective Noticee's accounts by the company. (these exact/ approximately equal amount are shown as bold & highlighted in the table above) .
77. It is further noted that if the company would not have credited these exact/approximately equal amount, the balance in the account of the Noticees would not have been sufficient to pay the respective brokers for settlement.
78. It is further noted that at the time of investigation, the company was asked whether the company directly/ indirectly connected to the above mentioned seven Noticees. The company was also advised to provide the details of all the financial transactions of the aforesaid seven Noticees (employees of the company). However, the company, in its reply, had submitted that the aforesaid seven Noticees were not directly/indirectly connected with the company and hence financial transactions with these entities was not available with the Company.
79. Contrary to the above, as per the information provided by Bank of Baroda, Kanpur, vide e-mail dated January 21, 2014, the bank account statements of these seven Noticees shows that they were the employee of the company and all the payments made by these Noticees to brokers, for the purpose of settlement during the investigation period, were actually funded by the company.
80. Therefore, contention of the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P. that the amount received from the company in bank account were in nature of salary and instalments of housing loan which Noticees had sought from the company, has no merit.

81. It is further noted that the Noticee JLG in his submissions has stated that *"The Learned Adjudicating Officer himself at the end of the Para 17 (Page 21) of the Notice has concluded that except us, all other suspected entities (all other Noticees} have traded among thernselves and manipulated the price of the scrip. Thus the Learned Adjudicating Officer himself has absolved us from the allegations."*
82. In this regard, it is noted that the SCN at the end of para 16 on page no. 19 has clearly indicated that *"the Noticees have entered into 431 reversal trades resulting in no change of beneficial ownership and thus, created artificial volume in the scrip and gave false and misleading appearance of trading in the scrip."* It is further noted that the finding as referred by Noticee at end of the para 17 of page 21 refers to only LTP analysis of trades executed by JLG and does not pertain to other allegations as alleged in the SCN against the Noticee.
83. It is further noted that the SCN has clearly laid out the allegations with respect to alleged reversal trades on part of the Noticee, for which the Noticee was given sufficient time to submit its reply. Further, in case the SCN had absolved the Noticee from the alleged violations (as contended by the Noticee), there would have been no prerequisite of issuance of SCN in the matter, which is not the case. Therefore, contention of the Noticee is devoid of any merit.
84. It is also noted that the Noticee JLG in its submissions has stated that *"Our parent broker i.e. UPSE Securities limited and Our next regulator i.e. BSE having an adequate surveillance system and having access to all the orqers/trades executed by us, did not raise alarm or alert us about any wrong doing on our part during the investigation period as alleged in the Notice under reference."*
85. In this regard, it is noted that SEBI being a regulator of Indian securities market, is bestowed with powers to take action in the interest of securities market and to adapt a uniform policy for initiating action against persons who have violated the regulatory framework. Further, any kind of non-action by any other market intermediary shall not lead to any deviation of proceedings initiated by SEBI and cannot give a right to the appellant to claim immunity from action for the violation committed by it.
86. Thus, considering the above, it is opined that instant proceedings are not vitiated on account of the ground that no action or warning signal was given by the Broker or the concerned Stock exchange i.e. BSE.
87. It is further noted that JLG Securities has entered into 194 reversal trades consist of 902 trades with these suspected entities. Out of 902 trades, in 847 trades, the buy and sell orders were placed within one minute time difference. Also, JLG Securities has executed 47 first trades within suspected entities. Hence, JLG failed to maintain fairness in its conduct, follow proper due diligence required in its dealings as a Stock Broker, and hence, Noticee violated provisions of code of conduct of Stock Brokers as well. However, since the violation of the same is not a subject matter of current proceedings, the same is not dealt herewith.
88. It is also noted that the Noticee JLG in its submissions has also referred to various case laws. However, on perusal of the said orders it is pertinent to mention that the said orders emanate from a different set of factual matrix. Hence the said orders do not strengthen the case of the Noticees.
89. In light of above , there is no hesitation to conclude that all the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul , K.P. and JLG have entered into synchronized trades and reversal trades and Noticees namely; Hari, Gopal, Ashok and Ajay have entered into self-trades, resulting in no change of beneficial ownership and thus, created artificial volume in the scrip and gave false and misleading appearance of trading in the scrip. It is further established that all the payments, made by the Noticees namely; Gopal, Ashok, Hari, Ajay, Paramjeet, Parul and K.P., to their respective brokers for the purpose of settlement of reversal trades and self-trades, were funded by the company. Therefore, from the foregoing it is clear that the Noticees have violated Regulation 3(a),3(b),3(c),3(d), 4(1) and 4(2)(a) (b) (e) and (g) of the PFUTP Regulations.

Issue No. II: Whether the Noticee is liable for monetary penalty under Section 15HA of the SEBI Act 1992?

90. The aforesaid violations on the part of the Noticees makes the Noticees liable for penalty under Section 15 HA of the SEBI Act 1992, as applicable, which reads as follows:

15HA.Penalty for fraudulent and unfair trade practices.-
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 failure, whichever is higher.

91. As regards the Noticees, it is clear that they are liable for imposition of penalty as is drawn from the Hon'ble Supreme Court of India Order in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) has also 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…"

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in section 15J of the SEBI Act?

92. Factors to be taken into account by the adjudicating officer.

15J. While adjudging quantum of penalty under section 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.
1 [Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.][2]

93. The material available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee and the loss suffered by the investors as a result. Also there is no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by Noticee. However, the gravity of violations involved in the matter cannot be ignored. Having established that Noticees had executed trades which were manipulative and indulging in trades with manipulative intent to create misleading appearance of trading (as analysed in pre paras of this order), certainly is in the nature of causing possible adverse impact in disturbing the equilibrium of fair market mechanism. Thus, various reversal, synchronized and self - trades executed by Noticees are considered as repetitive in nature for imposition of appropriate penalty.
94. As regards JLG, it is noticed that it is a SEBI registered intermediary and thus was mandated to follow basic due diligence in its dealings in the securities market. However, given the pattern of trades JLG

[1] *Inserted by Part VIII of Chapter VI of the Finance Act, 2017 vide Gazette Notification No. 7, Extraordinary Prt II Section 1 dated March 31, 2017. This shall come into force from April 26, 2017.*

has executed in the matter, it is clear that he has been a willing participant to the scheme perpetrated by the Noticees, which is inexcusable and thus, deserves to be imposed an appropriate penalty.

ORDER

95. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15I of the SEBI Act read with Rule 5 of the Adjudication Rules, a penalty, as shown in the table below, under the provisions of Section 15 HA of the SEBI Act, is imposed on the following Noticees for violation of provisions of Regulation 3(a),3(b),3(c),3(d), 4(1) and 4(2)(a) (b) (e) and (g) of the PFUTP Regulations;

Name of the Noticees and Pan Details	Penalty Imposed (in Rs.)
Shree Gopal Gupta (PAN No.:ACSPG2988B)	15,00,000/- (Rupees Fifteen Lakh Only)
Ashok Kumar Nigam (PAN No.:ADMPN4957A)	15,00,000/- (Rupees Fifteen Lakh Only)
Hari Om Mishra (PAN No.:AAJPO3043L)	15,00,000/- (Rupees Fifteen Lakh Only)
Ajay Srivastava (PAN No.:AQRPS5403J)	15,00,000/- (Rupees Fifteen Lakh Only)
Paramjeet Arora (PAN No.:AGTPA4589R)	15,00,000/- (Rupees Fifteen Lakh Only)
Parul Kansal (PAN No.:ANYPK5729M)	15,00,000/- (Rupees Fifteen Lakh Only)
K P Abraham (PAN No.:AGEPA0396B)	15,00,000/- (Rupees Fifteen Lakh Only)
JLG Securities Private Limited (PAN No.:AABCJ3812F)	25,00,000/- (Rupees Twenty Five Lakh Only)

96. Payment can also be made online by following the below path at SEBI website www. sebi.gov.in:
ENFORCEMENT → Orders → Orders of AO → PAY NOW

97. The Noticee can also remit / pay the said amount of penalty within 45 (forty five) days of receipt of this order by way of Demand Draft (DD) in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, addressed to the Division Chief of the Enforcement Department (EFD) – Division of Regulatory Action (DRA-II) of SEBI.

98. In terms of rule 6 of the SEBI Adjudication Rules, copies of this order is being sent to the Noticee and also to the SEBI.

Date: July 31, 2019 **Jeevan Sonparote**
Place: Mumbai **Adjudicating Officer**