



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
NIC BUILDING JINNAH AVENUE, ISLAMABAD

\*\*\*

**Before the Director (Securities Market Division)**

**In the matter of Show Cause Notices issued to the following 139 Applicants under Section 18A of the Securities and Exchange Ordinance, 1969 (the Ordinance) regarding submission of applications through MCB Bank Limited, Al-Abbas Sugar Mills Branch, Mirpurkhas (hereinafter referred to as the Bank) for subscription of shares of Habib Bank Limited (HBL) offered to the general public on July 26-31, 2007:-**

Sr. No	Application Number	Application Category	Date of Show Cause Notice	File No.	Applicant's Name	Parentage	NIC Number
1	2-323-2001	100 shares	11-Jul-08	1858-F	Mian Bux	Sachal	41307-1381359-9
2	2-323-2003	100 shares	11-Jul-08	1859-F	Mohammad Aslam	Mohammad Mumtaz Ali	44103-8952791-1
3	2-323-2004	100 shares	11-Jul-08	1860-F	Ghulam Murtaza	Sardar Mohammad	44103-8948449-7
4	2-323-2006	100 shares	11-Jul-08	1861-F	Mohammad Adil	Shabudin	41406-0748142-5
5	2-323-2007	100 shares	11-Jul-08	1862-F	Pir Mohammad	Nadeem Gul	42301-0979000-9
6	2-323-2008	100 shares	11-Jul-08	1863-F	Imran Ali	Qurban Ali	44103-3450080-4
7	2-323-2009	100 shares	11-Jul-08	1864-F	Ghulam Hussain	Ghulam Sarwar	17102-8736011-5
8	2-323-2010	100 shares	11-Jul-08	1865-F	Riaz Ali	Wazeer Rehman	16101-1119445-7
9	2-323-2011	100 shares	11-Jul-08	1866-F	Pervaiz Ahmed	Shams-UI-Haq	42301-6501274-3
10	2-323-2012	100 shares	11-Jul-08	1867-F	Shafi Mohammad	Jan Mohammad Khan	44101-0710872-5
11	2-323-2013	100 shares	11-Jul-08	1868-F	Haq Nawaz	M. Nawaz	37203-7387609-1
12	2-323-2014	100 shares	11-Jul-08	1869-F	Sikandar Ali	Fotto Khan	44103-0303969-3
13	2-323-2015	100 shares	11-Jul-08	1870-F	Khalid Hussain	Rasool Bux	41307-3945296-3
14	2-323-2016	100 shares	11-Jul-08	1871-F	Mohammad Hussain	Jan Mhommad Ghorchani	44103-1182329-1
15	2-323-2017	100 shares	11-Jul-08	1872-F	Akber Badshah	Raheem Badshah	14201-2126291-5
16	2-323-2018	100 shares	11-Jul-08	1873-F	Mohammad Sarwar	Mohammad Hanif	44101-7789655-9
17	2-323-2019	100 shares	11-Jul-08	1874-F	Mhommad Ayoub	Deen Mhommad	42501-5168218-7
18	2-323-2020	100 shares	11-Jul-08	1875-F	Hussain Ali	Jan Muhammad	44103-2390087-9
19	2-323-2021	100 shares	11-Jul-08	1876-F	Mushtaq Hussain	Bando Khan	44103-1914539-5
20	2-323-2022	100 shares	11-Jul-08	1877-F	Khalid Hussain	Jamal Uddin Arain	45401-0606408-5
21	2-323-2025	100 shares	11-Jul-08	1878-F	Mohammad Afzal	Ali	41307-1393508-7
22	2-323-2026	100 shares	11-Jul-08	1879-F	Allah Bux	M. Orus	41307-1377436-7
23	2-323-2027	100 shares	11-Jul-08	1880-F	Aijaz Ali	Haji	41303-6684335-9
24	2-323-2028	100 shares	11-Jul-08	1881-F	Mukhtiar Ali	Mohammad Sharif	41303-1505972-5
25	2-323-2029	100 shares	11-Jul-08	1882-F	Mir Mohammad	Aqail	41307-1392477-3
26	2-323-2030	100 shares	11-Jul-08	1883-F	Pir Bux	Ramzan	41307-1398631-7
27	2-323-2031	100 shares	11-Jul-08	1884-F	Mohammad Nawaz	Mohammad Hussain	41307-1380574-5
28	2-323-2032	100 shares	11-Jul-08	1885-F	Malook	Immam Bux	41307-1389152-3
29	2-323-2033	100 shares	11-Jul-08	1886-F	Allah Dino	Mohammad Shareef	41303-1505986-5
30	2-323-2034	100 shares	11-Jul-08	1887-F	Sultan Rind	Fazil Rind	41307-1402183-3
31	2-323-2037	100 shares	11-Jul-08	1888-F	Mohammad Ibrahim	Laloo	44101-8255282-9
32	2-323-2038	100 shares	11-Jul-08	1889-F	Mohammad Saleem	Ali	41307-1392183-3
33	2-323-2039	100 shares	11-Jul-08	1890-F	Muzaffar Ali	Hussain Bux	44103-0184730-3
34	2-323-2040	100 shares	11-Jul-08	1891-F	Waseem Abbas	Kazim Hussain	44103-1750582-1



35	2-323-2041	100 shares	11-Jul-08	1892-F	Mushtaq Ahmed	Aliif Din	44103-8901378-9
36	2-323-2042	100 shares	11-Jul-08	1893-F	Jan Mohammad	Khan Mohammad	44103-2813262-1
37	2-323-2043	100 shares	11-Jul-08	1894-F	Magho	Gaprco	44101-0164606-5
38	2-323-2045	100 shares	11-Jul-08	1895-F	Bhambho	Allah Warrayou Khan	44101-0156827-1
39	2-323-2046	100 shares	11-Jul-08	1896-F	Allah Jurio	Sawan	41307-1408700-1
40	2-323-2047	100 shares	11-Jul-08	1897-F	Mohammad Bux	Shah Mir	44103-0302463-9
41	2-323-2048	100 shares	11-Jul-08	1898-F	Ifikhar Rana	Mohammad Qammr	44103-1242017-5
42	2-323-2049	100 shares	11-Jul-08	1899-F	Barkat Ali	Lal Khan	41307-5751333-3
43	2-323-2050	100 shares	11-Jul-08	1900-F	Liaqat Ali	Maqsood Ali	44103-3848417-7
44	2-323-2051	100 shares	11-Jul-08	1901-F	Molchand	Maygoo	44101-2634410-5
45	2-323-2052	100 shares	11-Jul-08	1902-F	Kirshan Lal	Boona Ram	44101-1269504-5
46	2-323-2053	100 shares	11-Jul-08	1903-F	Mohammad Alam	Immad Ali	41303-7124535-9
47	2-323-2054	100 shares	11-Jul-08	1904-F	Gul Mohammad	Banni Bux	41307-1389168-1
48	2-323-2055	100 shares	11-Jul-08	1905-F	Lalu	Danni Bux	41307-1388350-3
49	2-323-2056	100 shares	11-Jul-08	1906-F	Imam Bux	Ghanou	41307-1389151-7
50	2-323-2057	100 shares	11-Jul-08	1907-F	Pir Bux	Phanoo	41307-1381534-9
51	2-323-2058	100 shares	11-Jul-08	1908-F	Mitho	Ali Bux	41307-8156853-3
52	2-323-2059	100 shares	11-Jul-08	1909-F	Sewji	Nusro	41307-1387178-5
53	2-323-2060	100 shares	11-Jul-08	1910-F	Abdul Shakoor	Pir Bux	41307-3677829-5
54	2-323-2061	100 shares	11-Jul-08	1911-F	Maqbool Ahmed	Wali Mhommad	41303-1506003-3
55	2-323-2062	100 shares	11-Jul-08	1912-F	Mohammad Idrees	Datal Khan	41303-1506019-7
56	2-323-2063	100 shares	11-Jul-08	1913-F	Makhan	Fazar	41307-1389523-3
57	2-323-2064	100 shares	11-Jul-08	1914-F	Nisar Ahmed	Mohammad Hasham	41307-5219199-1
58	2-323-2065	100 shares	11-Jul-08	1915-F	Budho	Danni Bux	41307-1381540-5
59	2-323-2066	100 shares	11-Jul-08	1916-F	Abdul Sattar	Baddo	41307-1392476-1
60	2-323-2068	100 shares	11-Jul-08	1917-F	Khamiso	Boddo	41307-1381542-5
61	2-323-2069	100 shares	11-Jul-08	1918-F	Rehmat Ali	Glam Qadir	34601-7347990-5
62	2-323-2070	100 shares	11-Jul-08	1919-F	Ghulam Fareed	Gulshair Khan	38101-8345747-9
63	2-323-2072	100 shares	11-Jul-08	1920-F	Mohammad Saeed	Ghazi Mohammad	31304-6127886-5
64	2-323-2073	100 shares	11-Jul-08	1921-F	Mohammad Aijaz	Mohammad Nawaz	41406-0237319-7
65	2-323-2075	100 shares	11-Jul-08	1922-F	Liaqat Ali	Shoukat Ali	44103-9014756-3
66	2-323-2076	100 shares	11-Jul-08	1923-F	M. Shakir Ali	Mohammad Abbas	44103-2505921-9
67	2-323-2077	100 shares	11-Jul-08	1924-F	Qasim Mohammad	Habibullah	44103-4332938-9
68	2-323-2078	100 shares	11-Jul-08	1925-F	Mohammad Nasir	Mohammad Bashir	44103-4630845-5
69	2-323-2079	100 shares	11-Jul-08	1926-F	Mohammad Arfan	Mohammad Ramzan	44103-5089309-7
70	2-323-2080	100 shares	11-Jul-08	1927-F	Mohammad Sabbir	Mohammad Anwar	44101-1022979-7
71	2-323-2081	100 shares	11-Jul-08	1928-F	Abdul Latif	Mohammad Ismial	44103-8749572-7
72	2-323-2082	100 shares	11-Jul-08	1929-F	Mohammad Mukhtiar	Ali Akbar	44103-6055378-5
73	2-323-2083	100 shares	11-Jul-08	1930-F	Hawashi	Ciacto	44102-5211557-1
74	2-323-2084	100 shares	11-Jul-08	1931-F	Mohammad Ghulam	Imam Din	44103-4310416-9
75	2-323-2085	100 shares	11-Jul-08	1932-F	Ghulam Nabi	Mohammad Yousuf	41406-4107714-5
76	2-323-2086	100 shares	11-Jul-08	1933-F	Shabeer Ahmed	Abdul Majeed	44103-8170233-5
77	2-323-2087	100 shares	11-Jul-08	1934-F	Niaz Ali	Rasheed Ahmed	31302-2109289-5
78	2-323-2089	100 shares	11-Jul-08	1935-F	Aurang Zeeb	Gul Zaman	42301-1083134-3
79	2-323-2090	100 shares	11-Jul-08	1936-F	Junaid Khan	Shahood	41409-4080432-5
80	2-323-2091	100 shares	11-Jul-08	1937-F	Moula Bux	Moula Urs	41307-1381536-3
81	2-323-2092	100 shares	11-Jul-08	1938-F	Ali Ahmed	Mohammad Soomar	41103-7253771-5
82	2-323-2093	100 shares	11-Jul-08	1939-F	Amir Ali	Meevo	44103-5678570-7
83	2-323-2094	100 shares	11-Jul-08	1940-F	Noor Mohammad	Urs	41103-0239040-9
84	2-323-2095	100 shares	11-Jul-08	1941-F	Pehlwan	Sachal	41103-0234942-8
85	2-323-2096	100 shares	11-Jul-08	1942-F	Bhutto	Shankar	44101-8080203-3



86	2-323-2097	100 shares	11-Jul-08	1943-F	Mohammad Ibrahim	Qadir Bux	41307-1386491-5
87	2-323-2098	100 shares	11-Jul-08	1944-F	Ghulam Hyder	Qadir Bux	45402-0183212-3
88	2-323-2099	100 shares	11-Jul-08	1945-F	Karim Bux	Qalandar Bux	42501-5782139-3
89	2-323-2100	100 shares	11-Jul-08	1946-F	Mohammad Iqbal	Allah Bux	44103-7180034-3
90	2-323-2101	100 shares	11-Jul-08	1947-F	Razwan Ali	Meevo Khan	44103-9756343-9
91	2-323-2102	100 shares	11-Jul-08	1948-F	Ali Murad	Sohrab	44103-9297417-7
92	2-323-2103	100 shares	11-Jul-08	1949-F	Khadim Hussian	Bahram	44103-0302465-5
93	2-323-2104	100 shares	11-Jul-08	1950-F	Tahir Hussain	Khadim Hussain	44103-3095085-3
94	2-323-2105	100 shares	11-Jul-08	1951-F	Ghulam Sarwar	Mohammad Ayoub	44103-5661060-1
95	2-323-2106	100 shares	11-Jul-08	1952-F	Syed Mohammad	Fateh Mohammed	15402-1423737-3
96	2-323-2107	100 shares	11-Jul-08	1953-F	Tasleem Khan	Saifullah	11101-4062177-3
97	2-323-2109	100 shares	11-Jul-08	1954-F	Salar Khan	Nadir Khan	11101-3595001-1
98	2-323-2110	100 shares	11-Jul-08	1955-F	Andaleeb Khan	Satar Jan	11101-9120818-7
99	2-323-2111	100 shares	11-Jul-08	1956-F	Ajaz Ali	Mohammad Bux	41307-3869376-7
100	2-323-2112	100 shares	11-Jul-08	1957-F	Nisar Ahmed	Mehmood	44103-2932883-5
101	2-323-2113	100 shares	11-Jul-08	1958-F	Mehmood	Ahmed	44103-7318226-7
102	2-323-2114	100 shares	11-Jul-08	1959-F	Sharafat Ali	Zahoor Ahmed	44103-1530801-5
103	2-323-2115	100 shares	11-Jul-08	1960-F	Haroon	Usman	41103-0241245-3
104	2-323-2116	100 shares	11-Jul-08	1961-F	Wazir Ali	Mohammad Hashim	41307-5315244-1
105	2-323-2117	100 shares	11-Jul-08	1962-F	Mohammad Ramzan	Sooman	41307-1381313-3
106	2-323-2118	100 shares	11-Jul-08	1963-F	Soomar	Dhani Bux	41307-1381536-9
107	2-323-2119	100 shares	11-Jul-08	1964-F	Mohammad Essa	Sachal	41103-0234985-1
108	2-323-2120	100 shares	11-Jul-08	1965-F	Manzoor Ali	Mohammad Soomar	41103-1106302-1
109	2-323-2121	100 shares	11-Jul-08	1966-F	Mohammad Alam	Gul Shaeed	12201-4155608-3
110	2-323-2122	100 shares	11-Jul-08	1967-F	Mohammad Usman	Kamal Machi	41103-6184253-5
111	2-323-2123	100 shares	11-Jul-08	1968-F	Nabi Ur Rehman	Aslam Khan	14202-5502227-7
112	2-323-2124	100 shares	11-Jul-08	1969-F	Mohammad Saleem	Fazal Khan	41308-7033662-5
113	2-323-2125	100 shares	11-Jul-08	1970-F	Naqeeb Ullah	Habib Ur Rehman	11101-1845786-1
114	2-323-2126	100 shares	11-Jul-08	1971-F	Mohammad Ibrahim	Hashim	44101-0163808-3
115	2-323-2127	100 shares	11-Jul-08	1972-F	Hadi Bux	Wahid Bux	44101-0155500-7
116	2-323-2128	100 shares	11-Jul-08	1973-F	Noor M. Khan	Mohammad Saleem	44101-4720009-5
117	2-323-2129	100 shares	11-Jul-08	1974-F	Hashim	Gul Mohammad	44101-0160679-1
118	2-323-2130	100 shares	11-Jul-08	1975-F	Hachand	Mano	44101-3499479-5
119	2-323-2132	100 shares	11-Jul-08	1976-F	Khaliyaque Hussain	Kaman	44103-6335628-9
120	2-323-2133	100 shares	11-Jul-08	1977-F	Mohammad Ilyas	Mohammad Ali	42201-6256837-1
121	2-323-2134	100 shares	11-Jul-08	1978-F	Nadeem Akhter	Mohammad Anwer	45304-2446883-5
122	2-323-2135	100 shares	11-Jul-08	1979-F	Noor Ahmed	Ahmed Ali	41409-1843275-3
123	2-323-2136	100 shares	11-Jul-08	1980-F	Mohammad Saleem	Mohammad Din	42301-8857603-3
124	2-323-2137	100 shares	11-Jul-08	1981-F	Ghanzeeb	Gul Mohammad	13401-1510515-3
125	2-323-2138	100 shares	11-Jul-08	1982-F	Daleep Kumar	Gohar Das	44103-2392853-7
126	2-323-2139	100 shares	11-Jul-08	1983-F	Sabbir Hussain	Syed Mohammad Zahid	42401-7215928-3
127	2-323-2140	100 shares	11-Jul-08	1984-F	Niaz Mohammad	Shah Mohammad	44103-6581993-5
128	2-323-2141	100 shares	11-Jul-08	1985-F	Mukhtar		44103-8249490-3
129	2-323-2142	100 shares	11-Jul-08	1986-F	Mohammad Ullah	Sher Mohammad	15503-2102479-1
130	2-323-2143	100 shares	11-Jul-08	1987-F	Ishtaque Ali	Mushtaque	36104-1962601-1
131	2-323-2144	100 shares	11-Jul-08	1988-F	Mirza Waseem Bag	Abdul Hameed	41303-0744813-3
132	2-323-2145	100 shares	11-Jul-08	1989-F	Hussian Ali	Jan Mohammad	44103-6571914-1
133	2-323-2002	100 shares	16-Jul-08	2128-F	Muhammad Arshad	M. Baqar	36102-1868424-7
134	2-323-2024	100 shares	16-Jul-08	2129-F	M. Ishaq	Ali Khan	41307-6320698-9
135	2-323-2044	100 shares	16-Jul-08	2130-F	Manzoor	Bux	44101-0156907-7
136	2-323-2067	100 shares	16-Jul-08	2131-F	Fazil	Boddo	41307-1381540-7



137	2-323-2088	100 shares	16-Jul-08	2132-F	M. Hussain	Noor Muhammad	42501-5828644-1
138	2-323-2108	100 shares	16-Jul-08	2133-F	Adambi Khan	M. Hassan	15402-1406705-5
139	2-323-2131	100 shares	16-Jul-08	2134-F	Shahn Nawaz	Kaman	44103-6828668-7

Date of hearings: September 28, 2009 to October 08, 2009

**Present at hearings:**

- Representing the Applicants:
- (i). 01 Applicant in person.
  - (ii). 01 Applicant appeared through relative.
  - (iii). Mr. Yaseen S/o Rehmat Khan  
CNIC No. 42301-4124477-9, Employee Al-Abbas Group.
  - (iv). Mr. Ali Asghar S/o Habib Ali  
CNIC No. 42301-0799868-9, Employee Al-Abbas Group.
  - (v). Mr. Hussain Ali S/o Jan Muhammad  
CNIC No. 44103-657-1914-1, Employee Al-Abbas Group.

(The persons at Serial No. (iii) to (v) claimed representing all 139 Applicants including Mr. Hussain Ali appeared on his own behalf as well).

Assisting the Director (SMD) Mr. Tariq Naseem, Deputy Director (SMD), SECP

## ORDER

This order will dispose of the proceedings initiated against the above-listed 139 Applicants through the respective show cause notices as indicated above regarding submission of applications for subscription of shares of HBL.

1. Facts of the case are that:-

- (i) the Privatization Commission, Government of Pakistan (hereinafter referred to as the Offerer) offered 34.500 million shares to the general public for subscription from July 26-31, 2007 out of its shareholding in HBL through the Offer for Sale Document dated July 14, 2007 (hereinafter referred to as OFSD) issued, circulated and published with the approval of the Securities and Exchange Commission of Pakistan (hereinafter referred to as the Commission) under Section 62 read with Section 57 of the Companies Ordinance, 1984.
- (ii) Global Securities Pakistan Limited, the Lead Manager to the Offer, on behalf of the Offerer, vide letter dated December 04, 2007 furnished to the Commission a list



containing particulars of **2283 applicants including the said 139 Applicants** who submitted applications for subscription of shares of HBL in violation of Section 18A of the Ordinance. The said Section 18A stipulates that;

*“(1) No person or any other person on his behalf shall make a fictitious application or submit more than one application for shares of companies offered to the public.(2) In case of contravention of the provisions of subsection (1), the application money shall be liable to confiscation.”*

It was clearly stated in OFSD, abridged OFSD and the advertisements published, with respect to the said Offer, in various Newspapers that fictitious and multiple applications (more than one applications by a single applicant) are prohibited and such applications' money shall be liable to confiscation under Section 18A of the Ordinance.

- (iii) MCB Bank Limited, Head Office, Karachi (hereinafter referred to as the Bank's Head Office) vide letter dated August 10, 2007 read with their letters dated August 13, 2007 and August 15, 2007, on the basis of information provided by MCB Bank Limited, Regional Office, Hyderabad (hereinafter referred to as the Bank's Regional Office) requested THK Associates (Pvt.) Limited [the Share Registrar of HBL and the Ballotter to the Offer (hereinafter referred to as the Share Registrar)] that out of the total 2283 applications initially forwarded by the Bank, only 92 applications be included in the ballot and the rest of 2191 applications submitted through the Bank be treated as cancelled.
- (iv) The Ballot for selection of applications was conducted on August 11, 2007 and all the said 2283 applications including the said 139 applications submitted through the Bank were included in the said ballot. The Share Registrar vide its letter dated August 15, 2007 intimated the same to the Bank's Head Office and advised it to contact the competent authority i.e. the Commission for necessary instruction in the matter. The Bank's Head Office approached the Commission vide its letter dated September 6, 2007 for issuance of directives authorizing the Lead Manager to the Offer for refund of the subscription money of the unsuccessful applications. The Commission vide its letter dated September 18, 2007 requested the Bank's Head Office to provide certain information/documents enabling it to proceed in the matter.





(v) The case was preliminary examined on the basis of information received in this office in response to the above-mentioned letters and subsequent correspondence. The preliminary examination raised the suspicion that most of the 2283 applications submitted through the Bank are made in violation of Section 18A of the Ordinance. It was observed that: -

(a) the said 139 applications were made from the following two addresses. Address-wise breakup of these Applications is as under:

S. No.	Addresses of the applicants	No. of applications
i.	Room No. 635-636, 6th Floor, KSE Building, Karachi.	73
ii.	S-1 / 707-A, Saudabad, Malir Colony, Karachi.	66
	<b>Total:</b>	<b>139</b>

(b) most of the said 139 applications contained such bank account numbers which were mentioned in other applications as well i.e. the account numbers provided therein were incorrect as these account numbers either mis-match with the respective title of account or even didn't exist;

(c) the Applicants' signatures affixed on most of the applications varied from those affixed on their respective CNICs. Since most of the bank accounts mentioned in the applications were not maintained with the Bank, hence authenticity of the signatures affixed on the applications could not be verified. Hence, compliance to instruction No. 8.5 of Part VIII of OFSD was not made. The said instruction states that "*in case of difference of signature with the bank and the Computerized National Identity Card (CNIC), both the signatures should be affixed on the Application Form*". This instruction was not complied with;

(d) instruction No. 8.15 states that, "*Making of any false statement in the application or willfully embodying incorrect information therein will make the applicant or the bank liable to legal action*". The Bank's Head Office vide letter dated October 24, 2007 stated that out of total 2283 applications, 2191 applications are defective due to non-maintenance of bank account with the Bank. Whereas, most of the said 2191 applications contained numbers of bank accounts. This indicated that the bank account numbers mentioned in the said applications were fictitious; and



- (e) instruction No. 8.8 (a) states that “*Subscription money must be paid by a cheque drawn on applicant’s own bank account*”. Since the applications in question contained incorrect account numbers, therefore, compliance with this instruction was doubtful.

2. Explanations of the said 139 Applicants were called through independent letters dated January 25, 2008 and April 21, 2008 by sending at the addresses mentioned in their respective applications and through the Bank. In response vide various letters mostly dated February 13, 2008, the allegations made through the above-stated explanation letters were denied and it was stated that blank column of the shares subscription applications for bankers details were erroneously filled in by the officials of the Bank. However, response on same styled letters further raised the suspicion. Therefore, show cause notices under section 18A of the Ordinance were issued to the said 139 Applicants by the following two officers of the Commission. Officer-wise breakup of the show cause notices issued is as under:

S. No.	Adjudicating Officer	Number of Cases
i.	Mr. Muhammad Farooq, Joint Director	132
ii.	Ms. Musarat Jabeen, Director	7
	<b>Total:</b>	<b>139</b>

3. Individual hearings in the said 139 cases were conducted by the above-mentioned 02 officers during the period from June 30, 2008 to February 11, 2009. The Applicants were allowed to appear either in person or through representatives duly authorized through written power of attorney and were directed to bring along with the following documents:-

- (i) CNIC in original and an attested copy thereof of the Applicant and that of the attorney, if any;
- (ii) bank account statement, for the period mentioned in the respective show cause notices, of the bank account mentioned in the application;
- (iii) counterfoil of the pay order (in case subscription money is paid through pay order) along with bank account statement of the bank account through which the subscription money was paid;



- (iv) in case the subscription money is neither paid through bank account mentioned in the application nor paid through pay order, then bring the bank account statement of the bank account through which the subscription money was paid;
- (v) provisional acknowledgement (receipt), issued to the Applicant by the Bank at the time of acceptance of application for subscription of shares of HBL; and
- (vi) any other document(s), which in opinion of the Applicant be useful to support his claim.

4. During the said hearings held by the above-mentioned 02 officers, four persons appeared on behalf of 132 Applicants claimed to be their attorneys whereas 07 Applicants remained absent. Break up of the Applicants represented by the said four persons is as under:

- (i) 25 Applicants represented by Mr. Ali Asghar, named in the above-mentioned list at Sr. No. 63 to 87;
- (ii) 40 Applicants represented by Mr. Hussain Ali, named in the above-mentioned list at Sr. No.33 to 62 and at Sr. No.123 to 132;
- (iii) 32 Applicants represented by Mr. Nadeem Akhtar, named in the above-mentioned list at Sr. No. 01 to 32; and
- (iv) 35 Applicants represented by Mr. Yaseen, named in the above-mentioned list at Sr. No. 88 to 122.

5. In most of the cases, the attorneys failed to produce the requisite documents particularly original CNICs of the Applicants and attested copy of the bank account statements. Further, it was observed that all the attorney documents presented during the hearings were same styled and pattern and there were clear variances in the signature of the Applicants affixed on the attorney documents and on the respective CNICs. After hearings and noticing the similarities in each individual case, both the adjudicating officers were of the unanimous view that most of the applications submitted through the Bank appeared to be an elaborate scheme and that the share subscription applications have not been submitted by the Applicants i.e. the persons named therein rather these applications have been submitted by same person or group of persons with ulterior motives.





6. The Bank's Head Office vide letter dated October 24, 2007 informed that out of the total subscription money amounting to Rs. 54,825,500/- an amount of Rs. 51,136,000/- was transferred to the agent bank i.e. National Bank of Pakistan for onward credit to the Offerer's bank account whereas the remaining amount was transferred to the Bank for its disposal. It was further confirmed that all the share certificates, except those allotted against 92 genuine applications, were delivered to the Lead Manager to the Offer.

7. Further, the Bank's Regional Office vide letter dated January 14, 2008 intimated that an amount of Rs. 3,172,500/- is outstanding in the books of the Bank and requested for authorization for refund of the said amount, being the subscription money of unsuccessful applications, to the claimants through pay orders as the claimants do not maintain any account with the Bank. The Commission vide letter dated January 30, 2008 while declining the above-mentioned request directed the Bank's Regional Office to hold the said money till further orders as legal proceedings in the matter have been initiated by the Commission. The Bank's Regional Office was also requested to provide lists of the applicants to whom subscription money was refunded by the Bank and to whom subscription money was not refunded. In response vide letter dated February 21, 2008, the Bank's Regional Office provided list of applications against which refund of Rs. 423,000/- was made and list of applications against which refund of Rs. 3,172,500/- was withheld by the Bank.

8. In view of the above, the Bank was requested vide letter dated November 12, 2008 to provide certain information, on a pre-set format, relating to detail of payments made by each of the said 2283 applicants. The Bank's Head Office vide letter dated January 02, 2009 intimated that most of the applications were financed through two cheques bearing No. 033205 and No.033208 both dated July 31, 2007 amounting to Rs.47,000,000/- and Rs.3,384,000/- for payment of subscription money of 1950 applications and 144 applications including the said 139 Applications respectively and that these cheques were drawn on PLS account No.3600-4 maintained with the Bank in the name of Mr. Ahsan Habib s/o Habibullah. The correspondence exchanged in the matter also revealed that the said 139 applications were not financed through the bank account numbers mentioned therein rather these were financed through the above-mentioned cheque No.033208 amounting to Rs. 3,384,000/-.



9. The above-mentioned information prima facie further suggested that most of the applications submitted through the Bank for subscription of shares of HBL appeared to be fictitious and have been submitted with ulterior motives as a part of a well thought out scheme by using the identities of the said 139 Applicants. These facts were brought to the notice of the Commission by all the adjudicating officers. The Commission in its 25<sup>th</sup> meeting held on July 22, 2009 decided that cases of all the 2228 (2283 – 55 = 2228) Applicants including the said 139 Applicants be heard by the undersigned. 55 applications being multiple were already disposed of through separate orders.

10. Rehearing in all the said 2228 applications including the said 139 applications were fixed from September 28, 2009 to October 8, 2009 at the Commission's regional office viz. the Companies Registration Office, 4th Floor, State Life Building No.2, North Wing, Wallace Road, Karachi. Hearing Notices requiring the Applicants to appear in person were issued in the names of all the said 139 Applicants at the addresses mentioned in the applications and as well as their permanent and temporary addresses mentioned in their CNICs. To ascertain genuineness of the applications, personal appearance in the hearings were made mandatory.

11. On October 8, 2009 the following 03 persons appeared before the undersigned claiming to be attorneys of the said 139 Applicants:

S. No.	Name	CNIC	Relation
i.	Mr. Ali Asghar	42301-0799868-9	Employee Al-Abbas Group
iii.	Mr. Hussain Ali	44103-6571914-1	Employee Al-Abbas Group
iv.	Mr. Yaseen	42301-4124477-9	Employee Al-Abbas Group

The above-mentioned three persons claimed during the hearing that they are representatives of 145 applicants including the above-listed 139 Applicants and 06 applicants out of those 55 applicants whose cases were already decided separately as mentioned in para 9 above. They argued and admitted that:

- (i) they have submitted 145 applications for subscription of shares of HBL through the Bank including the said 139 applications on behalf of different persons;

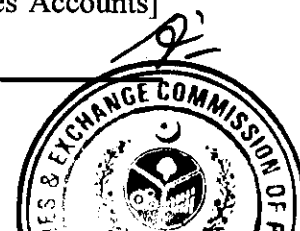


- (ii) they have submitted the said applications with the consents of the Applicants i.e. the persons named therein. They presented 13 original CNICs of the Applicants mentioned at Sr. No. 2, 18, 40, 58, 59, 60, 74, 82, 90, 106, 119, 136 & 139 and stated that power of attorney from the said Applicants have already been provided;
- (iii) for financing 145 applications, an amount of Rs.3,384,000/- was deposited/transferred in account number 3600-4 maintained with the Bank in the name of Mr. Ahsan Habib. Subsequently, a cheque bearing number 033208 dated July 31, 2007 was issued for payment of subscription money of 144 applications whereas subscription money of 01 application was directly paid through cash;
- (iv) some applications have been submitted without consent of the Applicants;
- (v) they can bring some Applicants from Mirwah Gorchani, Mirpurkhas to appear in person but it will be just an additional financial burden to them of approximately Rs.3, 000 per person; and
- (vi) it has been policy of the Commission that subscription money of the applications submitted in violation of Section 18A is refunded.

Mr. Ali Asghar admitted that submission of applications for subscription of shares with fake particulars like fake bank account numbers was a mistake committed by him but it was due to unawareness of law, that he had borrowed the subscription money for financing the said 145 applications and has sold his property to repay it. He admitted that the attorney documents submitted in the previous hearings for representing the Applicants were fake. He requested for sympathetic consideration and promised that he will not repeat such a mistake.

12. The Bank also shared its internal enquiry report dated August 30, 2007 conducted in the instant case. Brief excerpts of the report are reproduced as under:

- (i) the branch has accepted 2283 applications (including the said 139 applications) for subscription of shares of HBL of which 2191 applications have been received from Al Abbas Sugar Mills authorities [1851 applications against non-account holders, 13 applications against closed accounts and 327 applications against bank accounts] whereas the balance 92 applications were accepted from the general public holding proper bank accounts;
- (ii) two bank accounts numbering 3071-8 titled Mr. Nadeem Akhtar and numbering 3600-4 titled Mr. Ahsan Habib both maintained with the Bank were used by Al Abbas Sugar Mills authorities to receive and pay shares subscription money of Rs.2,279,500/- and R.50,384,000/- respectively for 2191 applications of the Mills employees;
- (iii) out of total 2283 applications, just 419 applications [92 applications other than Mill's employees Accounts and 327 applications of Mill's employees Accounts]



were found to be correct whereas the balance 1864 accounts were concealed knowingly and deliberately by the Branch Manager and Computer Operator who passed/posted cheques and vouchers appearing on the computerized sheets;

- (iv) Syed Amir Hassan, Branch Manager admitted that he has accepted improper share applications from two employees of the Mill on the pressure of the Mill's authorities who are their most valued client and the biggest group of industries in the area;
- (v) Mr. Arif Shehzad, the Computer Operator of the Bank has also admitted that he has posted irregular vouchers;
- (vi) the enquiry officer has concluded that both the above-mentioned officials of the Bank have not followed proper procedure and allowed one group/party to produce large number of applications of such persons who do not even maintain any account with the Branch. The Branch accepted applications containing fictitious bank account numbers and forward the same to the Main Branch; and
- (vii) the enquiry officer has fixed responsibility on both the above-mentioned officials for mishandling the matter.

13. In view of the forgoing paragraphs it is stated that:

- (i) all the attorney documents provided by the said three persons were same styled and pattern;
- (ii) there were clear variations in signature of the Applicants affixed on the so called attorney documents and copies of the respective CNICs;
- (iii) in support of their argument that they have consents of the Applicants for submission of applications in their names, all the three attorneys failed to bring the Applicants in person before me;
- (iv) the bank accounts details provided in most of the applications were false and incorrect. Most of the applications contained such bank account numbers which were mentioned in other applications as well. This shows that the bank account numbers mentioned in the applications were fake. This aspect is also supported by the above-mentioned inquiry report of the Bank which states that 1851 applications were submitted in the names of non-account holders;
- (v) in complete negation to the claim of the said three attorneys, 01 Applicant appeared in person before me, presented his original CNICs and stated that he has neither submitted any application for subscription of shares of HBL through the Bank nor authorized any person to submit any application on his behalf. 01 Applicant appeared through his relative and denied submission of applications for subscription of shares of HBL. 04 Applicants submitted written responses denying submission of applications for subscription of shares of HBL. These statements clearly indicate that argument of the said three persons that they have consents of the Applicants is incorrect;
- (vi) out of 139 applications, only one application was financed through the bank account mentioned in the respective application whereas real source of financing of the balance 138 applications applications was actually a single



cheque bearing No. 033208 dated July 31, 2007 amounting to Rs. 3,384,000 drawn in favour of "HBL Share" on bank account of one of the applicants and employee of Al-Abbas Group namely Mr. Ahsan Habib;

- (vii) Mr. Ahsan Habib was pressurized by his employer's management to give them blank cheques without telling him the fact that his bank account will be used for parking and payment of subscription money for subscription of shares of HBL; and
- (viii) out of the total amount of Rs.3,384,000/-, an amount of Rs.3,273,650 was transferred in the bank account of Mr. Ahsan Habib from the bank account of Mr. Nadeem Akhtar S/o Zafar Yab (another employee of Al-Abbas Group) maintaining PLS account No. 003071-8 with the Bank whereas the remaining amount was utilized from the balance available in the bank account of Mr. Ahsan Habib.

14. I have considered the arguments presented before me by the above-mentioned three persons claiming to be representatives of the said 139 Applicants, 01 Applicant appeared before me in person, 01 Applicant appeared through relative, written responses received from 04 Applicants and the correspondence exchanged in the matter. Perusal of the applications and information received in the matter reveals that:

- (i) the said 139 shares subscription applications have not been actually submitted by the Applicants named therein rather these applications have been submitted by some employees of Al-Abbas Group by misusing identities i.e. CNICs etc., of different individuals including existing & ex- employees of the Group along with the collusion of some employees of the Bank;
- (ii) appearance of just 01 Applicant in person despite specific directions of personal appearance, submission of same styled attorney documents and clear variation in signatures of the Applicants affixed on the so called attorney documents and copies of the respective CNICs, casts serious doubts on the genuineness of the applications. This apprehension further strengthened when 01 Applicant appeared in person and denied submission of any application for subscription of shares of HBL;
- (iii) non appearance in persons of the remaining Applicants despite specific directions proves that the share subscription applications were not submitted by the Applicants named therein;
- (iv) the information received from the Bank establishes that the money used for the share subscription applications was funded by some employees of Al Abbas Group, which leaves no doubt in my mind that the said 139 applications are fictitious; and
- (v) despite providing adequate opportunities of hearing nothing was brought on record otherwise to prove that the said 139 applications are not fictitious. Further, certain admissions of Mr. Ali Asghar during hearings in the instant case as well as other cases related to share subscription of HBL and request for amicable settlement of the matter also proves that the said 139 applications are fictitious.



and knowingly & willfully submitted in violation of section 18A of the Ordinance.

15. In view of the above, I am of the considered opinion that submission of the said 139 applications was a fraudulent, collusive and a pre-arranged scheme made and implemented by some employees of Al-Abbas Group with the help of some employees of the Bank in violation of section 18A of the Ordinance. The said 139 applications are fictitious and, therefore, subscription money of the said 139 applications is confiscated under sub-section (2) of Section 18A of the Ordinance. The concerned authorities having custody of the subscription money of the said 139 applications are directed to forthwith deposit the respective amounts with the Commission. This order is being issued without prejudice to any other action which may be taken under the law against the persons involved in submitting the said fictitious applications.



Amir M. Khan  
Director (S)



Announced:  
June 30, 2010  
Islamabad

\*\*\*