



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN  
NIC Building Blue Area, Islamabad

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Before the Commissioner (Securities Market Division)

In the matter of Show Cause Notice No.SMD/Co.62/2/2004-S dated March 08, 2005 issued to Mr. Ghufanullah 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:

March 15, 2005

Present at hearing:

Representing the applicant:

i. Mr. Ghufanullah

Assisting the Commissioner(SM):

i. Ms. Jahanara Sajjad Ahmad,

Joint Director, CI

ii. Mr. Amir M. Khan Afridi,

Joint Director, CI

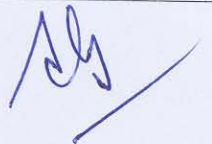
iii. Mr. Muhammad Saeed Rana,

Junior Executive, CI

## ORDER

1. The matter arises from the show cause notice No.SMD/Co.62/2/2004-S dated March 08, 2005 issued by the Securities and Exchange Commission of Pakistan (the Commission) to (i) Mr Ghufanullah s/o Saghir Ahmad Ali, NIC No.33100-5109940-7, address: House No.1, Street No.4, Mughal Pura Chowk, Jamilabad, Faisalabad (the applicant) and (ii) Mr Ghufanullah s/o Saghir Ali NIC No.33100-5109940-7, address: Crescent Sugar Mills Ltd and Distillery Limited, Nishatabad, Faisalabad.

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.”.*
3. It was observed that Mr. Ghufranullah’s case was also detected as a multiple applicant case, as his name was also appearing in the aforementioned list of multiple applicants. Further, it was observed that one application bearing No. 03-03-59/FSD/04 was submitted through Bank Al-Habib Ltd., Faisalabad and the other application bearing No.015-0008-128 was submitted through Saudi Pak Commercial Bank Ltd, Kotwali Road Branch, Faisalabad.
4. The Commission called for a written explanation of the applicant vide letter dated July 12, 2005 at the address mentioned in application No.03-03-59/FSD/04 i.e. House No.1, Street No.4, Mughal Pura No.1, Chowki Jamilabad, Faisalabad. The applicant vide his letter dated July 17, 2004 replied that he had submitted only one application through Bank Al-Habib Ltd., Faisalabad and requested for refund of subscription money.
5. In order to ascertain the factual position, written explanation vide Commission’s letter dated July 12, 2004 was sought from the applicant bearing application No.015-0008-128 at the address mentioned in the application at Crescent Sugar Mills & Distillery Limited, Nishatabad, Faisalabad but no reply was received.
6. In the meanwhile, the Commission received a letter from Mr. Ghufranullah on August 05, 2004 stating that the Bank account No.0033090-0300 was opened as a joint account in the name of Mr. Ghufranullah & Mr. Sohail Arshad in Saudi Pak Commercial Bank Ltd, Kotwali Road Branch, Faisalabad without his knowledge and consent. It was stated by the applicant that previously he was working as an employee of Crescent Sugar Mills Ltd, Faisalabad. He said



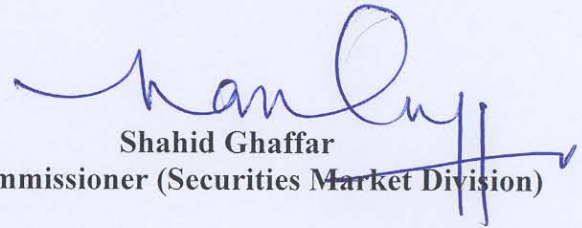
that the said joint account was opened by some director of the Crescent Sugar Mills Ltd, Faisalabad who misused the copy of his NIC from his employment records maintained with them. He stated that he left the job on January 31, 2004. He further requested the Commission to take action against the persons who had filed a fictitious application using his name.

7. The Commission then vide letter dated March 01, 2005 requested Saudi Pak Commercial Bank Ltd, Kotwali Road Branch, Faisalabad to provide details of ownership of account No.0033090-0300 maintained with them. The Manager of the Saudi Pak Commercial Bank Ltd, Kotwali Road Branch Faisalabad, vide letters dated March 02 & 03, 2005 stated that account No.033090-0300 was opened in the name of Mr. Ghufanullah & Mr. Sohail Arshad on May 15, 2004 and stands closed since August 12, 2004.
8. It is apparent from both the applications and correspondence exchanged in the matter that these applications have been submitted by two different persons using the NIC number and Father's Name but with different addresses & Signatures. Show cause notice was also sent on the address given in the application submitted through Saudi Pak Commercial Bank Ltd. but no one appeared before the Commission claiming application No.015-08-128 submitted through Saudi Pak Commercial Bank Ltd.
9. During the course of hearing, it was stated by the applicant that he has worked in Crescent Sugar Mills Ltd., and the director of the said Company has misused his NIC which was provided to them at the time of employment. The applicant had also requested the State Bank of Pakistan to investigate the matter of opening a fictitious account in his name in Saudi Pak Commercial Bank Ltd, Kotwali Road Branch, Faisalabad. As a result of that, Saudi Pak Commercial Bank Ltd, Kotwali Road Branch, Faisalabad vide letter dated October 22, 2004 has regretted the inconvenience caused to the applicant. Mr. Ghufanullah provided his original NIC owning application No.03-03-59/F-SD/04 in support of his arguments that he is the genuine applicant. At the end he requested for favorable decision in his matter.
10. I have considered the arguments presented before me by the applicant quite carefully. From the facts presented before me, it is evident that application No. 03-03-59/FSD/04 submitted by Mr. Ghufanullah through Bank Al-Habib Ltd. Faisalabad is genuine; hence the Offerer may be



advised to consider application No.03-03-59/FSD/04 submitted through Bank Al-Habib Ltd. Faisalabad by Mr. Ghufanullah for balloting as this was detected in the Pre-ballot scrutiny.

11. Since no one appeared before me claiming Application No.015-0008-128 also filed in the name of Mr. Ghufanullah bearing the address Crescent Sugar Mills & Distillery Limited, Nishatabad, Faisalabad, 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. Bank Alfalah Limited is advised to deposit the subscription money confiscated against application No.015-0008-128 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.
12. Further, the State Bank of Pakistan (SBP) is requested to investigate the opening of account No. 033090-0300, in the name of Mr. Ghufanullah & Mr. Sohail Arshad in Saudi Pak Commercial Bank Ltd, Kotwali Road Branch, Faisalabad 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.

  
**Shahid Ghaffar**  
**Commissioner (Securities Market Division)**

***Announced:***  
***July 15, 2005***  
***Islamabad.***