



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
NIC BUILDING BLUE AREA, ISLAMABAD**

Before the Joint Director (Securities Market Division)

In the matter of Show Cause Notices No. SMD/Co.62/3/2004-S dated January 23, 2006 and January 26, 2006 issued to Mr. Mohammad Bilal Khan & Mr. Nasim Khan under Section 18-A of the Securities and Exchange Ordinance, 1969 for submission of more than one application for subscription of shares of Pakistan Petroleum Ltd. (the Company) which were offered to the general public on July 19-22, 2004.

Date of hearing:

January 31, 2006

Present at hearing:

Representing the applicant:

- i. Mr. Nasim Khan
- ii. Mr. Mohammad Bilal Khan (appeared on April 6, 2006)

Assisting the Joint Director (SM):

- i. Ms. Asma Tayyiba

Deputy Director, CI

ORDER

1. The matter arises from the show cause notices No. SMD/Co.62/3/2004-S dated January 23, 2006 and January 26, 2006 issued by the Securities and Exchange Commission of Pakistan (the Commission) to (i) Mr. Mohammad Bilal Khan, S/o Saeed Ahmed Khan, NIC No. 37301-6028077-3, address: Prime Glass, G.T. Road, Rathian Jhelum and (ii) Mr. Nasim Khan, S/o Muzaffar Khan, NIC No. 38301-7496992-1, address: Room No. 312, Lahore Stock Exchange, Lahore.

2. Facts of the case are that Elixir Securities Pakistan (Pvt.) Ltd., Consultant to the Offer, on behalf of the Privatization Commission (the “Offerer”) vide letter dated September 15, 2004 furnished to the Commission a list of cases of all those applicants which were detected by Sidat Hyder Morshed Associates (Pvt.) Limited (the “Balloters to the Offer”) as being filed in violation of Section 18A of the Securities and Exchange Ordinance, 1969, which stipulates that:

“(1) No person or any other person on his behalf shall make a fictitious application or submit more than one application for shares of companies offered to the public. (2) In case of contravention of the provisions of subsection (1), the application money shall be liable to confiscation.”

3. Mr. Mohammad Bilal Khan’s name appeared in the aforementioned list of multiple applicants. One application bearing No. 01-218-091 was submitted through Allied Bank of Pakistan Limited, Civil Lines, Jhelum and the other application bearing No. 01-203-059 was submitted through Allied Bank of Pakistan Limited, Lahore Stock Exchange Branch, Lahore. Both applications were submitted using the same NIC number but under different names, father’s name and signatures.
4. The Commission called for a written explanation from Mr. Bilal Khan vide letter dated October 6, 2004 at the address mentioned on application No. 01-218-091 i.e. Prime Glass, G.T. Road, Rathian, Jhelum. A reply dated October 13, 2004 was provided by him stating that he had submitted only one application through Allied Bank of Pakistan Limited, Civil Lines Branch, Jhelum and that he had no knowledge of any other application submitted in his name.
5. The Commission then called for a written explanation from Mr. Nasim Khan vide letter dated November 26, 2004 at the address mentioned on application No.01-203-059 i.e. Room No. 312, Lahore Stock Exchange Building, Lahore. A reply dated April 11, 2005 was provided by him wherein he had stated that he works in a brokerage house and that Mr. Mohammad Bilal Khan is a client of the said brokerage house. He stated that he had filled in a lot of subscription application forms for various other applicants and while doing so he

inadvertently attached a copy of Mr. Mohammad Bilal Khan's NIC with his application for subscription of shares of PPL. He requested that shares be allotted to Mr. Mohammad Bilal Khan and that subscription money deposited against application form No. 01-203-059 be refunded to him.

6. Upon examination of both the application forms, it was found that the copy of NIC attached with application No. 01-203-059 filed in the name of Nasim Khan contained the same photograph, number, identification mark and date of birth as that on the copy of NIC of Mr. Mohammad Bilal Khan attached with application number 01-218-091 but the name, father's name and signatures were different.
7. In order to ascertain the factual position and to reach to a conclusion, the aforementioned show cause notices were issued and subsequently a hearing was held on January 31, 2006 at the Companies Registration Office, Lahore. During the course of the hearing, Mr. Nasim Khan appeared in person before me stating that he had submitted application No. 01-203-059 through Allied Bank of Pakistan Limited, Lahore Stock Exchange Branch, Lahore using account No. 314-6. He presented his original NIC. He admitted that he had tampered with the photo copy of Mr. Mohammad Bilal Khan's NIC and used the same to file application No. 01-203-059 in his own name. He further stated that Mr. Mohammad Bilal Khan was innocent and was completely unaware of this act of his, therefore shares be allotted to Mr. Mohammad Bilal Khan. He also requested for refund of his subscription money against the fictitious application bearing No. 01-203-059.
8. Since, Mr. Mohammad Bilal Khan did not reply to our show cause notices No. SMD/Co.62/3/2004-S dated January 23, 2006 and January 26, 2006 and also did not appear before me in person, I asked Mr. Nasim Khan to contact Mr. Mohammad Bilal Khan and ask him to appear before me at the Head Office of the Commission, at Islamabad within 7-days of the date of hearing. Then, on February 3, 2006 Mr. Mohammad Bilal Khan's brother Mr. Mohammad Junaid Khan visited the Head Office of the Commission at NIC Building, Blue Area, Islamabad and submitted copies of Mr. Mohammad Bilal Khan's and his own NIC alongwith a letter from Mr. Mohammad Bilal Khan authorizing him to represent Mr. Mohammad Bilal Khan and to appear before me. Mr. Mohammad Junaid

Khan also submitted a letter from Mr. Mohammad Bilal Khan wherein it was stated that he had filed only one application No. 01-218-091 from Allied Bank of Pakistan Limited, Civil Lines, Jhelum and that he had no knowledge of the other application No. 01-203-059 filed by Mr. Nasim Khan, hence shares be allotted to him. In order to establish the existence of Mr. Mohammad Bilal Khan, his brother Mr. Mohammad Junaid Khan was advised to inform Mr. Mohammad Bilal Khan to appear in person before the undersigned at the Head Office of the Commission at NIC Building, Blue Area, Islamabad.

9. Mr. Mohammad Bilal Khan then appeared in person before me on Thursday, April 6, 2006. He stated that he had submitted only one application No. 01-218-091 through Allied Bank of Pakistan Limited, Civil Lines, Jhelum. He presented his original NIC in support of his arguments. I observed that the particulars of the original NIC presented by Mr. Mohammad Bilal Khan i.e the date of birth, issue and expiry dates were different from those mentioned on the photocopy of his NIC attached with application No. 01-218-091. Mr. Bilal Khan explained that since the copy of his NIC attached with application No. 01-218-091 contained incorrect date of birth, he applied to NADRA for a revised NIC with the correct date of birth. He stated that the original NIC containing incorrect particulars was surrendered by him to NADRA when the revised NIC was issued to him. He also submitted this statement in writing vide facsimile dated April 10, 2006.
10. I have considered the arguments presented before me by Mr. Nasim Khan and Mr. Mohammad Bilal Khan. A perusal of the applications and correspondence exchanged in the matter reveals that these applications were submitted by two different persons using the same NIC number but with different names, father's name, addresses and signatures. From the facts presented before me, it is evident that application No. 01-218-091 submitted by Mr. Mohammad Bilal Khan through Allied Bank of Pakistan Limited, Civil Lines, Jhelum is genuine, hence the Privatization Commission is advised to accept application No. 01-218-091 submitted by Mr. Mohammad Bilal Khan and allot shares against the same.
11. Since Mr. Nasim Khan admitted to submitting a fictitious application using a tampered copy of the NIC of Mr. Mohammad Bilal Khan, hence the application No. 01-203-059 submitted by Mr. Nasim Khan through Allied Bank Limited, Lahore Stock Exchange

Branch, Lahore is fictitious. Accordingly, the subscription money deposited against the said fictitious application be confiscated under subsection (2) of Section 18-A of Securities and Exchange Ordinance, 1969. The Offerer is advised to deposit the subscription money to be confiscated against application No. 01-203-059 in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this Order and furnish the receipted challans to the Commission.

Jahanara Sajjad Ahmad
Joint Director (Securities Market Division)

Announced:
April 26, 2006
Islamabad.