

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA  
MUMBAI**

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY**

**SANJAY C. KOTHARI (PROPRIETOR SHRI SANJAY C. KOTHARI)  
(SEBI REGN.NO.INB 230772519 & INF 230772519)**

**IN THE MATTER OF**

**ENQUIRY PROCEEDINGS AGAINST SANJAY C. KOTHARI**

**(CONSENT APPLICATION NO. 983 OF 2008)**

1. Securities and Exchange Board of India (SEBI) had conducted an inspection of the books of accounts and other records for the period April 2001 to June 2003 of Sanjay C. Kothari (Proprietor - Shri Sanjay C. Kothari) (hereinafter referred to as the applicant), a trading member (INB230772519 & INF230772519) of the National Stock Exchange of India Ltd. The inspection, prima facie, revealed irregularities, such as, non-segregation of client funds from his own funds, payment of his futures & options (F&O) obligations from client account, etc.
2. In view of the above findings, SEBI initiated enquiry proceedings under the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 alleging violation of provisions of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and various circulars issued by SEBI. Based on the enquiry report, a show cause notice dated September 28, 2004 was issued to the applicant. The applicant replied to the show cause notice vide letter dated October 19, 2004. The applicant was offered an opportunity of personal hearing on September 25, 2008.

3. While further proceedings in the matter were in progress, the applicant, vide letter dated September 18, 2008, proposed settlement of the proceedings through a consent order in terms of SEBI circular No.EFD/ED/Cir.01 dated April 20, 2007. He proposed revised terms of consent vide letter dated February 03, 2009. The High Powered Advisory Committee, constituted by SEBI, considered the terms proposed by the applicant and recommended the case for settlement. As per the terms of settlement, the applicant shall pay Rs.75,000/- (Rupees seventy five thousand only) as settlement charges and Rs.25,000/- (Rupees twenty five thousand only) as administrative expenses. SEBI accepted the said terms of settlement and communicated the same to the applicant.
4. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant to the finding of fact or conclusion of law, the applicant has remitted a sum of Rs.75,000/- (Rupees seventy five thousand only) vide demand draft No. 710176 dated March 28, 2009 and Rs.25,000/- (Rupees twenty five thousand only) vide demand draft No. 710177 dated March 28, 2009 drawn on Union Bank of India, Mumbai towards the settlement and administrative charges respectively.
5. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings pending before SEBI against the applicant for the violations mentioned above.
6. This order is without prejudice to the right of SEBI to take enforcement actions, including commencing or reopening pending proceedings against the applicant, if:
  - i. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue; or

- ii. the applicant breaches any of the clauses/conditions of undertakings/ waivers filed during this consent proceeding.

- 7. A copy of the order shall be served on National Stock Exchange of India Limited of which the applicant is a trading member.
- 8. This consent order is passed on the 9th day of April, 2009 and shall come into force with immediate effect.

**-- sd--**

**M. S. Sahoo**

**Whole Time Member**

**-- sd--**

**K. M. Abraham**

**Whole Time Member**