

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

On the Application submitted by M/s K. Prasad & Co.
In the matter of M/s K. Prasad & Co.

CO/ERO/1521/2009/AO/SR/02/2010

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had initiated adjudication proceedings against M/s K. Prasad & Co. (hereinafter referred to as 'Noticee'), for the alleged violation of SEBI Circulars Cir.SMD/Policy/IECG/1-97 dated 11.7.97 read with Cir.SMD/ Policy/ Cir/ 5-97 dated 11.4.97, Cir.MRD/ DOPS/ Cir-11/2005 dated 12.05.05, Circular No. SMD/ SED/ Cir/93/ 23321 dated 18.11.93, SMDRP/ Policy/ cir-05/ 2001 dated 01.02.01, SEBI/ MRD/ Policy/ AT/ Cir-19/ 2004 dated 21.4.2004, SEBI circular No. SMD/ MDP/ CIR/ 043/ 96 dated 05.08.1996, SEBI circular No. SMD/ Policy/ Cir- 6/ 2003 dated 06.02.2003, and various clauses of Code of Conduct prescribed under Regulation 7 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.
2. During inspection by SEBI, it was observed *inter alia* that there were irregularities committed by noticee having registered clients without any verification of the antecedents or without an introducer, unacknowledged (by clients) duplicate copies of contract notes, delay in making payments to the clients, Non-segregation and misutilisation of funds of clients etc.
3. The undersigned was appointed as Adjudicating Officer (AO) under SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the Adjudication Rules) to inquire into and adjudge under section 15F(a),(b) and 15HB of The Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'Act') for the aforesaid violations. Consequently a Show Cause Notice bearing No. ISD/ SR/ SA/ SCN/ 165845/ 2009 dated June 09, 2009 was issued to the Noticee under Rule 4 of the Adjudication Rules.
4. While the Adjudication Proceedings were in progress, the Noticee made an application dated August 14, 2009 and an affidavit of "undertakings and waivers" in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20th April, 2007 for Consent Order in respect of the aforesaid notice before SEBI. Subsequently, the Noticee vide its letter dated February 03, 2010 proposed revised consent terms of ₹2,50,000/- (Rupees Two Lakh Fifty Thousand only) towards settlement charges in the matter of M/s K. Prasad & Co. The revised terms as proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as 'HPAC') on March 17, 2010. The HPAC considered the facts and circumstances of the case, consent terms offered by the Noticee and the material brought before it by SEBI and recommended that the case may be settled on the consent terms proposed by the Noticee (along with a requirement of an affidavit to state that irregularities have been rectified), which has been approved by the panel of Whole Time Members of SEBI on April 01, 2010. Thereafter, SEBI vide letter dated April 09, 2010 and then again on April 26,

2010 conveyed the recommendations of the HPAC to the applicant and advised the applicant to pay in accordance with consent terms.

5. In terms of the proposal of the Noticee, for the sole purpose of settling the matter on hand, without admitting or denying the guilt on the part of the Noticee to the finding of fact or conclusion of law, the Noticee has remitted a sum of ₹2,50,000/- (Rupees Two Lakh Fifty Thousand only) vide Demand Draft No. 544505 dated June 28, 2010, drawn on City Union Bank Limited, Mumbai towards settlement charges. The noticee has also submitted a notarized affidavit vide letter dated June 05, 2010 stating that irregularities brought out in the show cause notice have been rectified.
6. In view of above, it is hereby ordered that,
 - i) This consent order disposes of the said proceedings pending against the Noticee in terms of Show Cause Notice bearing No. ISD/ SR/ SA/ SCN/ 165845/ 2009 dated June 09, 2009 and
 - ii) Passing of this order is without prejudice to the right 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.
7. This consent order is passed on August 16, 2010 and shall come into force with immediate effect.
8. In terms of rule 6 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, copies of this order are sent to the Noticee and also to SEBI.

Place: Mumbai
16.08.2010

S. Ramann
Adjudicating Officer