



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

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Before the Director (Securities Market Division)

In the matter of Show Cause Notices issued to the following 94 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	Shares Category	Date of Show Cause Notice	File No.	Applicant's Name	Parentage	NIC Number
1	2-323-1901	100 shares	11-Jul-08	1813-F	Saeed Ahmed	Badar	44103-8844943-7
2	2-323-1902	100 shares	11-Jul-08	1814-F	Zia Sikandar	M. Yaseen	44103-0297623-7
3	2-323-1903	100 shares	11-Jul-08	1815-F	Mohammad Shakoor	Ameer	44103-7765777-7
4	2-323-1904	100 shares	11-Jul-08	1816-F	Mohammad Akif	Raof	42301-0737197-7
5	2-323-1905	100 shares	11-Jul-08	1817-F	Kashif	Shehzad	44103-9377877-9
6	2-323-1906	100 shares	11-Jul-08	1818-F	Zubair Ahmed	Bashir	44103-6744245-1
7	2-323-1907	100 shares	11-Jul-08	1819-F	Mohammad Aslam	Pir Bux	44103-8268369-5
8	2-323-1910	100 shares	11-Jul-08	1820-F	Nazeer	Khan	44103-9438999-9
9	2-323-1913	100 shares	11-Jul-08	1821-F	Nadeem	Kallu	44103-7334764-3
10	2-323-1914	100 shares	11-Jul-08	1822-F	Shehbaz	Khalil	44103-2273725-9
11	2-323-1915	100 shares	11-Jul-08	1823-F	Iftakhar	Maqsood	44103-9148854-5
12	2-323-1922	100 shares	11-Jul-08	1824-F	Qadeer	Nanhy Khan	44103-4093252-3
13	2-323-1923	100 shares	11-Jul-08	1825-F	Faqir Mohammad	Ahmed Khan	44103-6247149-9
14	2-323-1927	100 shares	11-Jul-08	1826-F	Mohammad Aijaz	M. Ibrahim	44103-2229509-5
15	2-323-1928	100 shares	11-Jul-08	1827-F	Anwar	Mohammad Akram	44103-4680654-9
16	2-323-1929	100 shares	11-Jul-08	1828-F	Qadar	Habib	44103-9838106-3
17	2-323-1930	100 shares	11-Jul-08	1829-F	Mohammad Sohail	Qasim	44103-8833980-7
18	2-323-1931	100 shares	11-Jul-08	1830-F	Noor	Babu	44103-3372468-5
19	2-323-1932	100 shares	11-Jul-08	1831-F	Arfan-U-Haq	Mohammad Ashraf	44103-2766743-9
20	2-323-1933	100 shares	11-Jul-08	1832-F	Azeem Khan	M. H Khan	44103-6979779-3
21	2-323-1934	100 shares	11-Jul-08	1833-F	Zia-U-Din	Naseem-U-Din	44103-3798737-9
22	2-323-1935	100 shares	11-Jul-08	1834-F	Javeed	Wali Mohammad	44103-2555941-7
23	2-323-1936	100 shares	11-Jul-08	1835-F	Nadeem Ahmed	Noor Mohammad	44103-9488653-9
24	2-323-1937	100 shares	11-Jul-08	1836-F	M.Iqbal	Khalid Hussain	44103-3531446-3
25	2-323-1938	100 shares	11-Jul-08	1837-F	Mohammad Saqib	Mohammad Ismail	44103-6353052-3
26	2-323-1940	100 shares	11-Jul-08	1838-F	Mohammad Ashraf	Zahoor Mohd	44103-4395419-1
27	2-323-1941	100 shares	11-Jul-08	1839-F	Bakhtwar Raza	Hakim Mohammad	44103-5388360-1
28	2-323-1942	100 shares	11-Jul-08	1840-F	Khadim Turab	Turab Khan	44103-3726910-3
29	2-323-1943	100 shares	11-Jul-08	1841-F	Fareed Ahmed	Mubshar	44103-3408874-9
30	2-323-1944	100 shares	11-Jul-08	1842-F	Ghulam Mujtaba	Jumma Khan	44103-3622099-1
31	2-323-1945	100 shares	11-Jul-08	1843-F	Nadeem Khan	Abdul Hameed	44103-6813661-3
32	2-323-1946	100 shares	11-Jul-08	1844-F	Abdul Rasheed	Abdul Aziz	44103-2753780-1
33	2-323-1947	100 shares	11-Jul-08	1845-F	Abdul Rasheed	Wafaqi Khan	44103-9982248-7



34	2-323-1948	100 shares	11-Jul-08	1846-F	Mohammad Sajjid	Moahmmad Ismial	44103-1338798-7
35	2-323-1949	100 shares	11-Jul-08	1847-F	Mohammad Salman	Babu Khan	44103-5822070-1
36	2-323-1950	100 shares	11-Jul-08	1848-F	Nazam-U-Din	Shahmasdin	44103-4794877-5
37	2-323-2147	100 shares	11-Jul-08	1990-F	Moinuddin	Kareem	44103-2591315-1
38	2-323-2148	100 shares	11-Jul-08	1991-F	Kareem Udin	Niamuddin	44103-6140247-7
39	2-323-2149	100 shares	11-Jul-08	1992-F	Majeed	Mohammad Khan	44103-5051916-1
40	2-323-2150	100 shares	11-Jul-08	1993-F	Shamshudin	Kareemuddin	44103-4169691-9
41	2-323-2152	100 shares	11-Jul-08	1994-F	Nasir Khan	Abdul Hameed	44103-8581732-7
42	2-323-2153	100 shares	11-Jul-08	1995-F	Sohail	Moinudin	44103-7292472-1
43	2-323-2154	100 shares	11-Jul-08	1996-F	Rahmatullah	M. Ibrahim	44103-1587526-3
44	2-323-2155	100 shares	11-Jul-08	1997-F	Hameed	Rashid	44103-8119008-1
45	2-323-2156	100 shares	11-Jul-08	1998-F	Akhtar	Taj	44103-4161260-7
46	2-323-2157	100 shares	11-Jul-08	1999-F	Abdul Wahid	Mohammad Shafi	44103-2733867-3
47	2-323-2158	100 shares	11-Jul-08	2000-F	Mohammad Saleem	Ghullam Hussain	44103-0311719-1
48	2-323-2159	100 shares	16-Jul-08	2001-F	Atta Ullah	Habib Ullah	44103-8846301-3
49	2-323-2160	100 shares	16-Jul-08	2002-F	Mohammad Adnan	Abdul Aziz	41304-2306680-3
50	2-323-2161	100 shares	16-Jul-08	2003-F	Mohammad Amjad	Abdul Majeed	44103-5958169-7
51	2-323-2162	100 shares	16-Jul-08	2004-F	Sharif Ahmed	Bashir	44103-4626347-3
52	2-323-2201	100 shares	16-Jul-08	2016-F	Mohammad Furgan	Siraj Ahmed	44103-9239302-3
53	2-323-2202	100 shares	16-Jul-08	2017-F	Khalid	Zahid Ullah	44103-1539611-7
54	2-323-2203	100 shares	16-Jul-08	2018-F	Mohammad Nadeem	Abdullah	44103-7788443-9
55	2-323-2206	100 shares	16-Jul-08	2019-F	Mohammad Arif	Chand Mohamamd	44103 -4315440-5
56	2-323-2208	100 shares	16-Jul-08	2020-F	Abdul Maksoom	M. Banaras	44103-7262091-9
57	2-323-2209	100 shares	16-Jul-08	2021-F	Mohammad Danish	Mohammad Ismail	44103-5575355-3
58	2-323-2210	100 shares	16-Jul-08	2022-F	Mohammad Arshad	Mohammad Ismail	44103-9407381-1
59	2-323-2211	100 shares	16-Jul-08	2023-F	Nizamuddin	Kalu Kahn	44103-8740588-9
60	2-323-2217	100 shares	16-Jul-08	2025-F	Mohammad Sharif	Munshi	44103-1146625-1
61	2-323-2222	100 shares	16-Jul-08	2026-F	Farukh	Muhammad Ilyas	44103-9018147-5
62	2-323-2224	100 shares	16-Jul-08	2027-F	Abdul Ghaffar	Nazeer Ahmed	44103-0883066-3
63	2-323-2225	100 shares	16-Jul-08	2028-F	Babar	Abdul Majeed	44103-8041597-9
64	2-323-2227	100 shares	16-Jul-08	2029-F	Abdul Jabbar	Abdul Sattar	44103-9554979-9
65	2-323-2228	100 shares	16-Jul-08	2030-F	Farhan	Latif	44103-7016707-9
66	2-323-2229	100 shares	16-Jul-08	2031-F	Mohammad Ayub	M. Shakoor	44103-9640478-5
67	2-323-2230	100 shares	16-Jul-08	2032-F	Iqbal Shehzad	Shehzad Ahmed	44103-9175521-5
68	2-323-2231	100 shares	16-Jul-08	2033-F	Rauf	Ghafoor	42301-9095771-3
69	2-323-2232	100 shares	16-Jul-08	2034-F	Asif Shehzad	Shehzad Ahmed	44103-6683798-9
70	2-323-2233	100 shares	16-Jul-08	2035-F	Mohammad Ali	Mohammad Shakoor	44103-3897385-9
71	2-323-1939	100 shares	16-Jul-08	2125-F	M. Ramzan	Bashir Ahmed	44103-4561620-3
72	2-323-2151	100 shares	16-Jul-08	2135-F	Mashooqie	Maqbool	41305-7354800-1
73	2-323-1908	100 shares	26-Jan-09	2-G	Latif	Pir Bux	44103-1230617-9
74	2-323-1909	100 shares	26-Jan-09	3-G	Rafiq	Gul Mohammad	44103-3181732-9
75	2-323-1911	100 shares	26-Jan-09	4-G	Latif	Umer	44103-9387472-9
76	2-323-1912	100 shares	26-Jan-09	5-G	Mohammad Ilyas	Mohammad Islam	44103-0497953-9
77	2-323-1917	100 shares	26-Jan-09	6-G	Mohammad Saleem	Lal	44103-1111618-5
78	2-323-1918	100 shares	26-Jan-09	7-G	Naeem	Mohammad	44103-7313779-3
79	2-323-1919	100 shares	26-Jan-09	8-G	Irshad	Waheed	44103-7675298-3
80	2-323-1920	100 shares	26-Jan-09	9-G	Jamal	Imam	44103-4166816-9
81	2-323-1921	100 shares	26-Jan-09	10-G	Abid Ali	Rehman	44103-0320134-9
82	2-323-1924	100 shares	26-Jan-09	11-G	M. Farooque	Mukhtiar Ahmed	44103-8539243-7



83	2-323-1925	100 shares	26-Jan-09	12-G	Abdul Roof	M. Ibrahim	44103-8133923-7
84	2-323-1926	100 shares	26-Jan-09	13-G	Liaqat Ali	Shoukat Ali	44103-2261177-3
85	2-323-2204	100 shares	26-Jan-09	76-G	Mohammad Kashif	Abdul Rauf	42301-5549775-1
86	2-323-2205	100 shares	26-Jan-09	77-G	Mohammad Abid	M.Yaseen	44103-8604812-5
87	2-323-2207	100 shares	26-Jan-09	78-G	Fida Hussain	Ghafar	44103-6943118-7
88	2-323-2212	100 shares	26-Jan-09	79-G	Mohammad Ismail	Mohamma Dumer	44103-0173487-7
89	2-323-2218	100 shares	26-Jan-09	82-G	Kamran	Kareem Uddin	44103-4487468-9
90	2-323-2219	100 shares	26-Jan-09	83-G	Saeed Ahmed	Tameel Ahmed	44103-8554527-1
91	2-323-2220	100 shares	26-Jan-09	84-G	Abid	Mohammad Hayat	44103-3511155-5
92	2-323-2221	100 shares	26-Jan-09	85-G	Nadeem	Abdur Rehan	44103-6090424-1
93	2-323-2223	100 shares	26-Jan-09	86-G	Mohammad Irfan	M. Behran	44103-2254981-5
94	2-323-1916	100 shares	26-Jan-09	87-G	Wilayat	M. Naqi	44103-3564178-9

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

**Present at hearing:**

Representing the applicants:

(i). 01 Applicant in person.

(ii). Mr. Yaseen S/o Rehmat Khan, CNIC No. 42301-4124477-9, Employee Al-Abbas Group and claimed representing all 94 Applicants.

Assisting the Director (SMD)

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

**ORDER**

This order will dispose of the proceedings initiated against the above-listed 94 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 94 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 (herein after 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 their Al Abbas Sugar Mills branch 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 94 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 94 applications were made from one single address i.e. MCB Bank Limited, AASM Branch, Mirwah Gorchani, Mirpurkhas;
  - (b) most of the said 94 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;

*At*



- (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 94 Applicant 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 94 Applicants by the following three officers of the Commission. Officer-wise breakup of the show cause notices issued is as under:

S. No.	Adjudicating Officers	Total Number of Cases
1.	Mr. Muhammad Farooq, Joint Director	47
2.	Ms. Musarat Jabeen, Director	25
3.	Amir M. Khan Afridi, Director	22
	<b>Total</b>	<b>94</b>

3. Individual hearings in the said 94 cases were conducted by the above-mentioned 03 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;

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- (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 hearings held by the above-mentioned 03 officers, five persons appeared on behalf of 63 Applicants claimed to be their attorneys whereas 31 Applicants remained absent. Breakup of the Applicants represented by the said five persons is as under:

- (i) 20 Applicants mentioned at Sr. No.3, 44 to 47, Sr. No. 74 to 77, Sr. No. 80 to 85 and Sr. No. 88 to 92 represented by Mr. Yaseen;
- (ii) 16 Applicants mentioned at the Sr. No. 15 to 26 and Sr. No. 37 to 40 represented by Mr. Ali Asghar;
- (iii) 14 Applicants mentioned at Sr. No. 27 to 36, Sr. No. 41 to 43 and Sr. No.48 represented by Mr. Nadeem Akhtar;
- (iv) 11 Applicants mentioned at Sr. No. 04 to 14 represented by Mr. Hussain Ali; and
- (v) 02 Applicants mentioned at the Sr. No. 01 to 02 represented by Mr. Abdul Ghani.

5. In most of the cases, the attorneys failed to produce the requisite documents particularly original CNICs of the Applicants and attested copies 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, all 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.

*[Handwritten signature]*



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 amounting to Rs. 47,000,000/- and cheque No. 033208 amounting to Rs. 3,384,000/- both dated July 31, 2007 drawn on PLS account No.3600-4 maintained with the Bank in the name of Mr. Ahsan Habib s/o Habibullah. Further investigation in the matter revealed that the said 94 applications were not financed through the bank account numbers mentioned therein rather subscription money of most of the applications was paid through different cheques drawn on the bank account No. 3071-8 titled Mr. Nadeem Akhtar maintained with the Bank.

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 identities of the said 94 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 the cases of all the 2228 (2283 - 55 = 2228) Applicants including the said 94 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 94 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 94 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 was made mandatory.

11. On October 8, 2009 Mr. Yaseen, an employee of Al Abbas Group appeared before me and claimed that he is appearing on behalf of Mr. Arif Shehzad, an employee of the Bank and representative of 95 applicants including the above-listed 94 Applicants and 01 applicant out of those 55 applicants whose cases were already decided separately as mentioned in para 9 above. He argued and admitted that:

- (i) the said 95 applications have been submitted by Mr. Arif Shehzad on behalf of the Applicants with their consents;



- (ii) out of 95 Applicants, he provided CNICs in original of 63 Applicants mentioned at Sr. No. 1, 2, 3, 4, 5, 6, 8, 9, 10, 13, 14, 15, 17, 20, 21, 22, 25, 26, 27, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, 44, 48, 51, 54, 55, 56, 57, 58, 59, 61, 62, 63, 64, 66, 67, 68, 69, 70, 71, 75, 76, 77, 80, 81, 83, 84, 85, 87, 88, 89, 92 and 93;
- (iii) out of the said 95 applications, 68 applications were actually financed through bank account No. 3071-8 titled Mr. Nadeem Akhtar and the balance 27 applications were financed through cash; and
- (iv) he has purchased 1,500 shares of HBL from 15 different persons out of the said 95 Applicants.

Mr. Yaseen on behalf of Mr. Arif Shehzad admitted that submission of applications for subscription of shares of HBL with fake particulars like fake bank account number was a mistake committed by him but it was due to unawareness of law. 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 94 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 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 his argument that Mr. Arif Shehzad had obtained consents of the Applicants for submission of applications in their names. Mr. Yaseen failed to bring the Applicants in person before me;
- (iv) in complete negation to the claim of Mr. Yaseen, 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; and
- (v) subscription money of 68 applications was paid through 17 different cheques drawn on bank account No. 3071-8 titled Mr. Nadeem Akhtar whereas subscription money of the remaining applications was paid through cash.

14. I have considered the arguments presented before me by Mr. Yaseen claiming to be representatives of the said 94 Applicants, 01 Applicant appeared before me in person and the correspondence exchanged in the matter. Perusal of the applications and information received in the matter reveals that:

- (i) the said 94 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 along with 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 the Applicant appeared in person denied submission of any application for subscription of shares of HBL;
- (iii) non appearance in person 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 94 applications are fictitious; and
- (v) despite providing adequate opportunities of hearing nothing was brought on record to prove that the said 94 applications are not fictitious. Further, certain admissions as mentioned above by Mr. Yaseen during the 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 94 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 94 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 94 applications are fictitious and, therefore, subscription money of the said 94 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 94 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 Afridi**  
Director (SMD)

Announced:  
*June 30, 2010*  
Islamabad

