



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

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**Before the Joint Director (Securities Market Division)**

**In the matter of Show Cause Notice No.SMD/Co.62/4/2004-S dated May 15, 2006 issued to Mr. Shahbaz Ali under Section 18-A of the Securities and Exchange Ordinance, 1969 for submission of more than one application for subscription of shares of Kot Addu Power Company Limited. (“the Company” and/or “KAPCO”) which were offered to the general public on February 21-24, 2005.**

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**Date of hearing:**

**May 19, 2006**

**Present at hearing:**

Representing the applicant:

- i. Mr. Shahbaz Ali
- ii. Mr. Irfan Ahmad (brother of Mr. Shahbaz Ali)

Assisting the Joint Director (SMD):

Mr. Muhammad Saeed Rana,

Assistant Director, CI

**ORDER**

1. The matter arises from the show cause notices No.SMD/Co.62/4/2004-S dated May 15, 2006 issued by the Securities and Exchange Commission of Pakistan (the Commission) to (i) Mr. Shahbaz Ali S/o Muhammad Ramzan, NIC No.35200-1495410-9, address: H.No.67, Block C-1, High Court Society, Jauhar Town, Lahore, who submitted application No.04-0039-517 (Applicant No. 1) and (ii) Mr. Shahbaz Ali S/o M. Ramzan NIC No.35200-1495410-9,

address: 56 Darul Aman, Housing Society, LG Plaza, Block 7 & 8, Main Shahrah-e-Faisal, Karachi, who submitted application No.20-505-817 (Applicant No. 2).

2. Facts of the case are that Global Securities Pakistan Ltd., Consultant to the Offer, on behalf of the Privatisation Commission (the “Offerer”) vide letter dated April 15, 2005 furnished to the Commission a list of cases of all those applicants which were detected by THK 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.”*

Mr. Shahbaz Ali’s name appeared in the aforementioned list of multiple applicants. Two applications bearing No. 04-0039-517 and No.20-505-817 were submitted through Bank Alfalah Limited, Township Branch, Lahore and Prime Commercial Bank Limited, North Nazimabad Branch, Karachi, respectively. Both the applications were submitted under the same name with the same NIC number and father’s name but with different addresses & signatures.

3. The Commission called for a written explanation from both applicant No 1 and applicant No.2 vide letters dated April 28, 2005 at the address mentioned on the copy of the NIC (since no address was mentioned on application No. 04-0039-517) i.e. H.No.67, Block C-1, High Court Society, Jauhar Town, Lahore and application No. 20-505-817 i.e. 56 Daral Aman Housing Society, LG Plaza, Block 7 & 8, Main Shahrah-e-Faisal, Karachi respectively.
4. The Commission received a letter dated April 18, 2005 from applicant No.1 wherein he admitted that he had submitted two applications i.e application No. 04-0039-517 from Bank Alfalah Limited, Township Branch Lahore and application No.20-505-817 through Prime

Commercial Bank Limited, North Nazimabad Branch, Karachi. The Commission then received another letter dated May 07, 2005 from applicant No.1, wherein he had stated that he had submitted only one application through Bank Alfalah Limited, Gulberg Branch, Lahore.

5. No reply to the Commission's letter dated April 28, 2005 was received from applicant No.2.
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 May 19, 2006 at the Companies Registration Office, Lahore. During the course of the hearing, Mr. Shahbaz Ali appeared in person stating that he had submitted only one application No.04-0039-517 and that the other application was filed by someone else by misusing his NIC. I asked him to explain why he had provided two different explanations to the Commission to which he replied that it was Mr. Zameer who works at LG Office, Karachi who had filed the application No.012-0001-06768 in his name. He said that Mr. Zameer met him and told him that he would follow up the case of filing of multiple applications with the Commission on his behalf. For this purpose, he took Mr. Shahbaz's signatures on a blank page, drafted and sent the reply dated April 18, 2005 to the Commission. He presented his original NIC in support of his arguments. He requested the Commission for refund of subscription money against his application.
7. Mr. Shahbaz subsequently vide his letter dated May 22, 2006 stated that he had submitted only one application and mentioned the name and contact number of Mr. Zameer in the said letter.
8. I have considered the arguments presented before me by Mr. Shahbaz Ali. A perusal of the applications and correspondence exchanged in the matter reveals that these applications have been submitted by two different persons using the same NIC number and Father's Name but with different signatures. From the facts presented before me, it is evident that application No. 04-0039-517 submitted by Mr. Shahbaz Ali through Bank Alfalah Limited, Township Branch, Lahore is genuine, hence, the Privatisation Commission (the Offerer) is advised to

accept the application No.04-0039-517 submitted by Mr. Shahbaz Ali and to allot shares against the same.

9. The identity of applicant no 1 has been established as Mr. Shahbaz Ali appeared in person before me and since no one appeared before me in response to show cause notice No.SMD/Co.62/4/2004-S dated May 15, 2006, claiming Application No. 20-505-817 also filed in the name of Mr. Shahbaz Ali bearing the address 56 Darul Aman Housing Society, LG Plaza, Block 7 & 8, Main Sharah-e-Faisal, Karachi, hence, the same 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.20-505-817 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.
10. Further, the State Bank of Pakistan (SBP) is requested to investigate the opening of account No. 1010286 in the name of Mr. Shahbaz Ali by Prime Commercial Bank Limited, North Nazimabad Branch, Karachi without conducting proper due diligence. Based on the findings of the investigation carried out, SBP is requested to take appropriate action against the concerned individuals/parties under intimation to this office.

**Jahanara Sajjad Ahmad, ACA**  
Joint Director (Securities Market Division)

***Announced:***  
***August , 2006,***  
***Islamabad.***