

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER REGULATION 13(4) OF SEBI (PROCEDURE FOR HOLDING ENQUIRY BY ENQUIRY OFFICER AND IMPOSING PENALTY) REGULATIONS, 2002, AGAINST BIPIN RATILAL VORA, MEMBER, THE STOCK EXCHANGE, MUMBAI, SEBI REGISTRATION NO. INB010004416

MO/56/MIRSD/12/2005

1.0 BACKGROUND

- 1.1 Bipin Ratilal Vora (hereinafter referred to as "the broker") is a member of The Stock Exchange, Mumbai ("BSE"), and is registered with SEBI as a stock broker under section 12 of SEBI Act, 1992 with Registration No. INB010004416.
- 1.2 An Inspection of the Books of Accounts, Documents and other records maintained by the broker for the period April 1, 2000 to September 30, 2002, was carried out by M/s. Chaudhari & Pansari, Chartered Accountants appointed by SEBI vide letter no.SMD/DBA-1/Pre-Insp/AK/14877/2002 dated August 6, 2002. Certain irregularities were observed during the said inspection.

2.0 ENQUIRY PROCEEDINGS

- 2.1 In view of the above, an Enquiry Officer (EO) was appointed vide Order dated January 3, 2004 under Regulation 5 of SEBI (Procedure for holding enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as 'said regulations') to enquire into the alleged contraventions observed during the inspection of books of accounts of the broker. The EO after conducting the enquiry in terms of the said regulations submitted his report on 28.10.04 and recommended a minor penalty of 'warning' to the broker.

3.0 SHOW CAUSE NOTICE AND THE BROKER'S SUBMISSIONS

- 3.1 A copy of the Enquiry Report was sent to the broker along with a show cause notice dated 03.11.04, in terms of Regulation 13(2) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as 'the said regulations'), advising him to show cause as to why the penalty as recommended by the Enquiry Officer should not be imposed.

4.0 CONSIDERATION OF ISSUES

- 4.1 I have carefully examined the facts and circumstances of the case and also considered the Enquiry Report and the submissions of the broker thereto. I find that adequate opportunity was given to the broker in accordance with the said Regulations.
- 4.2 The charge which was established by the enquiry against the broker was that the broker had involved in utilization of client bank account and funds for own transactions in violation of SEBI Circular No. SMD/SED/Cir/93/23321 dated November 18, 1993.
- 4.3 The broker replied vide letter dated 01.12.04. It was submitted by the broker that on some occasions funds were used from client bank account – Bank of India, Account No.2233. This was because their income on account of brokerage for the entire period was lying in the said account. The brokerage income earned was approximately to the extent of about Rs.92 lacs for the year 2000-2001. Hence it was submitted that the expenses/payments made were much lower than the aforesaid credit from their brokerage income and funds belonging to the client were not used even for a day. The broker further submitted that with effect from December 2000 brokerage income is transferred to another bank account No.2101 from where expenses and other office charges were met. Though there is no misuse of the client funds, the broker violated the relevant circular dated 18.11.2003 by not maintaining separate accounts for client funds and his own funds.
- 4.4 With regard to the other charges/allegations, the Enquiry Officer after considering the reply of the broker found that they are of minor and trivial in nature. I am inclined to agree with the findings of the Enquiry Officer.
- 4.5 In the facts and circumstances of the case, I agree with the findings of the Enquiry Officer and a warning to the broker would be sufficient and meet the ends of justice.

5.0 ORDER

- 5.1 Now, therefore, in exercise of powers conferred under upon me in terms of Section 19 of SEBI Act, 1992 read with Regulation 13(4) of the said Regulations, I hereby warn Shri.Bipin Ratilal Vora, Member, The Stock Exchange, Mumbai having SEBI

Registration No. INB010004416 and direct him to be more cautious in future in his dealings with securities and to adhere to the provisions of SEBI Act, 1992 and the Rules and Regulations made thereunder. Any future lapse on his part in complying with the said provisions would invite stringent action.

5.2 This order shall come into force with immediate effect.

Place: Mumbai

Date: 30.12.2005

Madhukar

Whole Time Member

Securities and Exchange Board of India