

## Task Classification : Fault in regulation vs Fault in enforcement

### Sample decision from SAT order

It was urged that the direction to pay penalty jointly and severally by the appellants is arbitrary. It was urged that if the Appellant No. 7 had only made a profit of ` 2,81,16,267/- then the **penalty should be accordingly quantified** to a maximum of three times the profit instead of directing the said appellant to pay the entire amount of penalty of ` 40,00,00,000/- (Rupees Forty Crore Only).

For the reasons stated aforesaid the appeal is partly allowed. The order of the AO imposing a penalty of ` 40,00,00,000/- (Rupees Forty Crore Only) under section 15G and section 15HA of the SEBI Act against the appellants for violation of Regulation 3 and 4 of the PIT Regulations read with section 12A(d) and (e) of the SEBI Act is affirmed. The imposition of penalty of ` 20 lakhs (Rupees Twenty Lakhs Only) under section 15A(a) of the SEBI Act for submitting misleading information to SEBI and **penalty of ` 38 lakhs (Rupees Thirty Eight Lakhs Only) upon Appellant Nos. 1 and 2 for violation of Regulation 8A(1) and (2) of the Takeover Regulations, 1997 are quashed**. In view of the partial success, parties shall bear their own costs.

### Rules from SEBI Act 1992

#### Issues

1. No details about enforcement [no docs available]
2. Data is on a case by case basis - not much structural
3. Fault in Regulations (all penalties) can be construed as fault in enforcement