

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY**

**BHAVESH R MEHTA  
(PAN No. ACKPM8890J)**

**IN THE MATTER OF**

**ENQUIRY PROCEEDINGS AGAINST BHAVESH R MEHTA**

**(CONSENT APPLICATION NO. 1616 OF 2009)**

1. Securities and Exchange Board of India (SEBI) had conducted an inspection of the books of accounts and other records of Bhavesh R Mehta (hereinafter referred to as "the applicant"), a trading member (INB180571510) of the Saurashtra Kutch Stock Exchange Limited and Sub broker of SKSE Securities Limited in the name of Bhavesh R Mehta [INS010564917 (BSE) and INS231402210 (NSE)] and Sub broker of Labdhi Finance Corporation in the name of M/s Shree Navkar Investments [INS231054615 (NSE)], on February 21 & 22, 2005. The inspection, prima facie, revealed irregularities, such as, dealing as an unregistered intermediary on F&O segment, not co-operating with the inspecting officials, discrepancies in maintenance of client registration forms & client agreements, dealing with members of the same exchange, etc. thereby alleged to have violated Section 12(1) of the SEBI Act, 1992, Rule 3 of the SEBI (Stock Brokers and Sub Brokers) Rules, 1992, Regulation 15(1)(e) of SEBI (Stock Broker and Sub-Broker) Regulations, 1992, read with the

Code of Conduct prescribed under Regulation 7 of SEBI (Stock Broker and Sub-Broker) Regulations, 1992 and various circulars issued by SEBI.

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 the provisions of the SEBI Act, 1992 and the SEBI (Stock Broker and Sub-Broker) Regulations, 1992. A show cause notice dated November 03, 2008 was issued to the applicant. The applicant replied to the said show cause notice vide letter dated December 18, 2008. Personal hearings were also granted to the applicant on May 15, 2009, August 04, 2009 and October 07, 2009.
3. While further proceedings in the matter were in progress, the applicant, vide application dated October 27, 2009, requested for settlement of the proceedings through a consent order in terms of SEBI circular No.EFD/ED/Cir.01 dated April 20, 2007. The applicant proposed revised terms of consent vide letter dated February 04, 2010. 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. 12,00,000/- (Rupees Twelve Lakh only) as settlement charges. SEBI accepted the said terms of settlement and communicated to the applicant vide letter dated March 29, 2010.
4. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant, the applicant has remitted a sum of Rs. 12,00,000/- (Rupees Twelve Lakh only) vide demand draft No. 402627 dated April 10, 2010 drawn on Bank of Maharashtra, Mumbai towards the settlement charges.

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 Saurashtra Kutch Stock Exchange Limited of which the applicant is a trading member and to the Bombay Stock Exchange Limited & National Stock Exchange Limited where the applicant is a Sub-broker.
8. This consent order is passed on the 27<sup>th</sup> day of April, 2010 and shall come into force with immediate effect.

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

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