



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division  
Adjudication Department-II

**BEFORE HEAD OF DEPARTMENT, ADJUDICATION DEPARTMENT-II**

**IN THE MATTER OF**

**M/S JADEITEBN ADVERTISEMENT (PRIVATE) LIMITED**

Show Cause Notice	No. Adj-II/84/18/IAN-3714/2023-722 dated July 27, 2023	
Date on which hearing opportunity provided	Date	Attended by
	January 12, 2024	No one appeared to attend the hearing
	February 7, 2024	No one appeared to attend the hearing

**ORDER UNDER SECTIONS 84(2) 500 AND 172 FOR VIOLATION OF SECTIONS 84(1) AND 26(2) OF THE COMPANIES ACT, 2017**

The Securities and Exchange Commission of Pakistan (the 'Commission') issued show cause notice No. Adj-II/84/18/IAN-3714/2023-722 dated July 27 2023 (the 'SCN') to M/s Jadeitebn Advertisement (Private) Limited the 'Company') having registered office at 1<sup>st</sup> Floor, Ashar Center, Chen One Road, Faisalabad and its directors Syed Shariq Ali and Mr. Muhammad Salman Khalid (collectively referred to as the 'Respondents') under section 84(2), 172 and 500, respectively for carrying on unlawful/prohibited business of inviting unauthorized deposits from the public, *prima facie*, in violation of section 26(2) and 84(1) of the Companies Act 2017 ('Act').

2. The Company was registered with the Commission on November 27, 2020 having incorporation # A076472 under the Act. The principal line of business of the Company as mentioned in clause 3(i) of the Memorandum of Association ('MoA') is as under:

*The principal line of business of the company shall be to carry out all sorts of marketing and advertising services for businesses and nonprofit entities by providing consultancy for brand development and activation through the use of print and electronic media, outdoor, digital media, social media, billboards, signboards, hoardings, advertising campaigns, handouts including brochures, pamphlets etc.*

3. The paid-up capital of the Company is Rs. 100,000/- (Rupees One hundred Thousand Rupees only), divided into 1000 (One Thousand) ordinary shares of Rs.100 each. The particulars of sponsors and directors of the Company are as under:

NAME and CNIC #	DESIGNATION	NO. OF SHARES	HOLDING %
Muhammad Shariq Ali 42201-2019972-9	Director & CEO	950	95%
Muhammad Salman Khalid 33100-7983343-9	Director	50	5%
Total		1000	100

4. In terms of clause 3 (iii) of MoA, the Company, its Chief Executive and Directors ('Respondents') are restricted from indulging in banking, non-banking finance, stock brokerage business, etc.:

*Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.*

5. Further under clause 3(iv) of MoA of the Company, the Respondents have undertaken not to engage in the following businesses:

*“...engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation; launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business; engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.”*

6. The facts leading to issuance of the SCN were that during surveillance of social media and WhatsApp’s conversation with representative of an unincorporated entity named “Frizpy” it was observed that Frizpy was offering investment schemes to public for investment in Surface Mount Devices (the “SMD”) screens on fixed monthly return and for gaining confidence of potential investors, Incorporation Certificate of Jadeitebn Advertisement (Private) Limited was being shared with the investors.

7. Company Registration Office, Faisalabad vide letter/ notice dated March 25, 2022, in terms of Section 254(1) of the Act sought certain information from the Company, but no response was received. In order to ascertain the factual position, the Commission vide order dated October 25, 2022 investigated into affairs of the Company under Section 256 of the Act. The investigation team in the investigation report dated April 27, 2023 concluded that the Respondents were engaged in the prohibited and unlawful business of inviting unauthorized deposits from the public on the pretext of fixed monthly return *prima facie*, in violation of sections 84(1) and 26(2) of the Act, read with clause 3 of the MoA of the Company.

8. Accordingly, the SCN was issued to the Respondents calling upon them to furnish submissions in writing to explain within ten (10) days of the date of the SCN, as to why penalty may not be imposed on:-

- (i) **Jadeitebn Advertisement (Private) Limited**, under section 84(2) of the Act, for alleged violation of section 84(1) of the Act.
- (ii) **Each Director of the Company**, under section 500 of the Act, for alleged violation of section 26(2) of the Act and disqualification order for a period of up to five years under section 172 of the Act may not be passed against each director of the company.

9. Further, the Respondents were advised to inform if they wanted to avail an opportunity of being heard in person or through authorized representative(s).

10. The Respondents neither furnished any written response to the SCN nor submitted any request for availing opportunity of being heard. The Respondents were again advised vide reminders dated January 3, 2024 and January 24, 2024 to submit written response to the SCN. Two hearing

opportunities were provided to the Respondents on January 12, 2024 and February, 7, 2024. The Respondents neither submitted any written reply to the SCN till date nor attended the hearings as scheduled above. The SCN and reminders were sent at registered address of the Company and available residential addresses of directors of the Company. The SCN and reminder/hearing notice dated January 3, 2024 sent at residential address (i.e Flat# a-301, Mohallah Jasain, Gulshan Gala, Gulshan-e-Iqbal, Karachi) of Syed Shariq Ali, Director of the Company did not return, while the SCN and reminders/hearing notices sent at other addresses were returned as undelivered. Further, the reminders/hearing notices along with copy of the SCN were also delivered at email [shariq8666716@gmail.com](mailto:shariq8666716@gmail.com).

11. With regard to service of SCN and reminders, section 53 of the Act provides “*a document or information may be served on the company or any of its officers at the registered office of the company against an acknowledgement or by post or courier service or through electronic means or in any other manner as may be specified.*”

12. It is evident from the foregoing that the Respondents were provided multiple opportunities to explain their position with regard to alleged violation of section 26 and section 84 of the Act. The Respondents opted not to explain/defend their position despite service/delivery of SCN and reminders. Accordingly, the proceedings are being concluded, considering the material available on record.

13. It was alleged in the instant SCN that the Respondents were inviting unauthorized deposits from general public, *prima facie*, in violation of section 26(2) section 84(1) of the Act and MoA of the Company. In order to arrive at decision, I have gone through the facts of the case, record of the Company, documents available with the Commission including findings of the investigation team and relevant provisions of law. My observations in this regard are as under:

- (i) In terms of section 84 of the Act, all companies, excluding banking companies and such other companies or class of companies as the Commission may notify in this behalf, are prohibited from inviting, accepting or renewing deposits from the public. Further, the term deposit has also been defined in section 84 of the Act as any amount accepted or borrowed by a company other than a loan raised by issue of debentures or a loan obtained from a banking company or financial institution or an advance against sale of goods or provision of services in the ordinary course of business. Section 84 of the Act is reproduced below for ease of reference:

**84. Prohibition on acceptance of deposits from public.** — (1) *On and after the commencement of this Act, no company shall invite, accept or renew deposits from the public:*

*Provided that nothing in this sub-section shall apply to a banking company and such other company or class of companies or such deposits as the Commission may, notify in this behalf.*

**Explanation.** — *For the purposes of this section, “deposit” means any deposit of money with, and includes any amount borrowed by, a company, but shall not include a loan raised by issue of debentures or a loan obtained from a banking company or financial institution or an advance against sale of goods or provision of services in the ordinary course of business.*

- (ii) In terms of section 26(2) of the Act, a company shall not engage in a business which is (a) prohibited by any law for the time being in force in Pakistan; or (b) restricted by any law, rules or regulations, unless necessary licence, registration, permission or approval has been obtained or compliance with any other condition has been made. Deposit taking

by companies is not only prohibited under the Act but also under the Banking Companies Ordinance, 1962. Accordingly, any company engaged in deposit invitation/taking commits violation of section 26(2) of the Act. Section 26(2) of the Act is reproduced below for ease of reference:

**26. Business and objects of a company.** — (2) *A company shall not engage in a business which is—*

*(a) prohibited by any law for the time being in force in Pakistan; or*

*(b) restricted by any law, rules or regulations, unless necessary licence, registration, permission or approval has been obtained or compliance with any other condition has been made.”*

- (iii) In terms of clause 3 of MoA, the Respondents have undertaken that they shall not engage in any unlawful/prohibited business activities. Inviting and accepting deposits is unlawful/prohibited in terms of sections 84(1) and 26(2) of the Act.
- (iv) It came to notice of the Commission that an unincorporated entity was offering investment schemes to public and Incorporation Certificate of M/s Jadeitebn Advertisement (Private) Limited was being shared with the potential investors.
- (v) Company Registration Office, Faisalabad vide letter/ notice dated March 25, 2022, in terms of Section 254(1) of the Act sought certain information, from the Company, but no response was received.
- (vi) In order to ascertain the factual position, the Commission vide order dated October 25, 2022 investigated into affairs of the Company under Section 256 of the Act. The investigation team vide letter dated October 28, 2022, sought certain information and documents from the Respondents, but no response was received from any of the Respondents.
- (vii) On March 16, 2023, the investigation team visited registered office of the Company i.e. 1<sup>st</sup> Floor, Ashar Center, Chen One Road, Faisalabad and found that there was no such office in the vicinity. No building by the name of Ashar Center was existing in the locality.
- (viii) The investigation team issued call up notices dated December 22, 2022, January 10, 2023 and February 03, 2023 to Syed Shariq Ali, CEO/Director and Mr. Muhammad Salman Khalid director of the Company, but no one appeared before the investigation team for recording of their statements.
- (ix) Mr. Muhammad Khalil Azhar S/o Abdul Rashid Anwar, one of the investors appeared before the investigation team for recording of his statement and *inter alia* stated that he had made investment in Jadeit Business Network claiming to be registered with SECP by Mr. Syed Shariq Ali. He further stated that after getting cheque from him, they closed the office and ran away. He had lodged FIR against Mr. Syed Shariq Ali.
- (x) The investigation team sought information form commercial banks in Pakistan. As per said information, no bank account has been opened in name of the Company. The following bank accounts were maintained by directors of the Company in their own names and in the names of unincorporated entities owned by directors of the Company:



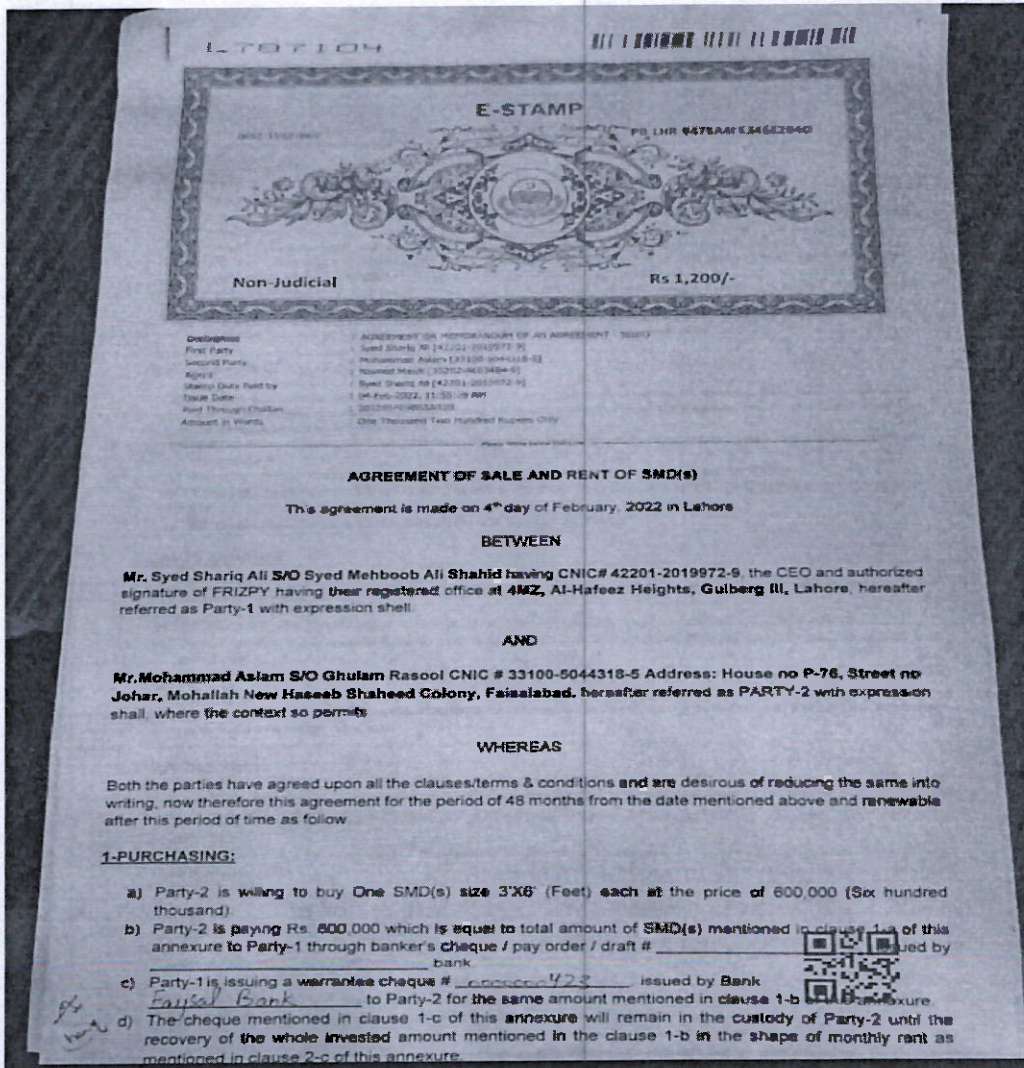
- (xii) The above given image of WhatsApp chat shows that the Frizpy's representative for persuading the potential investor, shared with him *inter alia* investment agreements (made between Mr. Muhammad Aslam and the Frizpy), particulars of owner of Frizpy, bank account number of Frizpy. During chat the representative was requested to share incorporation certificate of Frizpy. In reply, the representative shared Incorporation, Certificate of Jadeitebn Advertisement (Private) Limited.
- (xiii) The information and an image of the documents shared by representative of Frizpy during WhatsApp conversation are pasted hereunder

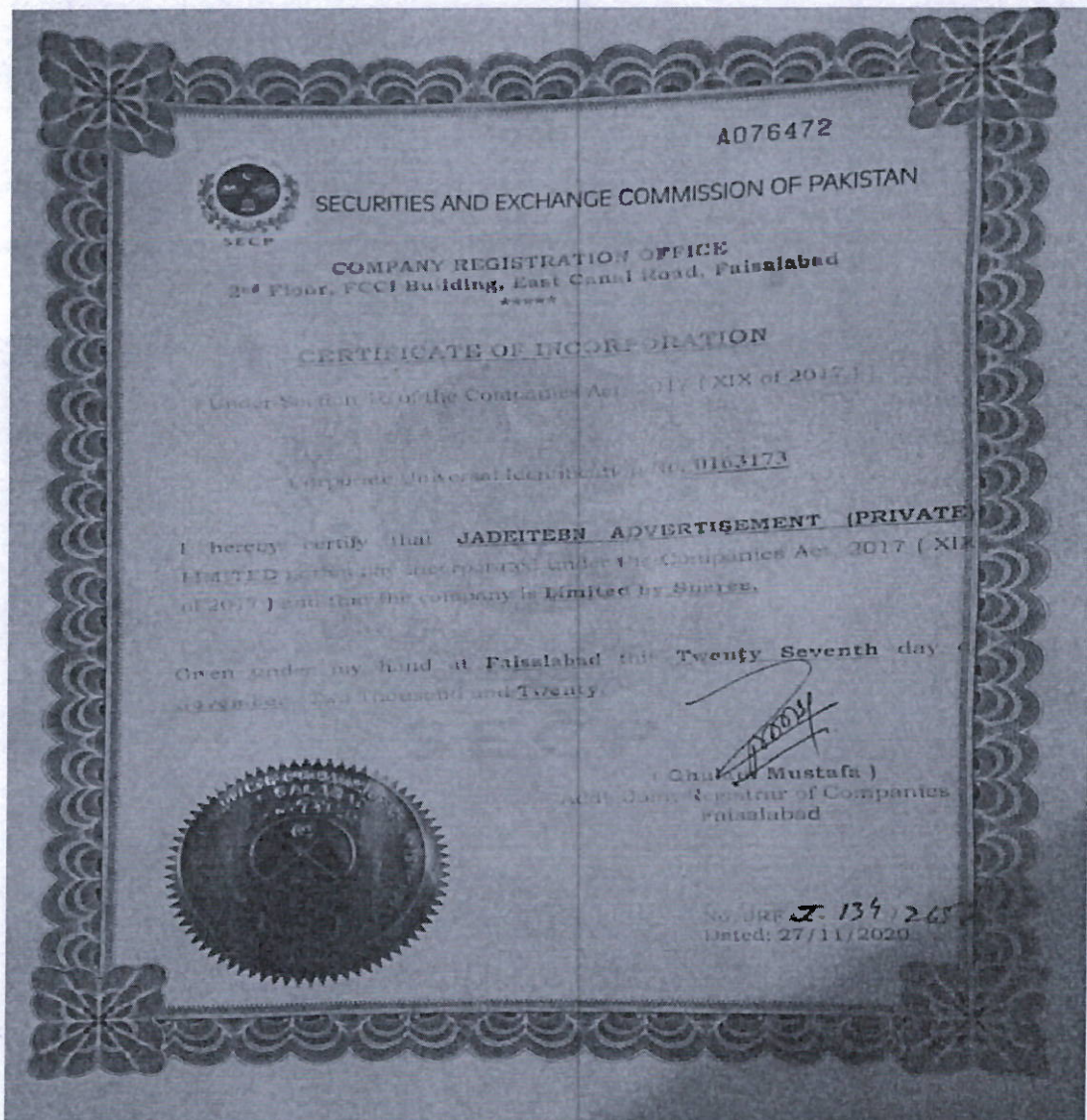
**Account Title**  
**FRIZPY**

**Account Number**  
**212900123270001**

**IBAN Number**  
**PK40BKIP0212900123270001**

**Bank**  
**BankIslami Pakistan**





- (xiv) The investigation team in the investigation report reported that the Respondents were engaged in the prohibited and unlawful business of inviting unauthorized deposits from the public on the pretext of providing return on investment, *prima facie*, in violation of sections 84(1) and 26(2) of the Act, read with clause 3 of the MOA of the Company.

**Overall Decision: -**

14. Frizpy is an unincorporated entity, owned by Mr. Shariq Ali, Chief Executive Officer of M/s Jadeitebn Advertisement (Private) Limited. Frizpy was inviting/raising deposits from public on the pretext of investment in the business of SMD screens with guaranteed return on investment. In order to gain public confidence, the representative of Frizpy was sharing Incorporation Certificate of the M/s Jadeitebn Advertisement (Private) Limited with the potential investors. This shows a strong nexus between Frizpy and the Respondents and substantiates that the Respondents and Frizpy were inviting unauthorized deposits from general public in connivance with each other.

15. In view of the foregoing and considering (a) investigation team's findings, (b) conversation of representative of Frizpy on WhatsApp along with sharing of Company's incorporation Certificate with potential investors and (c) non-submission of written response by any the Respondents coupled with non-attendance of hearings, it is established that the Respondents were carrying on

unlawful/prohibited business of inviting unauthorized deposits from the public in violation of sections 84(1) and 26(2) of the Act read with clause 3 of MoA of the Company. However, no documents are available on record that the Company has accepted deposits from public. The investigation team also reported that no bank account was opened in name of the Company. The violations of section 84(1) and section 26(2) attract penal provisions of sections 84(2) and 500 of the Act against the Company, its directors and disqualification of directors of the Company under section 172 of the Act, which provide as under:

**84. Prohibition on acceptance of deposits from public.** - (2) *Where a company accepts or invites, or allows or causes any other person to accept or invite on its behalf, any deposit, the company shall be punishable-*

(a) *where such contravention relates to the acceptance of any deposit, with penalty which shall not be less than the amount of the deposit so accepted; and*

(b) *where such contravention relates to the invitation for any deposit, shall be liable to a penalty of level 3 on the standard scale.*

**500. Penalty for carrying on ultra vires business.**—*If any business or part of business carried on or any transaction made, by a company is ultra vires of the company shall be an offence and every person who acted as a director or officer of the company and is responsible for carrying on such business shall be liable to a penalty of level 3 on the standard scale, and shall also be personally liable for the liabilities and obligations arising out of such business or transaction.*

**172. Disqualification Orders.** - (1) *In any of the circumstances stated hereunder, the Commission may pass a disqualification order against a person to hold the office of a director of a company for a period up to five years beginning from the date of order-*

(d) *the business of the company in which he is or has been a director, has conducted to defraud its creditors, members or any other persons or for a fraudulent or unlawful purpose, or in a manner oppressive of any of its members or that the company was formed for any fraudulent or unlawful purpose; or*

(h) *the person is involved in illegal deposit taking; or*

(o) *that it is expedient in the public interest so to do.*

16. I, therefore, in exercise of the powers under sections 84(2), of the Act, delegated to the undersigned vide S.R.O No. 1546(I)/2019, hereby impose the following penalties on the Company and its directors for carrying on unlawful/prohibited business of inviting unauthorized deposits from the public in violation of section 84(1) of the Act:

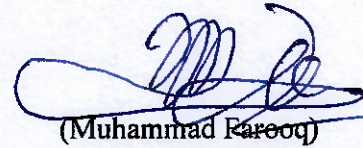
Penalty			
Imposed on	Amount (Rs.)	Imposed under section	Description
M/S Jadeitebn Advertisement (Private) Limited	100,000	84(2)(b) of the Act	For invitation of deposit in violation of section 84(1) of the Act.
Syed Shariq Ali CNIC No. 42201-2019972-9 Chief Executive Officer/ Director, M/s Jadeitebn Advertisement (Private) Limited	95,000	500 of the Act	For violation of section 26 of the Act

Mr. Muhammad Salman Khalid CNIC No. 33100-7983343-9 Director, M/s Jadeitebn Advertisement (Private) Limited	5,000	500 of the Act	For violation of section 26 of the Act
---	-------	-------------------	--

17. Further I, in exercise of the powers under section 172 of the Act, delegated to the undersigned vide S.R.O. 129 (I)/2020, hereby disqualify Syed Shariq Ali CNIC No. 42201-2019972-9 and Mr. Muhammad Salman Khalid CNIC No 33100-7983343-9 from becoming a director/chief executive of any company for a period of 5 years from the date of this Order under section 172(1)(d) and (h) of the Act, for inviting deposits in violation of sections 84(1) and 26(2) of the Act.

18. M/s Jadeitebn Advertisement (Private) Limited (through its Chief Executive Officer) and its directors are directed to deposit the aforesaid amount of penalty in the account of the Commission being maintained in the designated branches of MCB Bank Limited and United Bank Limited within 30 days of the receipt of this Order and furnish Original Deposit Challan to this office.

19. This order is being issued without prejudice to any other proceedings or action that the Commission, National Accountability Bureau, Federal Investigation Agency or any other authority, bureau, agency or institution may initiate, in accordance with relevant provisions of law, against the Respondents or any other officer in respect of unlawful/illegal deposit taking activities undertaken by them.



(Muhammad Farooq)

Head of Department/Additional director  
Adjudication II Department

Date of Order: March 08, 2024