



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division
Adjudication Department -II

BEFORE HEAD OF DEPARTMENT, ADJUDICATION DEPARTMENT-II

IN THE MATTER OF

M/S RADIUM360 (PRIVATE) LIMITED

Show Cause Notice	No. Adj-II/84/26/IAN-4036/2023-715 dated July 20, 2023	
Date on which hearing opportunity provided	Date	Attended by
	October 16, 2023	No one appeared to attend the hearing
	January 12, 2024	No one appeared to attend the hearing
	January 30, 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/84/26/IAN-4036/2023-715 dated July 20 2023 (the 'SCN') to M/s Radium360 (Private) Limited (the 'Company') having CUIIN 0186720 and registered office at Office MZ-4, Al Hafeez Heights, Gulberg III, Lahore and its directors Syed Shariq Ali and Mr. Zia uddin Khan (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 October 25, 2021 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.

3. The authorized capital of the Company is Rs100,000/- (Rupees One hundred Thousand Rupees only), divided into 1,000 (One Thousand) ordinary shares of Rs100 each. The particulars of sponsors and directors of the Company are as under:

Name	CNIC	Designation	Shareholding %
Syed Shariq Ali	42201-2019972-9	Director & CEO	950 Shares (95%)
Mr. Zia uddin Khan	35102-6094310-9	Director	50 Shares (5%)

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,

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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 monitoring of social media activity and WhatsApp conversation with an unincorporated entity named “Frizpy” observed that Frizpy was offering investment scheme in Surface Mount Devices (the “SMD”) screens on fixed monthly return. Further Frizpy’s representative during conversation on WhatsApp shared CUIIN number of M/s Radium360 (Private) Limited as evidence that Frizpy is a registered with the Commission. In order to ascertain the factual position, the Commission vide order dated October 24, 2022 investigated into affairs of the Company under Section 256 of the Act.

7. The investigation team in the investigation report dated May 19, 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 through a nexus of unregistered entity namely Frizpy (owned by Chief Executive Officer of the Company) *prima facie*, in violation of sections 84(1) and 26(2) of the Act read with clause 3 of the MoA of the Company which attract sections, 84(2), 500 and section 172 of the Act.

8. Accordingly, the SCN was issued on July 20, 2023 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. **Radium360 (Private) Limited**, under section 84(2)(b) 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 October 4, 2023, January 3, 2024 and January 19, 2024 to submit written response to the SCN. Three hearing opportunities were provided to the Respondents on October 16, 2023 January 3 and January 30, 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 October 4, 2023 sent at residential address of Mr. Zia uddin Khan, Director of the Company did not return back, while the SCN and reminders/hearing notices sent at other addresses

were returned as undelivered. Further, the reminders/hearing notices were also delivered at email asadkhan17860@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.

Issue to be determined: -

13. It was alleged in the instant SCN that the Respondents were inviting unauthorized deposits from general public, *prima facie*, in violation of sections 26(2) and 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:

Legal Framework: -

- (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.

The issue to be determined in the instant matter is whether the Respondent were part of deposit invitation from public, in violation of section 84 and section 26(2) of the Act.

Analysis of the issue:

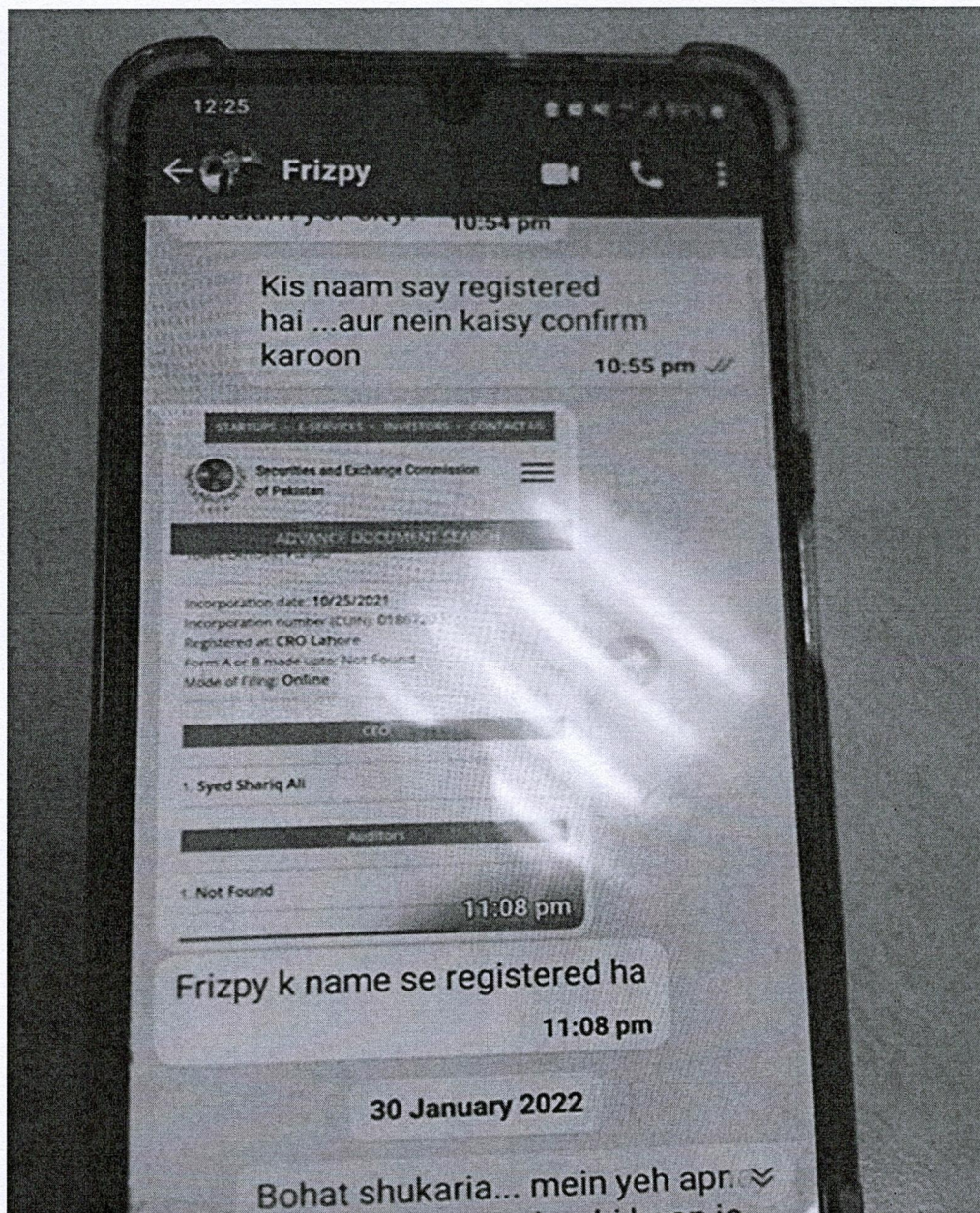
(iv) During monitoring of social media activity and WhatsApp conversation with an unincorporated entity named “Frizpy” it was noticed that Frizpy an unincorporated entity was offering investment scheme in SMD screens on fixed monthly return. Further Frizpy’s representative during conversation on WhatsApp shared CUIIN number of the Company to show that Frizpy is a registered with the Commission as a company.

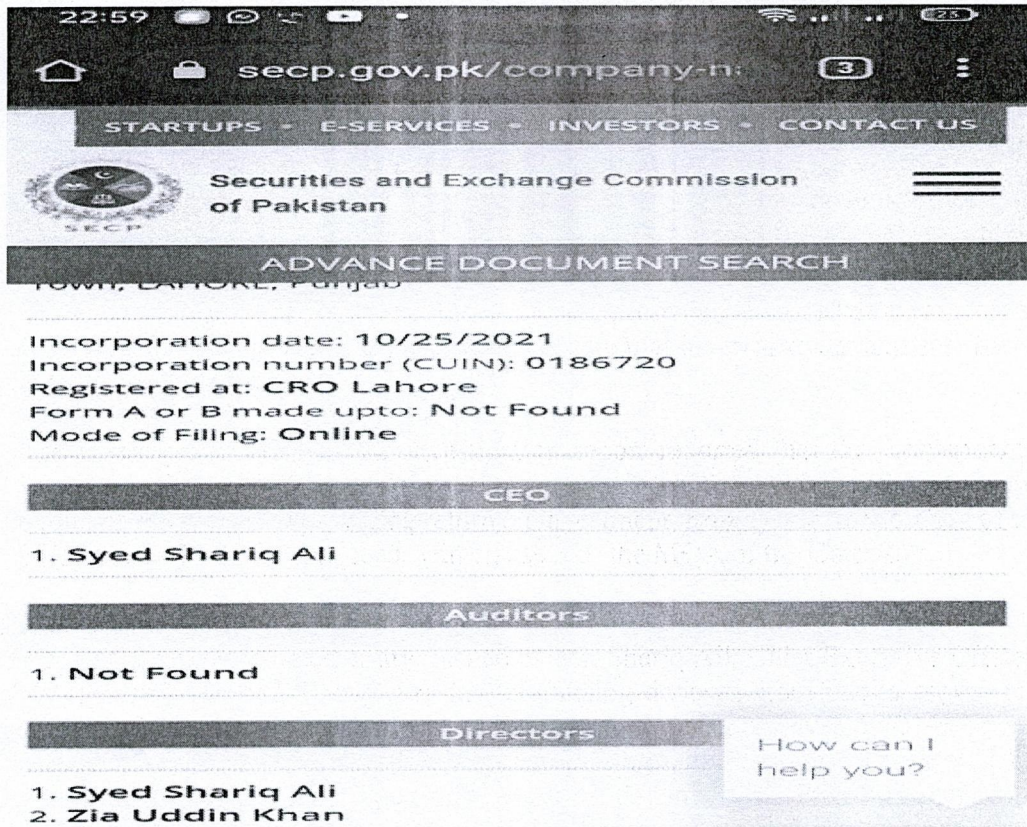
(v) The Commission, in order to ascertain the factual position, vide order dated October 24, 2022, investigated into affairs of the Company under Section 256 of the Act.

(vi) The investigation team sought information from the scheduled banks in Pakistan. As per information received from banks, no bank account has been opened in name of the Company. However, 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:

Bank Name	Account Title	Account Number	Signatory	Amount credited Appr Rs.	Amount debited Appr (Rs)
Bank of Punjab	Zia uddin Khan	6050041899900011		35,231,671	35,231,546
Bank Alfalah	Zia uddin Khan	0096-02000967		443,000	443,000
Bank Alfalha	Zia uddin Khan	0096001002440478		2,368,801	2,365,537
Meezan Bank	Zia uddin Khan	0011390106359623		3,821,918	3,819,982
Soneri bank	Zia uddin Khan	0009620007578367		1,000	976
Bank Islami	Frizpy	212900123270001	Syed Shariq Ali	128,805,204	128,675,002
Bank Islami	Radium360	21290020400001	Syed Shariq Ali	2,000	1,870
Bank Islami	Syed Shariq Ali	212900197710001		3,211,999	3,211,908
Bank Al Habib	Frizpy	00110981039341013	Syed Shariq Ali	56,517,553	56,152,835
Bank Alfalha	Syed Shariq Ali	1005659397		597,739	597,739
Summit bank	Radium360	0323027140151767	Syed Shariq Ali	30,300	25,000
Habib Metro	Frizpy	626720301714204686	Zia uddin Khan	-	-

- (vii) Vide letter dated October 28, 2022, the investigation team sought certain information and documents from the Respondents, but no response was received from any of the Respondents.
- (viii) The investigation team visited registered office of the Company i.e. MZ-4, Al-Hafeez Heights, Gulberg III, Lahore and found that office of entity “Frizpy” was located on the given address instead of office of Company.
- (ix) Both directors of the Company did not appear before the investigation team for statement recording.
- (x) An image of Frizpy’s representative’s conversation on WhatsApp, whereby Company’s CUIIN number 0186720 has been shared as evidence that Frizpy is registered with the Commission as a company is pasted below:





- (xi) The above given image shows that the Frizpy's representative shared date of incorporation, CUIIN number of the Company etc. with the potential investor to demonstrate that Frizpy is an incorporated entity.
- (xii) 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 Radium360 (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/CUIIN of the Company and Commission's monogram with the potential investors. Frizpy is owned by Chief Executive Officer of the Company. This shows a strong nexus between Frizpy and the Respondents and confirms 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 CUIIN 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 for carrying on unlawful/prohibited business of inviting unauthorized deposits from the public in violation of section 84(1) of the Act:

Imposed on	Penalty		Description
	Amount (Rs.)	Imposed under section	
M/S Radium360 (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 Radium360 (Pvt.) Limited	95,000	500 of the Act	For violation of section 26 of the Act
Mr. Zia uddin Khan CNIC No. 4220120199729 Director, M/s Radium360 (Pvt.) 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. Zia uddin Khan CNIC No 35102-6094310-9 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 Radium360 (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: **February 20, 2024**