

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY**

**ARJ SHARES & STOCK BROKERS PVT. LTD.**

**(SEBI Regn. No. INB 01130250 (CASH SEGMENT) AND INF011130250**

**(DERIVATIVES SEGMENT))**

**IN THE MATTER OF**

**GLOBAL TELESYSTEMS LIMITED**

**(CONSENT APPLICATION NO. 241/2007)**

1. SEBI had conducted investigations into the alleged irregularities into the trading of the shares of Global Telesystems Ltd. (GTL) between September 2000 and February 2001. The investigations, *prima facie*, revealed that ARJ Shares & Stock Brokers Pvt. Ltd. (formerly known as Jhunjhunwala Stock Brokers Pvt. Ltd.), a member of the Bombay Stock Exchange (hereinafter referred to as the 'applicant') had violated the provisions of section 13 of the Securities Contract (Regulations) Act, 1956, SEBI Circular No. SMD/RCG/CIR/BKG/293/95 dated March 14, 1995, clauses A (1), A (2) and A (3) of the Code of Conduct for Stock Brokers specified in scheduled II referred to in regulation 7 of the SEBI (Stock brokers and Sub- brokers) Regulations, 1992 and Regulations 3, 4 and 6 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

2. Pursuant to the investigations, SEBI initiated enquiry proceedings as well as proceedings under sections 11 and 11B of SEBI Act, 1992, against the applicant. A show cause notice IES/ID5/RM/11002/2003 dated June 05, 2003 was issued under sections 11 and 11B of the SEBI Act, 1992 read with regulations 11 and 12 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. The applicant vide letter dated June 17, 2003 sought inspection of documents. However, the applicant did not submit any reply to the show cause notice. Personal hearings in the matter were scheduled

on February 04, 2005, March 22, 2005, March 01, 2006, December 12, 2006, September 11, 2007 and October 05, 2007.

3. While the above proceedings were in progress, the applicant vide letter dated October 27, 2007 proposed settlement of the proceedings under sections 11 and 11B of the SEBI Act, 1992 through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. However, vide its letter dated January 15<sup>th</sup>, 2010, the applicant proposed revised consent terms for both the proceedings mentioned above. The High Powered Advisory Committee (HPAC) constituted by SEBI, considered the consent terms proposed by the applicant and recommended the case for settlement on payment of Rs.5,00,000/- (Rupees Five Lakh only) towards settlement charges and undergo voluntary debarment for a period of one year. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated March 26, 2010.

4. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs. 5,00,000/- (Rupees Five Lakh only) vide demand draft No. 732886 dated April 05, 2010, drawn on Union Bank Of India, Samachar Marg Branch, Mumbai, payable at Mumbai. The applicant has also undertaken voluntary debarment from buying, selling or dealing in securities market in any manner whatsoever for a period of one year vide letter dated April 7, 2010.

5. In view of the above, it is hereby ordered that this consent order disposes of the enquiry proceedings initiated against the applicant as well as the proceedings under sections 11 and 11B of the SEBI Act, 1992 initiated vide show cause notice IES/ID5/RM/11002/2003 dated June 05, 2003.

6. A copy of this order shall be sent to the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depositories Limited and Central Depository Services (India) Limited of which the applicant is a broker and depository participant as the case may be, for implementation.

7. This order is without prejudice to the right of SEBI to initiate enforcement actions, including reopening of the proceedings pending against 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.

8. This consent order is passed on this 26<sup>th</sup> day of April 2010 and shall come into force with immediate effect.

**Dr. K. M. ABRAHAM**  
**WHOLE TIME MEMBER**

**PRASHANT SARAN**  
**WHOLE TIME MEMBER**