



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- II

Adjudication Division

Through Courier

Before

*Hammad Javed, Additional Director / Head of Department
(Adjudication Department – II)*

In The Matter of

M/s Sunrise Automation (Private) Limited

Show Cause Notice	No. Adj-II/301/18/IAN-20/2023-24-848 dated August 25, 2023	
Date on which hearing opportunity provided	Date	Attended by
	November 2, 2023	Mr. Nasrullah Hassan, Advocate appeared and requested adjournment
	November 30, 2023	Mr. Ali Shahzad, Director, requested Adjournment
	February 12, 2024	Mr. Ali Shahzad, Director.
	March 18, 2024	No one appeared.
	April 25, 2024	No one appeared.
	April 26, 2024	No one appeared.
May 3, 2024	No one appeared.	

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/301/18/IAN-20/2023-24-848 dated August 25, 2023 (the 'SCN') to **M/s Sunrise Automation (Private) Limited** (the 'Company') having correspondence address i.e. Office Two, Block No.6, Suharwardy Road, G-6/1, Aabpara, Islamabad, **Ms. Fiza Shabbir, CNIC # 61101-5217183-6**, Chief Executive Officer / Director, **Mr. Ali Shahzad, CNIC # 37405-3881954-1**, Director and **Sheikh Muhammad Ammar, CNIC # 61101-2007893-5**, Director, (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 allegedly unlawful/prohibited business of offering and providing micro loans to general public, without obtaining requisite lending license from the Commission or State Bank of Pakistan ("SBP").

2. The Company was incorporated on October 07, 2021 under the Companies Act, 2017 ('Act') with paid-up capital of Rs. 100,000/- divided into 10,000 shares of Rs.10 each. The shareholding pattern of the Company is as under:

Sr.	Names	CNIC	Designation/ Status	Shareholding %
1	Fiza Shabbir	61101-5217183-6	CEO/Director	10
2	Ali Shahzad	37405-3881954-1	Director	50
3	Sheikh Muhammad Ammar	61101-2007893-5	Director	40

3. Further it is pointed out that Ms. Fiza Shabbir, Chief Executive Officer/Director of the Company also held position of Chief Executive Officer/Director in Wisdom Forward Technology (Private) Limited ("WFT") incorporated on February 25, 2021 with the following pattern of shareholding:

2nd Floor, NICL Building, 63 Jinnah Avenue, Blue Area, Islamabad, Pakistan

PABX: +92-51-9195000-2, Web: www.secp.gov.pk



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Sr.	Name	CNIC Number	Designation/ Status	Shareholding %
1	Fiza Shabbir	61101-5217183-6	CEO/Director	50
2	Muhammad Yousaf Shabbir	61101-2459725-3	Director	50

4. 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 establish and run data processing centers, computer centers, software development centers, offices 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 to buy, sell, export, import of software, hardware and establishment of incidental infrastructural facilities, subject to permission of relevant authorities.

5. The facts leading to the SCN are that during social media surveillance, it was observed that the Company is offering micro-loans to general public through smartphone application "WeCash" available on Google Play Store, *prima facie*, without obtaining requisite lending license from the State Bank of Pakistan ("SBP") or the Commission. It was further noticed that the Company had posted recruitment advertisement on LinkedIn looking for recovery officers. Information given in the advertisement and on the official Facebook page of 'WeCash' app apparently indicated that the Company and the app have some connection with each other.

6. The Commission also received a complaint dated August 26, 2022, wherein the complainant alleged that 'FlexiMoney' app was owned by Chinese national and the said app was being operated through the Company and WFT in collaboration with AZM Foundation. Another complaint dated September 8, 2022 by Mr. Sheikh Muhammad Ammar (Director / shareholder of the Company) was received by the Commission stating that the Company was initially incorporated to undertake call center business, while his credentials were used without his consent. He further alleged malpractices, suspicious and illegal activities through bank account of the Company being maintained with Bank Alfalah, ISE tower branch.

7. To ascertain the genuineness of aforesaid alleged violations committed by the Respondents, the Commission vide Order dated December 7, 2022, investigated into the affairs of the Company under section 257 of the Act. The investigation team in the Investigation Report dated June 16, 2023, reported that the Respondents were providing micro loan facilities to general public without obtaining the requisite licence from the Commission, in violation of section 26(2) of the Act, 2017 read with Part VIII A of the Ordinance and MoA of the Company. The Company also facilitated its associated company i.e. Wisdom Forward Technology (Pvt.) Limited in carrying out illegal lending activities.

8. Based on the facts mentioned in the preceding paragraphs, 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 providing micro loan facilities to general public without obtaining the requisite licence from the Commission, in



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violation of section 26(2) of the Act, 2017 read with Part VIII A of the Ordinance and MoA of the Company.

9. Accordingly, SCN dated August 25, 2023 was issued to the Respondents calling upon them to furnish submissions in writing to explain within ten (10) days of the date of SCN, as to why sanction of the Commission to present a petition for winding up of **M/s Sunrise Automation (Private) Limited** as required by the concerned Registrar may not be granted.

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

11. The Respondents neither furnished written response to the SCN nor submitted any request for extension in time for submission of reply to the SCN in writing. However, Mr. Ali Shahzad, Director of the Company in reply to the reminder dated October 25, 2023 sought extension in time for five day and submitted written reply to the SCN vide email dated September 20, 2023 and explained his position in his defense, detail of which is given in the following paragraph.

12. In view thereof, reminders for submission of written reply to the SCN were sent to the Respondents through courier as well as via emails dated October 25, 2023, October 30, 2023, January 30, 2024, March 6, 2024, April 15, 2024 and April 18, 2024. Reminders sent through emails were delivered at abidalihhc@gmail.com (email id given in incorporation Form-II of WFT), alishahzadmoghal@gmail.com (email id of Mr. Ali Shahzad, Director given in incorporation Form-II of the Company), ammar.sheikh@gmail.com (email id of Sheikh Muhammad Ammar, Director), jawadniazi@hotmail.com (email id of Legal Counsel/Authorized Representative of Ms. Fiza Shabbir, CEO/Director of the Company), fizahshabbir34@gmail.com (email id of Ms. Fiza Shabbir, CEO and Director of the Company).

13. Barrister Jawad Niazi, the Legal Counsel of Ms. Fiza Shabbir, CEO/Director of the Company, vide email dated November 30, 2023 intimated this office that **"As per instructions from my client, I would like to withdraw my power of Attorney on behalf of miss Fiza Shabir in all cases."**

14. Regarding service of SCN and reminders/hearing notices, 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."*

15. As far written reply to the SCN submitted by Mr. Ali Shahzad, Director of the Company vide email dated September 20, 2023 is concerned, the contents of the written reply to the SCN are reproduced hereunder: -

Contents of Reply to SCN by Mr. Ali Shahzad, Director:

Quote

"I am writing this reply in response to the show cause notice I received regarding the Sunrise Automation Pvt Ltd activity and my mere involvement in the company as a dummy director. I hope this may find its purpose well. As in my previous statements, I have cleared my role in the whole matter where I was not the decision maker, and a lot of things were kept hidden from me or I was not authorized to be involved in many matters."



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"In line with previous hearings and statements recorded at SECP, it is reiterated that I was working as a consultant and employee of M/s Wisdom Forward Technology Private Limited and was paid a monthly salary. Moreover, I only became a director in M/s Sunrise Automation Private Limited on the instructions of Ms. Fizza Shabbir and for this role, I was getting an additional remuneration of PKR 25000/-. At the outset, it is clarified that I was never paid any amount, including but not limited to dividends, in my capacity as an employee in the two companies.

I was hired by Ms. Fizza Shabbir to assist the companies in enhancing their setup and streamlining the company operations till the time licenses were obtained. The decision to not apply for the relevant licenses was the sole decision of Ms. Fizza Shabbir and I was completely in the dark regarding the status of the companies, being an employee only.

Time and again I advised Ms. Fizza Shabbir, CEO of Wisdom Forward Technology that they need to get the license as it will take time to get the license and make the business legitimate, however being an employee, my input was limited as best since Ms. Fizza Shabbir was the CEO. The decision not to pursue the license was completely of Ms. Fizza Shabbir.

My role in the company was limited to instructions handed down to me by Ms. Fizza Shabbir and I have always been advised to conduct business activities under the law of the land and in line with business ethics. I cannot comment on why Ms. Fizza Shabbir refused my advice.

Being an employee of the companies, I had no role in the financials or decision-making. Only Ms. Fizza Shabbir and Mr. Cheng (Nigo) were privy to the financials and running of the companies. My role in the company was limited to administrative and secretarial tasks as instructed by Ms. Fizza Shabbir and Mr. Cheng (Nigo) from time to time.

While it is correct that I helped Mr. Ammar, Sheikh get a salary for being a director, this appointment was with his consent, and all necessary documentation and consent was sent by Mr. Ammar Sheikh directly to SECP. SECP codes pertaining to appointment were sent directly to Mr. Ammar Sheikh and I am not privy to any such correspondence.

Mr. Cheng (Nigo) and Ms. Fizza Shabbir explicitly undertook not to use Sunrise Automation Private Limited for business activities. However, after receipt of the show cause notices from SECP, it was revealed that such commitments were false. Only upon this assurance did I become a director in the said company and for the lure of an additional salary of PKR 25000/-.

My Bonafede can be established from the fact that I assisted Mr. Ammar Sheikh with his day-to-day domestic expenses since he did not have any funds available at the time. I do not know what prompted Mr. Ammar Sheikh to file a complaint against me. It is my understanding that in collusion with Ms. Fizza Shabbir, who has financially been assisting Mr. Ammar Sheikh, they are trying to shift the blame on me, who was only an employee in the said companies.

Despite the above, I have assisted Mr. Ammar Sheikh in getting business even when I was not getting any personal advantage out of that arrangement. My sole intention in involving



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Mr. Ammar Sheikh was to assist in his financial struggle just for the good of my heart treating him like a friend, which was my mistake as he is just greedy and mischievous.

It is pertinent to mention that M Fiza Shabbir was consistently advised to obtain requisite approvals for their business activities, but she did not act upon such advice. Once the matter of "We Cash" arose, I was informed that all Chinese know each other, and they have sent an apology letter for using the name of our company without consent.

As far as bank transactions are concerned, my Bank Alfalah Account was a payroll account drawn in the year 2017 when I was a manager of finance at another company. For the last 6 years, I only used this account for personal transactions thus, the statement balance of 6 Years would only show salaries and other incomes of consultancy. This includes other work conducted by me which did not fall under my job description.

The transactions highlighted in the previous hearings were being credited from the Sunrise Automation account and were undertaken by the Chinese individuals and the same amounts were withdrawn and handed over to Ms. Fiza Shabbir. It is imperative to highlight that Ms. Fizza Shabbir acknowledged receiving the said amounts in the last hearing.

Additionally, I have opened a Sunrise Automation account at Bank Alaflah with Alfa Transact for the company's online banking system on the instructions of Ms. Fizza Shabbir who stated that the said account shall be used for some future office transactions. At no point in time was it disclosed that the said account would be used for loan disbursement. Immediately upon opening the account, the Chinese individuals changed the passwords of the email account associated with this bank account, resulting in me being in the dark about the activities they conducted. The first time I was informed about the transactions from this account was when we received the notification for justification of the transaction from Bank Alfalah.

Being an employee, it is reiterated that I have limited access to the whole business and my job was to assist in obtaining the license. Ms. Fiza Shabbir avoided her NBFC license because she said it would be impossible for her to fulfill the legal requirements.

Throughout my tenure of working for these people, I used to always urge them to make it a legal entity with a license and conduct business under a technology company. Being a director of Sunrise Automation Pvt Ltd, I am ready to wind up the company as it is no concern of mine, and I am just facing the torment of my life just for being a director of the company in good faith of someone that we will have the license and will make this business legitimate with E-commerce and other legal business plans. I just want to wind up the company and bank accounts associated with it though I don't want to even see the faces of the other directors who colluded with each other against me for helping them. I can sign the papers in person alone for the winding up of the company while they can be notified and wind up the company once and for all and we never see each other again.

This case puts a massive dent in my life as it makes me nowhere in life for work. I just want to close the company as per my consent as the people who were really into the business of "The Chinese", are long gone, and the company which is my name and is the only thing I am suffering from. If the winding up of the company and account is the solution,



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then I am ready to do it at once as this company is of no use and I have nothing to do with it.

To sum up, being an employee of the companies, I did not have the authority or capacity to provide microfinance facilities to the general public hence the undersigned is not in violation of section 26(2) of the Act”.

Unquote

16. The Respondents were provided multiple opportunities of making representation and of being heard. Hearings were fixed for November 2, 2023, November 30, 2023, February 12, 2024, April 25, 2024, April 26, 2024 and May 3, 2024. The hearings were fixed through zoom link advising the Respondents that they may visit 2nd Floor of Securities & Exchange Commission of Pakistan’s Head Office situated at NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad, Pakistan at the scheduled date and time, in case they so intend to appear for the scheduled hearing in person. The detail outcome of the aforesaid hearing opportunities afforded to the Respondents is given in the following para.

17. In response to the hearing scheduled on:

- i) **November 2, 2023** no one turned up to attend the hearing.
- ii) **November 30, 2023**, no one turned up to attend the hearing. However, after the lapse of time fixed for hearing, on the same day, an adjournment request was received via email from Mr. Ali Shahzad, Director of the Company, wherein he requested adjournment for two days and assured to appear before the authority for recording of his statement.
- iii) **February 12, 2024** only Mr. Ali Shahzad, Director of the Company appeared before the authority and reiterated the stance submitted in written reply to the SCN and stated that detail reply for the SCN will be submitted by Friday 16, 2024 along with relevant details and explanations, which he submitted vide email dated February 16, 2024 as per his commitment relevant extracts of which will be discussed in the succeeding paras.
- iv) **March 18, 2024** no one turned up to attend the hearing.
- v) **April 25, 2024** no one appeared to attend the hearing at the scheduled time i.e. 03:00 p.m. However, it is important to mention here that Ms. Fiza Shabbir, appeared before the undersigned in another case of M/s Wisdom Forward Technology (Pvt.) Limited as CEO/Director at the scheduled time i.e. 03:15 p.m. whereby she requested to reschedule the hearing to next day.
- vi) **April 26, 2024** Ms. Fiza Shabbir, CEO/Director of the Company failed to attend the hearing through zoom link, despite the fact that hearing was re-fixed for April 26, 2024 on her request. She acknowledged the receipt of intimation of hearing through her return email dated April 25, 2024 stating **“Noted with thanks.”** It is further pointed out here that this office vide email dated April 26, 2024 again wrote to the CEO/Director of the Company stating that two hearings were rescheduled on your request and you had acknowledged the same. But despite your confirmation, you failed to join the hearing on the scheduled time till now. Kindly provide you contact number to remind you for the hearings. In reply, Ms. Fiza



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Shabbir, CEO/Director of the Company vide her return email dated April 28, 2024 wrote to this office that "You can contact me through Email fizahshabbir34@gmail.com I will be available next time according to your Hearing date and time I missed your zoom meeting due to time difference".

- vii) **May 3, 2024** was fixed for final opportunity of hearing to Ms. Fiza Shabbir, CEO/Director of the Company through zoom link for making personal representation before the authority and of being heard. The intimation of the hearing fixed for May 3, 2024 was delivered at fizahshabbir34@gmail.com. But neither she attended the hearing nor replied to email till date.

18. As mentioned in clause (iii) of paragraph 17 hereabove, Mr. Ali Shahzad, Director of the Company, consequent to hearing held on February 12, 2024, made further submissions in his defense vide email dated February 16, 2024 stating that **"Attached is my reply as required and I am also working on the Bank Details Justification so that I can make my point that I have nothing to do with any financial illegal activity and justify my role as a consultant in pursuing them for the legal framework."**

Further Submissions made by Mr. Ali Shahzad, Director, are reproduced here below:

"I am writing this reply in response of the hearing attended on 12 February 2024 with the HOD Adjudication-II. I was asked to have my statement recorded in this reply in response to the Show Cause notice for Sunrise Automation Pvt Ltd.

Sir, I have made my statement and clarified my position in previous hearings and replies that I was just providing my Corporate Services as a consultancy for the obtaining of license for the NBFC and other agreement and meetings work for the collaboration.

As far as Sunrise Automation Pvt Ltd is concerned, I have stated the true facts that on the orders of Mr. Wang (Name as I Heard of), his Chinese representative who often I have seen there and mainly Ms. Fiza Shabbir who was the CEO of the Wisdom Forward Technologies, I registered Sunrise Automation Pvt Ltd. with the view that, the company shall not be in operation until the license is done and we will use this tech company as IT service provider to NBFCs and other financial IT Products to companies. I was asked to open a bank account with Online Banking system.

I became the Director of the company as I was being rewarded Rs. 25,000/- to Rs. 30,000/- just for the extra income to my salary. I opened the account at Bank Alfalah and provide them with the Emails provided by Chinese and Ms. Fiza Shabbir. I was not informed that this bank account is being used by them until we got notified by the bank that we need explanation to the Nature of transactions in this account. I complained to all of them as this is unfair as the company is on my name being a director and I shall be responsible for the consequences, but they didn't take a notice on that.

I had a query for the transaction of Rs. 2.2 to 2.4 million PKR from Sunrise Automation Pvt Ltd Bank Account to my personal account. In reply of that I have stated in my previous hearings and in the last hearing that, Ms. Fiza admitted in the hearing in Investigation Department that, when Bank put a notification for the justification of the transaction in the Sunrise Automation Pvt Ltd, Chinese transferred that money in my personal account via Alfa Transact Online as there was no cheque book of the company



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account and I withdrew the money and handed over to Ms. Fiza as she was the sole responsible for all the matters with the Chinese including Money matters and I was clean from my side that I have no involvement in any financial dealings with anyone.

I am also questioned about the Bank Balances shown in my personal accounts at the following Banks:

- Silk Bank Rs. 2,298,283/-
- Bank Alfalah Rs. 17,960,896/-

Concerning these 2 Bank Accounts, I have stated that these above-mentioned accounts are my Personal Payroll Accounts, and these are the aggregated Credit Balances which includes all the transactions of my personal incomes from last 8 years. The tenure for the Sunrise Automation Pvt Ltd was very short. I am in the process of requesting the respective Banks to issue my bank statements as for the Silk Bank I have stopped using this account from a long time. I will collect the bank statements and highlight the Sunrise tenure and Transitions in the statements and justify them. If there is any deposit or other slips I can gather, I will surely share them with the department for complete facilitation as there is nothing to hide as what I am stating is as it happened.

As soon as I gather the bank details, I will share them and make a statement on that. I just want to plea that I was only responsible for being a director of the Sunrise while strings of the company operations were in other people hand, and I was getting a small amount of money monthly for my monthly income increment. I am regretting and have made sure I will never involve in this kind of operations anywhere even for the consultancy in the future as I have a reputation to maintain in my personal and professional life.

Kindly, take in the consideration for my statement and I will also provide and state the details of my bank statements that I have nothing to do with any financial illegal activity in this regard."

19. The aforementioned replies submitted by Mr. Ali Shahzad, Director of the Company, have been examined and observed that arguments extended by the Respondent Director are not satisfactory being incogent and unconvincing coupled with findings of the Investigation Report dated June 16, 2023. Further, it is also pointed out here that despite availing considerable time, Mr. Ali Shahzad, Director of the Company failed to substantiate his stance he took in reply to the SCN and during the hearing held on February 12, 2024 by not producing documentary evidence as per his claim to counter the allegations levelled against him in the instant SCN.

20. It is evident from the foregoing that the Respondents were provided multiple opportunities of making representation and of being heard to explain their position with regard to alleged violation of section 26(2) of the Act, 2017 read with Part VIII A of the Ordinance. But Ms. Fiza, the Chief Executive Officer/Director of the Company opted not to explain/defend her position despite service/delivery of SCN and reminders/hearing notices.

21. However, Mr. Ali Shahzad, Director of the Company submitted his reply to the SCN in writing, appeared before the authority on February 12, 2024 and also furnished further submissions vide email dated February 16, 2024 to explain his position in his defense as per his assurance made during the hearing held on February 12, 2024. It is pertinent to mention here that to conclude the adjudication proceedings initiated through the instant SCN, a final opportunity of



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hearing was afforded to Mr. Ali Shahzad, Director of the Company, vide hearing notice dated April 15, 2024 to appear before the undersigned to place his viewpoint in his defense, if any, to rebut the allegations against him on April 25, 2024. But he opted not to attend the hearing fixed for April 25, 2024. The hearing notice dated April 15, 2024 was delivered at alishahzadmoghal@gmail.com (email id of Mr. Ali Shahzad, Director given in incorporation Form-II of the Company) on April 18, 2024). The hearings were fixed through zoom link advising the Respondents that they may visit 2nd Floor of Securities & Exchange Commission of Pakistan's Head Office situated at NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad, Pakistan at the scheduled date and time, in case they so intend to appear for the scheduled hearing in person.

Issue to be determined:

22. It was alleged in the instant SCN that the Respondents were providing micro loan facilities to general public without obtaining the requisite licence from the Commission, *prima facie* in violation of section 26(2) of the Act, 2017 read with Part VIII A of the Ordinance 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 in the Investigation Report dated June 16, 2023, which reported that the Respondents were providing micro loan facilities to general public without obtaining the requisite licence from the Commission, and relevant provisions of law. Before analyzing the allegations, it seems appropriate to discuss the relevant provisions of law on the subject-matter and reproduce the same hereunder: -

Legal Framework:

23. 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.

24. Further, the Company, its Chief Executive and Directors, in clause 3(iv) of MoA of the Company have undertaken not to engage in the following businesses:

- a) *engage in any business in sub clause (iii) or any unlawful operation*
- b) *launch multilevel marketing (MLM), Pyramid and Ponzi schemes, or other related activities/business or any lottery business.*



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- c) *engage in any permissible business unless the requisite approval, permission, consent a license is obtained as may be required under any law for time being in force.*

25. In terms of Part VIII A of the Companies Ordinance, 1984 (**'Ordinance'**), micro financing is form of business which can only be undertaken by non-banking micro finance company (**'NBFC'**). In terms of section 282C of the Ordinance, any NBFC shall not be incorporated without prior approval of the Commission and NBFC shall not carry on business unless it holds a license issued by the Commission. Section 282C of the Ordinance is reproduced below for ease of reference: -

282C. Incorporation of NBFC.- (1) *A NBFC shall not be incorporated without prior approval of the Commission.*

(2) *Notwithstanding anything contained in any other provision of this Ordinance, a NBFC shall not carry on business unless it holds a licence issued in that behalf by the Commission; and any such licence may be issued subject to such conditions, [and payment of such fees] as the Commission may deem fit to impose.*

26. 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 license, registration, permission or approval has been obtained or compliance with any other condition has been made. Accordingly, any company engaged in lending business without obtaining permission and license from the Commission 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.*

Analysis of the issue:

27. During social media surveillance, it was observed that the Company is offering micro-loans to general public through smartphone application "WeCash" available on Google Play Store, *prima facie*, without obtaining requisite lending license from the State Bank of Pakistan ("SBP") or the Commission. It was further noticed that the Company had posted recruitment advertisement on LinkedIn looking for recovery officers. Information given in the advertisement and on the official Facebook page of 'WeCash' app apparently indicated that the Company and the app have some connection with each other.

28. The Commission also received a complaint dated August 26, 2022, wherein the complainant alleged that 'FlexiMoney' app was owned by Chinese national and the said app was being operated through the Company and WFT in collaboration with AZM Foundation. Another



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complaint dated September 8, 2022 by Mr. Sheikh Muhammad Ammar (Director / shareholder of the Company) was received by the Commission stating that the Company was initially incorporated to undertake call center business, while his credentials were used without his consent. He further alleged malpractices, suspicious and illegal activities through bank account of the Company being maintained with Bank Alfalah, ISE tower branch.

29. While taking cognizance of the foregoing, the Commission vide Order dated December 7, 2022, investigated the affairs of the Company under section 257 of the Act.

30. The investigation team in the Investigation Report dated June 16, 2023, reported that the Respondents were providing micro loan facilities to general public without obtaining the requisite licence from the Commission, in violation of section 26(2) of the Act, 2017 read with Part VIII A of the Ordinance and MoA of the Company. The Company also facilitated its associated company i.e. Wisdom Forward Technology (Pvt.) Limited in carrying out illegal lending activities. The significant findings of the Investigation Team are as under:

- (i) Vide letter dated December 29, 2022, the investigation team sought certain information from the Company but the Company failed to provide any information in relation to the said letter.
- (ii) Fiza Shabbir, Chief Executive and Director of the Company appeared before the investigation team on December 28, 2022 and March 16, 2023 for recording of statement. She *inter alia* stated before the investigation that: -

Mr. Ali Shahzad had incorporated the Company. She holds 10% shareholding in the Company. Mr. Ali Shahzad told her that the Company was being registered as a technology company. Company's bank was also used for loan recoveries extended through the app FlexiMoney as the account of Wisdom Forward Technology (Pvt.) Limited was closed down in June, 2022.

- (iii) Mr. Ali Shahzad, Director and shareholder of the Company appeared before the investigation team on January 10, 2023, April 13, 2023 and on May 15, 2023 for recording of statement. He stated before the investigation team that;

He was offered job of Corporate Manager in WFT by Ms. Fiza, his former junior. He facilitated a meeting between Ms. Fiza and AZM Foundation, which resulted in a collaboration agreement for extending loans. With regard to modus operandi of WFT, he stated that WFT had signed an agreement with AZM Foundation for technical support, while AZM Foundation extended the microfinance loans.

- (iv) Mr. Sheikh Muhammad Ammar, Director and shareholder of the Company appeared before the investigation team on January 02, 2023 for recording of statement. He stated before the investigation that;

He joined ZK Communication in the year 2017. During his time at ZK Communication, he met Ali Shehzad, who proposed the idea of starting a company together. They explored using space at Flare, a ticketing business, for their venture. After hiring individuals through Indeed, they closed down the business in January 2021 due to lack of profitability. Ali Shehzad approached him again with the opportunity to open operations for a Chinese telecom company in Pakistan. He



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agreed to be the Non-Executive Director and received a monthly salary of Rs. 15,000.

- (v) As per information obtained from banks, the following bank accounts were opened and maintained by the Respondents:

Bank Name	Account Number	Account Title	Aggregate Credit Turnover since opening of account (Rs.)
Bank Alfalah Limited	1007668178	Sunrise Automation (Private) Limited	155,674,813
Bank Alfalah Limited	1006970211	Fiza Shabbir	44,332,127
Habib Bank Limited	24797000023003	Fiza Shabbir	48,511,455.63
Mobilink Microfinance Bank Limited	923359059738	Fiza Shabbir	990,330
Telenor Microfinance Bank Limited	03359059738	Fiza Shabbir	1,359,529
Silk Bank	2007318564	Ali Shahzad	2,298,283
Bank Alfalah Limited	1006970182	Ali Shahzad	17,960,896
Silk Bank Limited	2009524765	Sheikh Muhammad Ammar	3,669,776

- (vi) Analysis of the Company's bank account no. 1007668178, maintained with Bank Alfalah Limited revealed multiple small value IBFT debit transactions and small value credit transactions from various individuals. Some of the credit transactions are pasted hereunder for instances;

Row Labels	Sum of credit
SYED MUHAMMAD SHAH	75,868
ADEEL AZAD	74,687
HAIDER FINANCIAL SERVICES	65,562
IMRAN AHMAD	55,932
FAHAD UR REHMAN	48,335
HAYAT ELECTRIC STORE	44,151
CHURRAM RAZA	43,066
HADI IQTADAR	43,053
MUHAMMAD NOUMAN	41,536
SHAHZADA MOHSIN KAMRAN	41,203
SYED MUHAMMAD TAIMOOR HUSSAIN	38,881
MUHAMMAD RIZWAN	34,112
SHAHZADA BADAR MUNEER	33,609
ABDULLAH	33,011
ZULFIQAR ALI	32,316
SYED ASIF HUSSAIN ZAIDI	31,930
ANJUM NASEER	31,645
AHSAN BUTT	31,459
ABDUL REHMAN	27,306
GULFAM YOUSAF	27,304
WASEEM MUSTAFA	23,111
MUHAMMAD WASEEM	20,157
SHOAIB AHSAN	19,980
ZAFAR IQBAL	18,925
WAQAS NADEEM	18,903



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- (vii) As per the statement of Company's CEO, the Company was not in operations since incorporation. In such case, it *prima facie* appears that the said IBFT credit/debit transactions were not related to Company's legitimate business operations. Rather, this indicates that the Company was involved in lending money to the general public on the similar pattern of its associated company i.e. WFT.
- (viii) A summary of debit and credit transactions in the Company's bank account is given hereunder: -

Year/Qtr.	Sum of debit (Rs.)	Sum of credit (Rs.)
2022	156,791,981	155,674,813
Qtr1		1,000
Feb		1,000
Qtr2	17,650,345	18,423,193
Jun	17,650,345	18,423,193
Qtr3	138,454,107	137,071,495
Jul	56,205,442	56,739,339
Aug	51,520,152	50,319,758
Sep	30,728,513	30,012,398
Qtr4	687,530	179,125
Oct	460,381	179,125
Nov	227,149	
2023	536	
Grand Total	156,792,518	155,674,813

- (ix) AZM Foundation ended its collaboration with WFT and alleged in its legal notices that the bank account of WFT was also used for disbursement and recoveries of loans. The above-mentioned IBFT transactions started to appear in the Company's bank account since June, 2022 when the bank account of WFT was closed down by the relevant bank on account of suspicious transactions.
- (x) The investigation team also analyzed the Company's bank account statement to check the source of funding for financing. The investigation team noted that the Company in its account no. 1007668178, maintained with Bank Alfalah Limited has received the following cash deposit from a Chinese national individual named Mr. Cheng, who has a primary/key role in the operations of WFT as admitted by Ms. Fiza Shabbir and Mr. Ali Shahzad:-

Date	Transaction Description	Amount Credited Rs.	Walk in Customer Name	Passport No.
8-Sep-22	Online Cash Deposit	664,000	SHI GANGCHENG	EG3628496
22-Aug-22	Online Cash Deposit	730,000	GANGCHENG	EG3628496
22-Aug-22	Online Cash Deposit	730,000	GANGCHENG	EG3628496
24-Aug-22	Online Cash Deposit	586,000	CHENG	EG3628496
		2,710,000		



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- (xi) The investigation team further noticed that the Company also received the following amount from Losung Technologies (Pvt.) Limited:

Date	Transaction Description	Amount Credited Rs.	Walk in Customer Name		
4-Jul-22	ATM Funds Transfer	2,000,000	Losung Technologies (Private) Limited.		
4-Jul-22		2,000,000			
5-Jul-22		2,000,000			
6-Jul-22		2,000,000			
7-Jul-22		1,000,000			
13-Jul-22		800,000			
13-Jul-22		1,000,000			
13-Jul-22		1,000,000			
13-Jul-22		1,000,000			
13-Jul-22		1,000,000			
13-Jul-22		1,500,000			
14-Jul-22		1,000,000			
15-Jul-22		1,000,000			
16-Jul-22		1,000,000			
18-Jul-22		1,000,000			
3-Aug-22		700,000			
3-Aug-22		10			
3-Aug-22		800,000			
		Total		20,800,010	

- (xii) The investigation team observed that the Company was incorporated to provide support to WFT for transferring/layering of funds received for disbursement as loan to general public and recoveries of loans.

31. In light of the aforesaid events, it has been established that the Respondents were providing micro loan facilities to general public without obtaining the requisite licence from the Commission, *prima facie* in violation of section 26(2) of the Act, 2017 read with Part VIII A of the Ordinance and MoA of the Company.

32. The above-mentioned alleged violations warrant action against the Company under section 301 (g) (i) (ii) of the Act. Therefore, 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 prohibited and unlawful activity of providing micro loans and raising unauthorized recoveries/deposits from the public.

Decision: -

33. In view of the above, the proceedings initiated against the Company, its Chief Executive and Directors under section 26(2) of the Act read with Part VIII A of the Ordinance and MoA of the Company were concluded vide order dated July 2, 2024 passed under section 502, 500 and section 172 of the Act, whereby penalty of Rs. 100 million has been imposed on the Company and an aggregate amount of penalty of Rs100 million has also been imposed on each of the two



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directors of the Company. Further the CEO and the directors of the Company have been disqualified to become director/chief executive of any company for five years.

34. Considering the foregoing violations of the Act, 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 prohibited and unlawful activity of providing micro loans and raising unauthorized recoveries/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 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.

35. Therefore, in exercise of the powers conferred upon me 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 In-charge, Company Registration Office, Islamabad to present a petition for winding up of **M/s Sunrise Automation (Pvt.) 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;



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36. 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 laws, against the Respondents and any other officer of the Company in respect of unlawful/illegal deposit taking activities undertaken by them or otherwise.

(Hammad Javed)

Additional Director / Head of Department
Adjudication Department-II

Announced: July 3, 2024