

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CONSENT ORDER

On the Application submitted by
Prashant Khalpada, Sub Broker
(PAN: ADEPK3756E)
(SEBI Registration Nos.INS012984014 and INS233100010)

CO/IVD/1955-2010/AO/SRP/DL /118 /2010

1. The Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted investigations into the alleged irregularity in the trading and dealings in the shares of M/s. Atul Auto Ltd. (hereinafter referred to as '**the Company/AAL**'), whose shares witnessed abnormal variation in the price and the volumes traded during the period from June 18, 2007 to October 01, 2007.
2. On investigation, it was, inter alia, observed by SEBI that Mr. Prashant Khalpada (hereinafter referred to as "**the Noticee**"), who traded in the shares of AAL on BSE for his client Bipin Raviya, was prima facie, involved in reversal/synchronized trades in the shares of AAL in collusion with other stock brokers/sub-brokers/and their clients. As alleged such reversal/synchronized trades led to creation of artificial volumes in the scrip and it were designed to create a false market leading to significant price movement in the scrip.
3. Therefore, it was alleged that the Noticee has violated the following provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 and the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992:

- a) Regulations 3(a), 4(1), 4(2) (a) and (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice relating to Securities Markets) Regulations, 2003.
 - b) Regulation 15(1) (b) read with clauses A (1), D (1), D (4) and D (5) of the Code of Conduct for sub-brokers specified under schedule II of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992.
4. The undersigned was appointed as Adjudicating Officer (**AO**) under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') to inquire into and adjudge under Sections 15HA and 15HB of the SEBI Act, the aforesaid violation/contravention of regulations alleged to have been committed by the Noticee. Consequently, Show Cause Notice No. EAD-1/SRP/DT//198757/2010 dated March 17, 2010 was issued by the undersigned to the Noticee under rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**the Rules**").
5. While the adjudication proceedings were in progress, the Noticee made an application dated April 02, 2010 along with an affidavit of "undertakings and waivers" in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20th April 2007 for settlement of the proceedings through Consent Order. Subsequently, the Noticee proposed revised consent terms vide letter dated June 03, 2010, without admitting or denying the guilt and subject to clauses of the undertakings and waivers, submitting that he is willing to pay a sum of Rs.5,00,000/- (Rupees five lakh only) towards settlement charges in the matter.
6. The revised consent terms as proposed by the Noticee was placed before the High Powered Advisory Committee (hereinafter referred to as 'HPAC') on June 16, 2010 and HPAC after deliberation recommended the case for settlement on the aforesaid revised consent terms proposed by the Noticee.

The recommendations of HPAC were subsequently placed before the panel of Whole Time Members of SEBI.

7. The acceptance of consent proposal was communicated to the Noticee by SEBI vide letter dated June 27, 2010. In pursuance of the aforesaid consent terms, the Noticee has remitted a sum of Rs.5, 00,000/- (Rupees five lakh only), vide demand draft No. 028348 dated August 09, 2010 drawn on Bank of India, Mumbai towards the terms of consent in the matter.
8. In view of above, it is hereby ordered that:
 - i) this consent order disposes of the said proceedings pending against the Noticee under SEBI Act;
 - ii) passing of this order is without prejudice to the rights of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the Noticee, if SEBI finds that:
 - a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
 - b. the Noticee has breached any of the clauses/ conditions of undertakings/waivers filed during the current consent proceedings.
9. This consent order is passed on September 14, 2010 and shall come into force with immediate effect.

SATYA RANJAN PRASAD
ADJUDICATING OFFICER