

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

RUPESH V. SHAH

IN THE MATTER OF

IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS

(CONSENT APPLICATION NO. 1066/2008)

1. As a part of its on going surveillance, SEBI had launched an investigation under section 11C of the SEBI Act, 1992 into the dealings in the shares issued through Initial Public Offerings (IPO's) during 2003-05 before these were listed on the Stock Exchanges. The preliminary investigations, *prima facie*, revealed that a large number of dematerialized accounts with common addresses were opened in benami or fictitious names with a view to cornering the shares meant for retail individual investors. A few entities, including Rupesh V. Shah, partner of Anuj Securities, sub-broker of Anagarm Securities Ltd., trading member of National Stock Exchange of India Limited and residing at 403, Jay Jadeshwar Apartments, New Pankaj Society, Fatehpura, Paldi, Ahmedabad (PAN – ACUPS1887P) (hereinafter referred to as the 'applicant'), acted as a financier to corner the shares in the IPO of Jet Airways (India) Ltd. It was, therefore, alleged that the applicant violated section 12A of the SEBI Act, 1992, Regulation 3 of the SEBI (Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

2. Based on these findings, SEBI passed an ad interim *ex parte* Order dated April 27, 2006, under sections 11 and 11B of the SEBI Act, 1992 directing the applicant not to buy, sell or deal in securities market, including IPO's, directly or indirectly, till further directions. SEBI also initiated adjudication proceedings against the applicant and a show cause notice dated June 16, 2007 was issued by the Adjudicating Officer. The applicant replied to show cause notice vide letter dated December 07, 2006. An opportunity of personal hearing was granted on January 25, 2007 which was availed by the applicant.
3. While the above proceedings were in progress, the applicant, vide letter dated November 11, 2008, proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The High Powered Advisory Committee, constituted by SEBI, considered the consent terms proposed by the applicant and, after considering the period of prohibition on buying, selling or dealing in securities undergone by the applicant since April 27, 2006, and the facts and circumstances, recommended the case for settlement. Accordingly, the applicant shall disgorge the unlawful gain of Rs. 49,900/- (Rupees forty nine thousand nine hundred only) made by him and pay a sum of Rs.10, 000/- (Rupees ten thousand only) towards settlement charges. SEBI accepted the recommendations of the Committee and communicated the same to the applicant vide letter dated December 17, 2008.
4. Accordingly, the applicant without admitting or denying the charges, has remitted a sum of Rs. 59,900/- (Rupees fifty nine thousand nine hundred only) vide demand draft No.010871 dated December 20, 2008 drawn on Central Bank of India, payable at Mumbai.

5. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under section 11B of the SEBI Act, 1992 as well as the adjudication proceedings against the applicant.
6. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against the applicant, if:
 - a. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue; or
 - b. the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
7. A copy of this order shall be served on National Stock Exchange of India Ltd., of which Anuj Securities is a sub-broker, of which the applicant is a partner.
8. This consent order is passed on this day, the 6th of January, 2009 and shall come into force with immediate effect.

M. S. SAHOO
WHOLE TIME MEMBER

K. M. ABRAHAM
WHOLE TIME MEMBER