



PRESS RELEASE

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Islamabad High Court Upholds SECP Penalties Against Shaukat Marwat Group of Companies

ISLAMABAD, June 5: The Islamabad High Court has upheld the decision of the Appellate Bench of the Securities and Exchange Commission of Pakistan (SECP) against Shaukat Marwat Group of Companies (Private) Limited and Shaukat Marwat Estates & Builders (Private) Limited, wherein penalties of Rs. 50 million and Rs. 10 million were imposed respectively.

By way of background, these companies were found to be involved in illegal deposit-taking activities and were conducting a social media campaign related to such unlawful activities. The SECP conducted a thorough investigation against these two companies for the alleged violations of the applicable laws. Show Cause Notices were issued against these companies on July 13, 2021 under Section 84 of the Companies Act, 2017, which culminated into penal orders dated March 18, 2022 along with direction to unwind the unlawful transactions of deposit taking.

Shaukat Marwat Group of Companies (Private) Limited and Shaukat Marwat Estates & Builders (Private) Limited filed appeals against these penal orders before the Appellate Bench of the SECP, who, after due process of the law, decided the cases on merit on May 02, 2023 and upheld the penal orders of the Adjudication Division of the SECP.

Subsequently, the companies filed appeals against the orders of the Appellate Bench before Islamabad High Court. Multiple hearings were held before the Islamabad High Court wherein the SECP, through its Special Public Prosecutors, successfully presented its case and assertively defended the orders of its Appellate Bench and Adjudication Division. Resultantly, the Court dismissed these appeals by determining that the submissions made by the appellants were misconceived and without merit.

The SECP asserts and has clarified in the past through multiple press releases that mere registration of a company with the SECP does not authorize it to seek deposits from the general public. Deposit-taking by companies, other than banking companies and entities duly licensed by the SECP, is illegal under Section 84 of the Companies Act, 2017. The general public is advised, in their own interest, to exercise caution and avoid dealing with and investing in illegal schemes offered by companies involved in unauthorized deposit-taking, unauthorized investments, or multi-level marketing schemes.