



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- II

Adjudication Division

BEFORE HEAD OF DEPARTMENT, ADJUDICATION DEPARTMENT-II

IN THE MATTER OF

M/S FANDAO TECHNOLOGY (PRIVATE) LIMITED

Show Cause Notice	No. Adj-II/301/17/IAN-05/CRO-ISB/2023-718 dated July 20, 2023	
Date on which hearing opportunity provided	Date	Attended by
	November 7, 2023	No one appeared to attend the hearing
	December 26, 2023	No one appeared to attend the hearing

SANCTION FOR FILING OF WINDING-UP PETITION UNDER CLAUSE (b) OF PROVISO TO SECTION 304 READ WITH SECTION 301 OF THE COMPANIES ACT, 2017

The Securities and Exchange Commission of Pakistan (the '*Commission*') issued show cause notice No. Adj-II/301/17/IAN-05/ CRO-ISB/2023-718 dated July 20, 2023 (the '*SCN*') to M/s **Fandao Technology (Private) Limited** (the '*Company*') having registered office at 2nd Floor, Bismillah Plaza, Main Double Road, Soan Garden, Islamabad and its directors **Mr. Wu Guichong and Mr. Shi Gangcheng** (collectively referred to as the '*Respondents*') under clause (b) of proviso to section 304 read with section 301 of the Companies Act, 2017 (the '*Act*') for carrying on unlawful/prohibited business of inviting and accepting unauthorized deposits from the public, *prima facie*, in violation of sections 84(1) and 26(2) of the Act.

2. The Company was incorporated as a private limited company on September 03, 2021, under the Companies Act, 2017 ('*Act*'). The principal line of business of the Company as mentioned in clause 3(i) of the Memorandum of Association ('*MoA*') is as under:

To establish and run data processing centers, computer centers, software development centers, officers and to provide consultancy and data processing software development services, both application packages and operating systems and other services, and to impart training of electronic data processing, computer software and hardware to customers and others and to buy, sell, export, import of software, hardware and establishment of incidental infrastructural facilities, subject to permission of relevant authorities".

3. The paid-up capital of the Company is Rs 2,000 (Rupees Two Thousand only) divided into 200 (Two Hundred Only) ordinary shares of Rs.10/- (Rupees Ten Only) each. The particulars of sponsors and directors of the Company are as under:

S#	Name with CNIC	Designation	No. of Shares	Holding %
1	Mr. Wu Guichong Passport No. EJ1878752	Chief Executive/ Director	100	50%
2	Mr. Shi Gangcheng Passport No. EG3628496	Director	100	50%
Total			200	100%

4. The Respondents in clause 3(iv) of MoA of the Company have undertaken not to engage in the following businesses:

(a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;

- (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
- (c) 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.

5. The facts leading to the issuance of the SCN were that it came to the notice of the Commission that the Respondents were *prima facie* soliciting deposits from public through an Application named "MCM" for investment in crypto currency.

6. In order to ascertain the factual position, the Commission vide order dated October 20, 2022 investigated into affairs of the Company under Section 257 of the Act. The investigation team in the Investigation Report dated June 6, 2023 concluded that the Respondents were engaged in the prohibited and unlawful business of inviting unauthorized deposits from the public on the pretext of earning profits through investments in crypto currency *prima facie*, in violation of sections 84(1) and 26(2) of the Act, read with clause 3 of the MoA of the Company.

7. Based on the foregoing i.e. the Respondents were inviting and accepting deposits from the public, Registrar of the concerned Company Registration Office sought sanction of the Commission to present a petition for winding up of the Company under clause (b) of proviso to section 304 read with sub-clause (i) and (ii) of clause (g) of section 301 of the Act on the grounds that the Respondents were engaged in unlawful and prohibited business of inviting and accepting unauthorized deposits from the general public, *prima facie*, in violation of sections 84 (1) and 26(2) of the Act.

8. Accordingly, the SCN was issued to the Respondents on July 20, 2023, calling upon them to furnish submissions in writing to explain within ten (10) days of the date of the SCN, as to why the sanction of the Commission to present a petition for winding up of **M/s Fandao Technology (Private) Limited** as required by the concerned Registrar may not be granted.

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. In addition to above, show case notice dated July 20, 2024 was also issued to the Respondents under section 84(2), 172 and 500 of the Act, calling upon them to furnish submissions in writing to explain within ten (10) days of the date of the notice, as to why penalty may not be imposed on:

- (i) **M/s Fandao Technology (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.

11. 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 23, 2023 and December 18, 2023 to submit written response to the SCN and hearings in the matter were scheduled on November 7, 2023 and December 26, 2023. The SCN and hearing notices were sent at registered address of the Company and available residential addresses of directors of the Company. Further, copies of SCN and reminders/hearing notices were emailed to the Respondents at wuguichong05@gmail.com. The SCN/hearing notices sent through email as well as at registered address of the Company were delivered. The Respondents neither filed written submissions to the SCN nor availed opportunity of hearing. It is pertinent to mention here that the Respondents were informed vide the reminders/hearing notices/emails that the matter would be decided on the basis of

available record in case if they did not submit any response. However, no reply has been received from the Respondents till date.

12. Regarding 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.*”

13. It is evident from the foregoing that the Respondents were provided multiple opportunities to explain their position in writing as well as verbally with regard to allegedly carrying on prohibited and unlawful business of inviting and accepting unauthorized deposits from the public. 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.

14. It was alleged in the instant SCN that the Respondents were raising unauthorized deposits from public, *prima facie*, in violation of section 26(2) and section 84(1) of the Act and its MoA. Before analyzing the allegations, it seems appropriate to discuss the relevant provisions of law on the subject-matter and reproduced hereunder: -

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 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.

(iii) It is evident from the foregoing, that except a banking company and class of companies notified in this regard by the Commission a company is not authorized to invite and accept deposit for the public, Further, the term “deposit” has also been explained in section (84) of the Act.

15. The issue to be decided in the instant case is whether or not the Respondents were inviting and accepting deposits from public in violation of section 26 (2) and 84(1) of the Act. In order to arrive at decision, I have gone through the facts of the case, documents available with the Commission, including the following: -

Social Media Monitoring -leading to investigation:

- (i) Supervision Division of the Commission during monitoring of social media observed that the Respondents were *prima facie* soliciting deposits from general public through MCM Application for investment in crypto currency. MCM Application was directly connected to bank account of the Company for providing the following services/functions:
 - (a) Rewards on inviting other individuals on the application (PKR 100 for 1 invite);
 - (b) Investment in crypto currency for profits;
 - (c) Cloud mining to earn rewards, the Application used individuals' mobiles to mine crypto currency.
- (ii) The Commission vide order dated October 20, 2022 conducted investigation into affairs of the Company under Section 257 of the Act.
- (iii) The investigation team vide letter October 27, 2022 sought certain information from the Respondents. The information seeking letter was sent at registered address of Company and residential addresses of the CEO/Directors of the Company. The letters sent at residential addresses of the CEO/Directors of the Company returned un-delivered.
- (iv) The investigation team visited registered office of the Company on December 19, 2022, but, no office of the Company was found at said location.
- (v) The investigation team vide letters dated January 12, 2023, January 23, 2023 and February 7, 2023 issued call up notices at given registered office address of the Company and the residential addresses of the CEO and Directors for verification and statement recording. But, the notices were returned as undelivered.
- (vi) The investigation team vide letter dated May 8, 2023 requested Federal Investigation Agency (FIA) to provide details of entry / exit from Pakistan in respect of directors of the Company, as under:-

Name of Individual	Designation	Passport No.
Wu Guichong	CEO/Director	EJ1878752
Shi Gangcheng	Director	EG3628496

- (vii) FIA vide letter dated May 15, 2023 provided the following information;

1. Mr. Wu Guichong, CEO/Director

S. No.	Travel Date	Flight No.	Travel Status	Passport No.	Site Name	Destination
1.	11-Apr-21	PK855	Arriving	EJ1878752	Benazir Bhutto International Airport, Islamabad	-
2.	13-Sep-21	CZ8140	Departing	EJ1878752	Benazir Bhutto International Airport, Islamabad	CHN-CHINA, MANILAND

2. Mr. Shi Gangcheng, Director

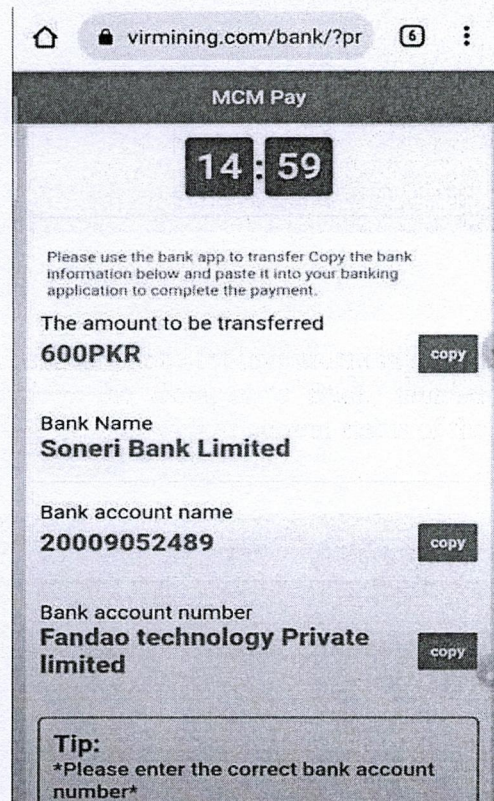
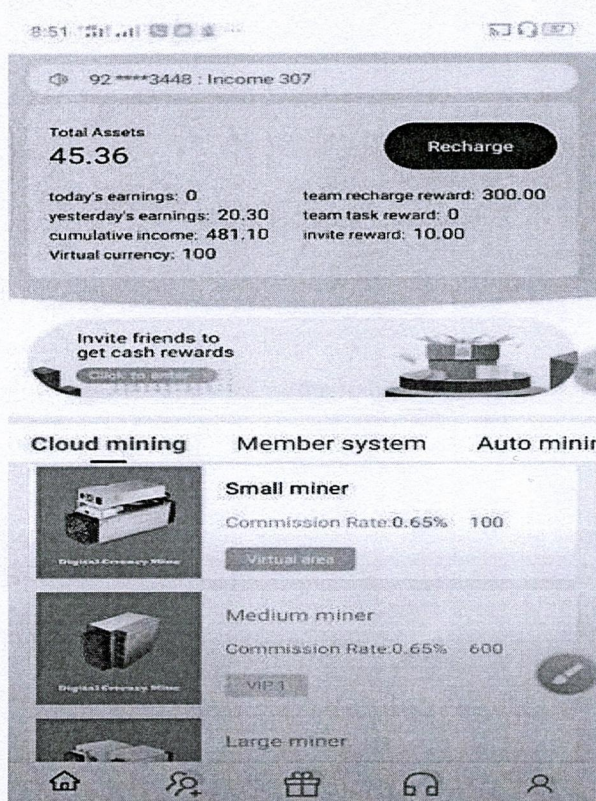
S. No.	Travel Date	Flight No.	Travel Status	Passport No.	Site Name	Destination
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1.	29-Jun-19	CZ6007	Arriving	EG3628496	Benazir Bhutto International Airport, Islamabad	-
2.	28-Dec-19	CZ6008	Departing	EG3628496	Benazir Bhutto International Airport, Islamabad	CHN-CHINA, MANILAND
3.	9-Mar-20	CZ6007	Arriving	EG3628496	Benazir Bhutto International Airport, Islamabad	-
4.	3-Sep-22	ED216	Departing	EG3628496	Benazir Bhutto International Airport, Islamabad	ABW-ARUBA
5.	4-Sep-22	ED211	Arriving	EG3628496	Benazir Bhutto International Airport, Islamabad	-
6.	16-Dec-22	CZ8140	Departing	EG3628496	Benazir Bhutto International Airport, Islamabad	CHN-CHINA, MANILAND

- (viii) As per information received from FIA both directors of Company departed from Pakistan during September 2021 - December 2022 and did not come back till finalization of the investigation report.
- (ix) As per record furnished at the time of incorporation of the Company, Mr. Wu Guichong was having multiple entry visa up to one year, from April 1, 2020 to March 31, 2022 (365 days) and Mr. Shi Gangcheng was also having multiple entry visa for more than one year, from November 27, 2020 to November 26, 2022 (730 days). On expiry of visas, no further information was filed with the Commission.

Deposit invitation evidences:

- (x) The Company invited and accepted deposits from public through an App called "MCM" by mobilizing potential customers for earning profits through investments in crypto currency. The name of the Company and details of Company's bank were mentioned on deposit inviting material. Screenshot of the Application is pasted hereunder:



Deposit acceptance:

- (xi) The Company developed “MCM” App to collect funds from public for investment in crypto currencies. The Application was directly connected to the Company’s Bank, number 20009052489, maintained with Soneri Bank Limited. Details as well as current status of the said bank account is as under: -

Branch Name	Account No.	Description	Account Title	Currency	Ac-Status	Close Date
Main Br. Islamabad -0016	20009052489	Current Deposit Account Customer	Fandao Technology (Pvt) Ltd	PKR	Closed	02/03/2022

- (xii) The transactional activity in the above-mentioned account reflects that the funds were mostly credited through small value IBFTs from different individuals and frequency of credit transactions was very high.
- (xiii) A sum of **PKR.33.2 million** was credited to the account since opening of the bank account through 4,620 transactions, with average amount of PKR 7,000/- per transaction. Details of some of the major credit transactions is given under, which reveal that funds were credited by different individuals (public): -

Major Credits (Inward transactions);

Account:	20009052489	Account Title:	FANDAO TECHNOLOGY PVT LTD
From Date:	01/11/2021		
To Date:	03/02/2022		

Ac Open Date:		14/09/2021	IBAN No	PK62SONE00 01620009052 489
Ac Status		Closed (02/03/2022)		
S. No.	Booking Date	Reference	Description	Credit
1	13/12/2021	FT21347H4WT2\COK	Incoming IBFT-1Link Switch From: PK13MEZN0051010100942863- MBL FAISAL HAYAT Ref:9994171213145624	50,000.00
2	14/12/2021	FT2134840K62\COK	Incoming IBFT-1Link Switch From: 923156175511-TLNR AHMED HASSAN Ref:2896091214204741	50,000.00
3	15/12/2021	FT21349TDN6Q\COK	Incoming IBFT-1Link Switch From: PK85MEZN0098530103635500- MBL ABDUL SAMAD Ref:4139821215151827	50,000.00
4	15/12/2021	FT213495RXN1\COK	Incoming IBFT-1Link Switch From: 03077113896-MMB LAIQ HUSSAIN Ref:4124651215162131	50,000.00
5	20/01/2022	FT220205K0PP\COK	Incoming IBFT-1Link Switch From: PK95MEZN0099690105091135- MBL BASHIR AHMED Ref:7308580120155221	50,000.00
6	22/01/2022	FT22022LSLB2\COK	Incoming IBFT-1Link Switch From: PK79MEZN0006030104254146- MBL MUHAMMAD SHAHZAD ASLAM Ref:7070450122134814	52,500.00
7	24/01/2022	FT220241L7S5\COK	Incoming IBFT-1Link Switch From: 1125178411005414-MCB FARHAN NAEEM Ref:0917540124182129	50,000.00
8	29/01/2022	FT22029HBJT7\COK	Incoming IBFT-1Link Switch From: 03127281713-MMB QAMAR ABBAS Ref:7528130129130954	50,000.00
9	29/01/2022	FT22029KWR3Q\CO K	Incoming IBFT-1Link Switch From: 03061811600-MMB MUHAMMAD SHAHZAD ASL Ref:8774290129181846	50,000.00
10	31/01/2022	FT22031SZKPD\COK	Incoming IBFT-1Link Switch From: 923152407728-TLNR MUHAMMAD MOHSIN Ref:7892220131162846	50,000.00
11	01/02/2022	FT220324SSYW\COK	Incoming IBFT-1Link Switch From: 1125178411005414-MCB	50,000.00

			FARHAN NAEEM Ref:2618660201155645	
12	03/02/2022	FT22034PPNPS\COK	Incoming IBFT- From:PK71SCBL0000001188732 901-SCB MUHAMMAD UMAIR Ref:5770880203095712	52,500.00
13	04/02/2022	FT220350PG0F\COK	Incoming IBFT-1Link Switch From: 03061811600-MMB MUHAMMAD SHAHZAD ASL Ref:1906140204170225	50,000.00
14	05/02/2022	FT22036K469X\COK	Incoming IBFT-1Link Switch From: 03115754900-MMB ISMAIL Ref:7529180205123702	50,000.00
15	07/02/2022	FT220386M89C\COK	Incoming IBFT-1Link Switch From: 923320213374-TLNR UMAIR ALI Ref:0259390207174717	50,000.00
16	08/02/2022	FT22039XMG8D\CO K	Incoming IBFT-1Link Switch From: 923152407728-TLNR MUHAMMAD MOHSIN Ref:3220870208154116	50,000.00
17	09/02/2022	FT2204022LW5\COK	Incoming IBFT-1Link SwitchFrom: 03127281713- MMBQAMAR ABBASRef:8372030209114401	50,000.00
18	10/02/2022	FT22041TBY2K\COK	Incoming IBFT- From: PK98UNIL0109000210799619- UBL AL SHAFFIQUE MOBILE SHOP Ref:8759740210144436	50,000.00
19	10/02/2022	FT22041MGM62\COK	Incoming IBFT-1Link Switch From: 923446830617-TLNR RIZWAN SAJID SAJID Ref:9199170210210025	50,000.00
20	11/02/2022	FT22042V7TQF\COK	Incoming IBFT-1Link Switch From: 923315498817-TLNR ANUM FAROOQ Ref:5316770211210546	50,000.00
21	15/02/2022	FT22046M68T4\COK	Incoming IBFT-1Link Switch From: 923445920002-TLNR MUHAMMAD LUQMAN Ref:4241180215100217	50,000.00
22	15/02/2022	FT22046W7P05\COK	Incoming IBFT- From:PK26BKIP0112700145590 016-BIPL UMAIR ALI Ref:3056870215203429	50,000.00
23	16/02/2022	FT22047DJZHR\COK	Incoming IBFT-1Link Switch From: 03115754900-MMB ISMAIL Ref:1697820216142955	50,000.00

24	16/02/2022	FT22047D0HGF\COK	Incoming IBFT-1Link Switch From:PK11NBPA191700416732 6181-NBP SHAHID RIAZ Ref:8371980216144406	50,000.00
25	16/02/2022	FT22047Y0ZVP\COK	Incoming IBFT-1Link Switch From: 923464427609-TLNR ABDUL QADIR Ref:1371340216153630	50,000.00
26	16/02/2022	FT22047B1N5S\COK	Incoming IBFT-1Link Switch From: 1125178411005414-MCB FARHAN NAEEM Ref:6003260216184914	50,000.00
27	18/02/2022	FT22049BG19W\COK	Incoming IBFT-1Link Switch From:PK37SUMB070306714012 3151-SMB RIZWAN SAJID Ref:9325420218172706	50,000.00
28	18/02/2022	FT22049WJWZJ\COK	Incoming IBFT-1Link Switch From: 03004718603-MMB SHEHZAD FAISAL Ref:4626090218201422	50,000.00
29	21/02/2022	FT22052SLP0M\COK	Incoming IBFT- From:PK38UNIL0109000202656 773-UBL MUHAMMAD MOHSIN Ref:3416520220022956	60,000.00
30	21/02/2022	FT2205223HYY\COK	Incoming IBFT-1Link Switch From: 03325288437-MMB FAROOQ AJMAL KHAN Ref:7188900220135203	50,000.00
31	21/02/2022	FT22052RG75G\COK	Transfer In IN1500996RE18022 from 20005419523	800,000.00
32	21/02/2022	FT2205299M0M\COK	Incoming IBFT-1Link Switch From:PK34MEZN009949010591 7907-MBL MUHAMMAD ABDULLAH Ref:7640100221160702	56,000.00
33	21/02/2022	FT220529KD0W\COK	Incoming IBFT-1Link Switch From: 923061811600-TLNR MUHAMMAD SHEHZAD ASLAM Ref:6191680221175638	50,000.00
Total				

(xiv) The funds were debited from the abovementioned account through cash withdrawals and CMS transfer. (CMS is an Application developed by the Soneri Bank for its corporate clients to conduct online transactions). A sum of **PKR 33.2 million** was debited from the account via 96 transactions since inception. Details of some of the major debit transactions is given under:

Major Debits (outward transactions);

Account:	2000905248	Account Title:	FANDAO TECHNOLOGY PVT LTD
	9		
From Date:	01/11/2021		
To Date:	03/02/2022		

Ac Open Date:		14/09/2021	IBAN No	PK62SONE0001620009052489	
Ac Status		Closed (02/03/2022)			
S. No.	Booking Date	Value Date	Reference	Description	Debit
1	25/01/2022	25/01/2022	FT22025DFPM1	CMS Transfer to 20005419523 CI 59738 :	500,000.00
2	27/01/2022	27/01/2022	FT22027QD4M0	CMS Transfer to 20005419523 CI 59942 :	500,000.00
3	28/01/2022	28/01/2022	FT22028R77R7	CMS Transfer to 20005419523 CI 60017 :	500,000.00
4	29/01/2022	29/01/2022	FT22029DX931	CMS Transfer to 20005419523 CI 60152 :	1,000,000.00
5	31/01/2022	31/01/2022	FT22031SS1J0	CMS Transfer to 20005419523 CI 60291 :	500,000.00
6	01/02/2022	01/02/2022	FT2203216XJM	CMS Transfer to 20005419523 CI 60523 :	500,000.00
7	01/02/2022	01/02/2022	FT22032SW9RM	CMS Transfer to 20005419523 CI 60531 :	500,000.00
8	02/02/2022	02/02/2022	FT22033VQ16M	CMS Transfer to 20005419523 CI 60699 :	1,000,000.00
9	03/02/2022	03/02/2022	FT220343SBCS	CMS Transfer to 20005419523 CI 60853 :	500,000.00
10	03/02/2022	03/02/2022	FT220343B98T	CMS Transfer to 20005419523 CI 60889 :	500,000.00
11	03/02/2022	03/02/2022	FT22034FZJ1X	CMS Transfer to 20005419523 CI 60891 :	500,000.00
12	04/02/2022	04/02/2022	FT2203510998	CMS Transfer to 20005419523 CI 61001 :	500,000.00
13	04/02/2022	04/02/2022	FT2203504RCY	CMS Transfer to 20005419523 CI 61040 :	1,000,000.00
14	07/02/2022	07/02/2022	FT22038QJCWM	CMS Transfer to 20005419523 CI 61127 :	250,000.00
15	07/02/2022	07/02/2022	FT22038BQ12C	CMS Transfer to 20005419523 CI 61131 :	250,000.00
16	07/02/2022	07/02/2022	FT22038TL0PM	CMS Transfer to 20005419523 CI 61159 :	500,000.00
17	08/02/2022	08/02/2022	FT22039BZV6D	CMS Transfer to 20005419523 CI 61289 :	500,000.00

18	08/02/2022	08/02/2022	FT22039NK9HY	CMS Transfer to 20005419523 CI 61290 :	600,000.00
19	08/02/2022	08/02/2022	FT22039F4CFR	CMS Transfer to 20005419523 CI 61343 :	400,000.00
20	09/02/2022	09/02/2022	FT2204060YDH	CMS Transfer to 20005419523 CI 61462 :	500,000.00
21	09/02/2022	09/02/2022	FT22040J1G21	CMS Transfer to 20005419523 CI 61510 :	500,000.00
22	10/02/2022	10/02/2022	FT220412SLMG	CMS Transfer to 20005419523 CI 61583 :	20,000.00
23	10/02/2022	10/02/2022	FT220415Z4CX	CMS Transfer to 20005419523 CI 61622 :	400,000.00
24	10/02/2022	10/02/2022	FT22041YL3JY	CMS Transfer to 20005419523 CI 61628 :	200,000.00
25	10/02/2022	10/02/2022	FT2204167FLF	CMS Transfer to 20005419523 CI 61632 :	400,000.00
26	10/02/2022	10/02/2022	FT2204156LJS	CMS Transfer to 20005419523 CI 61658 :	300,000.00
27	11/02/2022	11/02/2022	FT22042BY35T	CMS Transfer to 20005419523 CI 61713 :	300,000.00
28	11/02/2022	11/02/2022	FT220424R9HS	CMS Transfer to 20005419523 CI 61714 :	300,000.00
29	12/02/2022	12/02/2022	FT22043V1SYZ	CMS Transfer to 20005419523 CI 61758 :	10,000.00
30	12/02/2022	12/02/2022	FT22043YZ5CV	CMS Transfer to 20005419523 CI 61761 :	500,000.00
31	12/02/2022	12/02/2022	FT2204302PNP	CMS Transfer to 20005419523 CI 61765 :	500,000.00
32	14/02/2022	14/02/2022	FT220451Y7YT	CMS Transfer to 20005419523 CI 61792 :	500,000.00
33	14/02/2022	14/02/2022	FT22045RR5LP	CMS Transfer to 20005419523 CI 61793 :	500,000.00
34	15/02/2022	15/02/2022	FT22046F872X	CMS Transfer to 20005419523 CI 61861 :	500,000.00
35	15/02/2022	15/02/2022	FT22046HS4K7	CMS Transfer to 20005419523 CI 61863 :	900,000.00
36	15/02/2022	15/02/2022	FT22046F6P3W	CMS Transfer to 20005419523 CI 61873 :	100,000.00

37	16/02/2022	16/02/2022	FT22047CGN2D	CMS Transfer to 20005419523 CI 62024 :	500,000.00
38	17/02/2022	17/02/2022	FT220486703Y	CMS Transfer to 20005419523 CI 62072 :	1,000,000.00
39	17/02/2022	17/02/2022	FT220481NDX3	CMS Transfer to 20005419523 CI 62074 :	500,000.00
40	18/02/2022	18/02/2022	FT22049FC0BJ	CMS Transfer to 20005419523 CI 62146 :	800,000.00
41	18/02/2022	18/02/2022	FT22049MPH5W	CMS Transfer to 20005419523 CI 62147 :	700,000.00
42	19/02/2022	19/02/2022	FT220508ZN5F	CMS Transfer to 20005419523 CI 62213 :	800,000.00
43	19/02/2022	19/02/2022	FT220505WCKH	CMS Transfer to 20005419523 CI 62215 :	700,000.00
44	21/02/2022	21/02/2022	FT2205221SZN	CMS Transfer to 20005419523 CI 62229 :	1,000,000.00
45	21/02/2022	21/02/2022	FT22052LZP2G	CMS Transfer to 20005419523 CI 62230 :	200,000.00
46	21/02/2022	21/02/2022	FT22052XGNDG	CMS Transfer to 20005419523 CI 62231 :	800,000.00
Total					23,930,000.00

(xv) The investigation team concluded that the Respondents were involved in illegal deposit invitation and acceptance from public, in violation of section 84 (1) of the Act, for investment in crypto currency.

16. It is evident from the foregoing that: -

- a) The Company was incorporated on September 3, 2021.
- b) The Company's bank account was opened on September 14, 2021.
- c) The Respondents raised deposit from individuals/public, for investment in crypto currency.
- d) The Respondents have accepted deposit at least Rs.33.2 million from public.

17. It is pertinent to mention that the State Bank of Pakistan vide EPD Circular Letter No. 08 of 2022 dated May 18, 2022 has declared online forex trading platforms such as OctaFX, Easy Forex etc. illegal and has barred Authorized Dealers from facilitating forex trading activity on these platforms.

Overall Conclusion

18. In view of the foregoing and considering (a) investigation findings revealing deposit taking by the Respondents, (b) advertisements published on social media for inviting public to deposit funds with the Company, for earning profits through investments in crypto currency (c) the name of the Company and details of bank account maintained in the name of the Company were given in the deposit invitation material (d) non-existence of registered office of the Company coupled with non-submission of any response (e) non-representation by the Respondents despite delivery of SCN and

reminders and (f) depriving the public of their hard earned money amounting to at least **Rs.33.2 million**, it is established that the Respondents were carrying on unlawful/prohibited business of inviting and accepting unauthorized deposits from the public in violation of sections 26(2) and 84(1) of the Act read with clause 3 of MoA of the Company.

19. It is pertinent to mention that the proceedings initiated on July 20, 2023 against the Company and its directors under sections 84 (2), 172 and 500 of the Act were concluded vide order dated December 27, 2023, whereby aggregate penalty of Rs94 Million has been imposed on the Company and its directors. Further the directors of the Company has been disqualified to become director/chief executive of any company for a period of five years from the date of the order dated December 27, 2023.

20. Considering that the Company its Chief Executive/Director were found engaged in inviting and accepting deposits from general public in violation of section 84(1) and 26(2) of the Act read with clause 3 of MOA of the Company, the Company is liable to be wound up in terms of sub-clauses (i) and (ii) of clause (g) of section 301 of the Act, for carrying on unlawful activity of raising unauthorized deposits from the public. Sub-clauses (i) and (ii) of clause (g) of section 301 of the Act are reproduced below:

301. Circumstances in which a company may be wound up by Court.- A company may be wound-up by the Court –

(g) if the company is-

(i) conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities; or

(ii) carrying on business prohibited by any law for the time being in force in Pakistan; or restricted by law, rules or regulations for the time being in force in Pakistan; or

Explanation 1.- The promotion or the carrying on of any scheme or business, howsoever described-

(a)

(b) raising unauthorized deposits from the general public, indulging in referral marketing, multi-level marketing (MLM), Pyramid and Ponzi Schemes, locally or internationally, directly or indirectly; or

(c) ... ;

shall be deemed to be an unlawful activity.

21. Accordingly, in exercise of the powers under clause (b) of proviso to section 304 read with sub-clauses (i) and (ii) of section 301(g) of the Act delegated to the undersigned vide S.R.O 1546 (I) / 2019, sanction is hereby granted to Incharge, Company Registration Office, **Islamabad** to present a petition for winding up of **M/s Fandao Technology (Private) Limited** before the concerned High Court. The said clause (b) of proviso to Section 304 of the Act is reproduced hereunder, for ease of reference:

304. Provisions as to applications for winding up. An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any

of the aforesaid parties, together or separately or by the registrar, or by the Commission or by a person authorized by the Commission in that behalf:

Provided that –

(a)

(b) the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained to the presentation of the petition: Provided that no such sanction shall be given unless the company has first been afforded an opportunity of making a representation and of being heard;

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

23. This sanction 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: January 4, 2024