



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

Before the Executive Director (Securities Market Division)

In the matter of Show Cause Notice No.SMD/Co.62/2/2004-S dated December 06, 2005 issued to Mr. Jan Mohammad under Section 18-A of the Securities and Exchange Ordinance, 1969 for submission of more than one application for subscription of shares of Bank Alfalah Ltd. (the “Bank”) which were offered to the general public on May 17-18, 2004.

Date of hearing:

December 13, 2005

Present at hearing:

Representing the applicant:

- i. Mr. Liaqat Ali (Landlord of Mr. Jan Mohammad)

Assisting the Executive Director (SM):

- i. Ms. Jahanara Sajjad Ahmad,
- ii. Mr. Muhammad Saeed Rana,

Joint Director, CI

Junior Executive, CI

ORDER

1. The matter arises from the show cause notices No.SMD/Co.62/2/2004-S dated December 06, 2005 issued by the Securities and Exchange Commission of Pakistan (the Commission) to (i) Mr. Jan Mohammad s/o Abdul Ghafoor, NIC No.14301-1160594-5, address: C/o Azeem Khan Shop, Sultanabad, Karachi (Applicant No 1) and (ii) Mr. Jan Mohammad s/o Abdul Ghafoor, NIC No.14301-1160594-5, address: 9-A Society Apartment, Kashmir Road, P.E.C.H.S, Karachi (Applicant No 2).

2. Facts of the case are that Bank Alfalah Ltd (the Bank), on behalf of sponsoring shareholders of the Bank (the Offerer) vide letter dated June 07, 2004 furnished to the Commission a list of cases of all those applicants which were detected by Uni Corporate and Financial Services (Pvt) Ltd (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.”.

Mr. Jan Mohammad’s name appeared in the aforementioned list of multiple applicants. One application bearing No. 11-12-1265 was submitted through Muslim Commercial Bank Limited, Boat Basin Branch Karachi and the other application bearing No.10-12-836 was submitted through Metropolitan Bank Ltd, Shahrah-e-Faisal Branch, Karachi. Both the applications were submitted under the same name with the same NIC number and fathers name but with different signatures.

3. The Commission called for a written explanation from applicant No 1 vide letter dated July 12, 2004 at the address mentioned in application No.11-12-1265 i.e. Azim Khan Shop, Sultanabad, Karachi. He replied vide his letter dated August 24, 2004 that he had submitted only one application No.10-12-836 through Metropolitan Bank Ltd., Sharah-e-Faisal Branch, Karachi and requested for refund of subscription money.
4. The Commission then called for a written explanation regarding variation in signatures on both the applications, vide letter dated September 29, 2004 from both the applicants to which applicant No 2 replied vide his letter dated November 29, 2004 admitting that he had applied though two applications and requested that his mistake be condoned and his subscription money be refunded.
5. Applicant No 1 also replied to the Commissions explanation letter dated September 29, 2004 requiring a written explanation regarding variation in signatures on both the requiring application

forms to be provided. Applicant No I replied vide his letter dated May 03, 2005 stating that he had submitted more than one application using two bank accounts which he operates with two different signatures. It was further stated by him that he had violated the provisions of Section 18-A of the Securities and Exchange Ordinance, 1969 due to unawareness and requested for refund of his subscription money.

6. 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 December 13, 2005 at the Companies Registration Office, Karachi. During the course of the hearing, Mr. Liaqat Ali appeared on behalf of Mr. Jan Mohammad claiming to be his landlord. However, Mr. Liaqat Ali was unable to present any authentic legal document authorizing him to attend the hearing on behalf of Mr. Jan Mohammad. Upon questioning Mr. Liaqat Ali as to how he knew Mr. Jan Mohammad, he said that Mr. Jan Mohammad was his tenant in Karachi before he moved to Kohat where he is residing presently, and that both the applications were filed by Mr. Liaqat Ali on behalf of Mr. Jan Mohammad by using his NIC. Mr. Liaqat Ali was not able to establish the fact that he was the genuine representative of Mr. Jan Mohammad.
7. I have considered the argument presented before me by Mr. Liaqat Ali. A perusal of the applications and correspondence exchanged in the matter reveals that both applications have been submitted by Mr. Liaqat Ali by unauthorized use of Mr. Jan Mohammad's NIC. Mr. Liaqat Ali was advised to either bring Mr. Jan Mohammad in person to the Commission's head office at NIC Building, Jinnah Avenue, Blue Area, Islamabad within 07 days of the hearing or to provide us with authentic authority letter authorizing him to represent Mr. Jan Mohammad before the Commission . However, since he was not able to do either, therefore it is evident that application No.11-12-1265 & 10-12-836 are both fictitious hence, accordingly, the subscription money deposited against both these fictitious applications be confiscated under subsection (2) of Section 18-A of Securities and Exchange Ordinance, 1969. Bank Alfalah Limited is advised to deposit the subscription money confiscated against application No.11-12-1265 & 10-12-836 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 receipted challans to the Commission.

Arif Mian
Executive Director (Securities Market Division)

Announced:
January 30,, 2006
Islamabad.