

SECURITIES AND EXCHANGE BOARD OF INDIA

EX-PARTE ORDER

UNDER SECTION 11(1), 11(4), 11B AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AGAINST M/S LEE CAPITAL SERVICES PRIVATE LIMITED, MEMBER (INB 091235631), COCHIN STOCK EXCHANGE AND SUB-BROKER (INS 233765036 AND INS 013422931), COCHIN STOCK BROKERS LIMITED ON NSE AND BSE, AND ITS DIRECTORS MR. SANTHOSH KUMAR K. L. AND MR. KUNJIRAMAN PILLAI.

1. M/s. Lee Capital Services Private Limited (hereinafter referred to as "*Lee Capital*") is a member of Cochin Stock Exchange Limited ("CSE") registered with SEBI as a stock broker having registration number INB 091235631, and also as a sub-broker of Cochin Stock Brokers Limited having registration numbers INS 233765036 and INS 013422931 on National Stock Exchange Limited ("NSE") and Bombay Stock Exchange Limited ("BSE"), respectively.
2. Securities and Exchange Board of India ("SEBI"), Kochi Local Office received large number of investor complaints (approximately 1000 in number) against *Lee Capital*, *inter alia*, pertaining to:
 - i. Collection of funds from public in the guise of Portfolio Management Schemes ("PMS");
 - ii. Running schemes where the existing investors were offered hefty commissions by *Lee Capital* for bringing new clients;
 - iii. Collection of money from investors by promising returns in the range of 36% to 60% *per annum* through its various investment schemes;
 - iv. Misuse of SEBI Registration to canvass investors for unauthorized PMS and Gold Trading schemes;
 - v. Carrying out Fund based activities unrelated to the securities market which were outside the scope of activities of a SEBI registered stock broker.
3. From various news reports published in several newspapers in English and Malayalam, SEBI noted that *Lee Capital* had collected monies up to ₹300 crores (approximately) from investors through its offices in various cities in Kerala including Thiruvananthapuram, Kollam, Calicut,

Perinthalmanna, Nilambur, etc., and that a large sum of monies has also been collected by it from cities outside Kerala like Coimbatore and Bangalore.

4. In view of the above, SEBI undertook an inquiry in the matter. It was noted that *Lee Capital* started its operations about 8 years ago. It is based in Thiruvananthapuram, Kerala and has its branches in Kollam, Malappuram and Kozhikode, etc. The directors of *Lee Capital* are Mr. Santhosh Kumar K. L. (Managing Director) holding 80% shares of *Lee Capital* and Mr. Kunjiraman Pillai (father of Mr. Santhosh Kumar) holding 10% shares. The remaining 10% shares are held by 13 other persons who are the employees of *Lee Capital*.
5. While SEBI was examining the matter, the Kerala Police informed SEBI that they have received complaints against *Lee Capital* with regard to fraud committed by it to the tune of ₹ 80 crores (approximately) at Thiruvananthapuram alone and they have registered a case against *Lee Capital* and sealed its offices on July 15, 2013. They also informed that the Managing Director of *Lee Capital*, Mr. Santhosh Kumar K. L. and his father Mr. Kunjiraman Pillai are absconding. SEBI officials also carried out on-site visit at the offices of *Lee Capital* in Kerala, Bangalore, Chennai, etc. and found that these offices were in operation a few months back and have now been shut down.
6. During the inquiry, it was further noted that:-
 - (a) *Lee Capital* was extensively mobilizing/soliciting deposits from the investors using its SEBI registration number as a member of CSE. These investors were not registered clients of *Lee Capital* for the purpose of dealing in securities and they were not allotted unique client codes as required for securities transactions.
 - (b) *Lee Capital* had sent letters to the investors in envelopes with SEBI registration numbers printed on them and it had also issued letters to investors assigning them a fake "unique client numbers/code".
 - (c) *Lee Capital* did not forward the details of these clients / investors to CSE of which it is a member, nor did it intimate those details to Cochin Stock Brokers Limited, with whom it is associated as a sub-broker. In most of the cases, the clients/investors did not have demat accounts.
7. The inquiry revealed that *Lee Capital* was collecting money from public by blatantly misusing the SEBI registration granted to act as a stock broker/sub broker. It was further revealed that *Lee*

Capital had launched/sponsored various schemes wherein it used to solicit funds from various investors by making false promises of unrealistic returns without making any genuine investments, and used to pay the profit share to the existing investors out of the funds collected from new investors. It was observed that the schemes floated by *Lee Capital* envisaged profit sharing ranging from 36% to 60% *per annum* to the investors. Some of the schemes floated by *Lee Capital* as noted during inquiry are as listed in the following Table:

Table 1: Schemes floated by *Lee Capital*

<i>Name of the Scheme</i>	<i>Sub Schemes</i>	<i>Minimum Investment (1 unit)</i>	<i>Profit-Share per month on the amount</i>	<i>Lock-in period</i>	<i>Floated in the year</i>
<i>Portfolio Investment</i>	<i>Equity & mutual fund</i>	<i>-Not available</i>	<i>Not available</i>	<i>Not available</i>	<i>Prior to 2006</i>
<i>Initial Trading account (IT account)</i>	<i>980 Scheme</i>	<i>₹980</i>	<i>₹60/-</i>	<i>1 year lock-in</i>	<i>2006-07</i>
	<i>4900 scheme</i>	<i>₹4900</i>	<i>₹300/-</i>	<i>1 year lock-in</i>	<i>2007 - till date</i>
	<i>10000 scheme</i>	<i>₹10000</i>	<i>Initially ₹490; Later reduced to ₹450</i>	<i>1 year lock-in</i>	<i>2007-08</i>
	<i>10000 Scheme quarterly payment</i>	<i>₹10000</i>	<i>₹1200 per quarter</i>	<i>1 year lock-in</i>	<i>2008</i>
	<i>10000 Scheme</i>	<i>₹10000</i>	<i>₹300 per month</i>	<i>1 year lock-in</i>	<i>2009 to 2010</i>
			<i>₹900 per quarter</i>	<i>1 year lock-in</i>	<i>2010 - till date</i>
<i>Gold Schemes</i>	<i>Mega Gold</i>	<i>₹200000</i>	<i>₹10000 monthly</i>	<i>No Lock In</i>	<i>2010 - till date</i>
	<i>Mini Gold</i>	<i>₹60000</i>	<i>₹3000 monthly</i>	<i>No Lock In</i>	<i>2010</i>
	<i>Thejus Gold</i>	<i>₹60000 in multiples only-can have three accounts in one go. Additional accounts could be</i>	<i>₹3000 monthly</i>	<i>No Lock-in</i>	<i>June 2012 - Feb 2013- (money collected in 5 tranches)</i>

Name of the Scheme	Sub Schemes	Minimum Investment (1 unit)	Profit-Share per month on the amount	Lock-in period	Floated in the year
		<i>opened only after two months Have brochure.</i>			
	<i>Margin DP</i>	₹25000	<i>It was started with ₹1000/- per month Later increased to ₹1200 (per ₹25000) per month</i>	<i>Nil</i>	<i>Nov-Dec 2011</i>
	<i>Margin Gold (receipts show as gold trading)</i>	₹100000	₹5000/- per month	<i>No Lock-in</i>	<i>Feb 2013</i>
<i>Currency</i>	<i>Currency trading</i>	₹50000	₹3000 per month	<i>Not available</i>	<i>April 2013</i>

8. Branch-wise collection of approximate amount in respect of various schemes floated by *Lee Capital*) as noted during inquiry is described in the following Table:

Table 2: Details of amount (approx.) collected, number of clients, branch offices and employees, etc.

Name of the Branch	Name of the branch manager/ in-charge	PAN	No. of clients	Amount collected
<i>Chirayinkeezhu</i>	<i>Sanil C G</i>	<i>BQHPS5959J</i>	<i>150</i>	<i>4,00,00,000</i>
<i>Perinthal Manna</i>	<i>Sajid M</i>	<i>ARJPM8817D</i>	<i>1200</i>	<i>21,00,00,000</i>
<i>Calicut</i>	<i>Shihabuddeen</i>	<i>Not available</i>	<i>900</i>	<i>27,00,00,000</i>
<i>Nilamboor</i>	<i>Bijesh V S</i>	<i>ANGPB3853K</i>	<i>250</i>	<i>6,00,00,000</i>
<i>Thiruvananthapuram (all branches together)</i>	<i>Santhosh Kumar K L, Thara Shekhar</i>	<i>Not available</i>	<i>Not available</i>	<i>50,00,00,000</i>
<i>Kollam</i>	<i>Rajesh A</i>	<i>Not available</i>	<i>Not available</i>	<i>20,00,00,000</i>

<i>Kottakkal</i>	<i>(Prithesh resigned in December) now in-charge is Balachandran</i>	<i>Not available</i>	<i>Not available</i>	<i>2,00,00,000</i>
<i>Coimbatore</i>	<i>Pradeep</i>	<i>Not available</i>	<i>Not available</i>	<i>3,00,00,000</i>
<i>Other employees</i>		<i>Not available</i>	<i>Not available</i>	<i>Not available</i>
<i>Anil Kumar A-Thiruvananthapuram</i>	<i>Marketing executive</i>	<i>ARBP49316R</i>	<i>Not available</i>	<i>Not available</i>
<i>Binu K V-Thiruvananthapuram</i>	<i>Terminal Operator</i>	<i>Not available</i>	<i>Not available</i>	<i>Not available</i>
<i>Adbil K- Calicut</i>	<i>Marketing executive</i>	<i>AMYP44266C</i>	<i>Not available</i>	<i>Not available</i>
<i>Abdul Shukoor-Perintalmanna</i>	<i>Advisor</i>	<i>Not available</i>	<i>Not available</i>	<i>Not available</i>
<i>Swapna K-Thiruvananthapuram</i>	<i>Back Office</i>	<i>Not available</i>	<i>Not available</i>	<i>Not available</i>
<i>Preetha-Thiruvananthapuram</i>	<i>Back Office</i>	<i>Not available</i>	<i>Not available</i>	<i>Not available</i>
<i>Sam T-Thiruvananthapuram Vazhuthakkad Branch</i>	<i>Credit Executive</i>	<i>Not available</i>	<i>Not available</i>	<i>Not available</i>
<i>Total</i>				<i>1,33,00,00,000</i>

9. For the purpose of collection of monies from the investors and payment to them, *Lee Capital* had opened around 39 bank accounts. The details of these accounts are as follows:

Table 3: Bank Accounts opened by *Lee Capital*

<i>S. No.</i>	<i>Bank Branch Name</i>	<i>Name of the Accountholder</i>	<i>Account No.</i>	<i>IFSC</i>
<i>1</i>	<i>SIB Bangalore</i>	<i>Capital Wings</i>	<i>0108073000001495</i>	<i>SIBL0000108</i>
<i>2</i>	<i>SIB Bangalore</i>	<i>Equity Creations</i>	<i>0108073000001497</i>	<i>SIBL0000108</i>
<i>3</i>	<i>SIB Sasthamangalam</i>	<i>LCS Equities</i>	<i>0503073000000012</i>	<i>SIBL0000503</i>
<i>4</i>	<i>SIB Sasthamangalam</i>	<i>Add Soft</i>	<i>0503073000000044</i>	<i>SIBL0000503</i>
<i>5</i>	<i>SIB Sasthamangalam</i>	<i>Capital Equity Service</i>	<i>0503073000000132</i>	<i>SIBL0000503</i>
<i>6</i>	<i>SIB Sasthamangalam</i>	<i>Sharelinks</i>	<i>0503073000000159</i>	<i>SIBL0000503</i>

7	SIB Sasthamangalam	Sabre Info	0503073000000205	SIBL0000503
8	SIB Sasthamangalam	SS Equity Service	0503073000000223	SIBL0000503
9	SIB Sasthamangalam	Capital Share Trading Service	0503073000000241	SIBL0000503
10	SIB Sasthamangalam	SKS Equity Service	0503073000000263	SIBL0000503
11	SIB Sasthamangalam	Fortune Equities	0503073000000390	SIBL0000503
12	SIBBangalore	SJ Associates	0108073000001423	SIBL0000108
13	SIBBangalore	Share Capital Service	0108073000001496	SIBL0000108
14	SIBBangalore	Thejus Gold	0108073000001506	SIBL0000108
15	SIBBangalore	SS Capital Service	0108073000001529	SIBL0000108
16	SBT Vazhuthakkad	Share Invest	67131534107	SBTR0000033
17	SBT Vazhuthakkad	Equity Services	67132194113	SBTR0000033
18	SBT Vazhuthakkad	LCS Commodity Pvt. Limited	67129371870	SBTR0000033
19	SBT Vazhuthakkad	M M Capital	67145747303	SBTR0000033
20	SBT Venganoor	M M Capital Service	67104947649	Not available
21	SBI, Panavila	LCS Commodity Trading Pvt. Limited	31496609732	SBTR0000033
22	Axis Bank, MG Road, Bangalore	United Capital Service	912020065170601	UTIB0000009
23	ICICI Bank, Trivendrum	Meditrans Jobs	626205074735	Not available
24	ICICI Bank, Trivendrum	Shoppo Bazar	626205209991	Not available
25	Canara Bank, Vazhuthakkad	LCS Service	2607201000074	CNRB0002607
26	Canara Bank, Vazhuthakkad	Creative Capital Service	2607201000085	CNRB0002607
27	Indian Overseas Bank, GH Junction	SS Capital	046202000000760	IOBA0000462
28	Indian Overseas Bank, GH Junction	Insoft Web Solutions	046202000000734	IOBA0000462
29	Indian Overseas Bank, GH Junction	LCS Trading Account	046202000000787	IOBA0000462
30	Corporation bank, Kalyan Nagar, Bangalore	SS Trading Service	CBCA-01000093	CORP0001373

31	Corporation bank, Kalyan Nagar, Bangalore	Capital Trading Service	CBCA-01000056	CORP0001373
32	Corporation bank, Kalyan Nagar, Bangalore	SLR Capital	137301601000048	CORP0001373
33	SIB Sasthamangalam	Santhosh Kumar K L	0503073000003410	SIBL0000503
34	SIB Sasthamangalam	Santhosh Kumar K L	0503101000000542	SIBL0000503
35	SIB Sasthamangalam	Santhosh Kumar K L	0503101000000738	SIBL0000503
36	SIB Sasthamangalam	Santhosh Kumar K L	0506652000000102	SIBL0000503
37	SIB Sasthamangalam	Lee Capital Services Pvt. Ltd./ Share Capital	0503073000000238	SIBL0000503
38	SIB Bangalore	Lee Capital Services Pvt. Ltd.	0108073000001424	SIBL0000108
39	SIB Sasthamangalam	Thejus Gold	0503073000000388	SIBL0000503

10. Some of these bank accounts were opened using documents of various employees of *Lee Capital* such as those collected from them for the purpose of opening a pension scheme. It was also observed that even though the bank accounts were in different names, Mr. Santhosh Kumar, the Managing Director of *Lee Capital*, used to sign on the cheques in different names.
11. On examination of a few bank accounts (*prima facie* appearing to be belonging to proprietorship firms of the employees of Mr. Santhosh Kumar), it was revealed that a large number of deposits through cheques were made in those accounts, mostly in multiples of fixed amounts such as ₹60,000/-, ₹1,00,000/- and ₹2,00,000/-. The other entries shown in those accounts were transfers of small amounts to various accounts. The credit debit pattern in those accounts did not indicate any kind of investment being made out of the monies so collected. It was *prima facie* observed that the deposits in the bank accounts were the amounts collected from several

investors for the purposes of various schemes floated by *Lee Capital*, and the transfers of small amounts were the payments of returns i.e. "profit share" to the investors.

12. It was observed that the investments in the schemes floated by *Lee Capital* were collected as per the convenience of the investors through different modes such as cash, self cheques and account payee cheques, and money receipts were issued by *Lee Capital* to the investors in respect of the amount collected from them. *Lee Capital* issued printed receipts in its own name i.e. "Lee Capital Services Private Limited" and also in another name i.e. "LCS Equities". On some of the receipts, *Lee Capital* displayed its SEBI registration number and represented itself as a stock broker and member of CSE and also displayed its registration numbers as a sub broker of Cochin Stock Brokers Limited at NSE and BSE. The receipts, however, did not bear any serial number and used to be valid only till the cheques were cleared by the bank. Thereafter, separate permanent receipts was issued.
13. It was observed that in the schemes of *Lee Capital* the investors were promised a "profit share" i.e. the profit generated out of their investments. The employees of *Lee Capital* were strictly instructed not to use the word 'interest' while paying the said profit share. The clients were made to believe that they are being paid the share of profit generated from their investments. These payments were made in the following modes-
 - a) Cash payments, which could be collected by the investors from the branch offices of *Lee Capital* or were delivered at their doorsteps.
 - b) Direct deposits of the payment in the bank accounts of the investors.
 - c) Inter-bank transfers in the bank accounts of the investors.
14. It was noted that when *Lee Capital* defaulted in payment of the "profit share" promised to the investors, it falsely informed the investors that it was unable to share the profits since it had to make payment to SEBI, and that its account had been frozen by SEBI.
15. It was also observed that *Lee Capital* used to pay hefty commissions to its employees and agents. The agents were paid a commission of 10% on new investments and 9.8% on renewals. Any person including the existing investors could bring investments from new investors and become an agent. A large number of investors had become agents as they were lured by such lucrative commissions. *Lee Capital* also had marketing executives who were paid a commission of 5.5% of the entire deposit/investment canvassed by them, in addition to the fixed salary.

16. It was noted that in order to create an appearance of genuineness to its activities, *Lee Capital* had entered into agreements with some of the investors on stamp paper and issued letters informing them of opening of their specific trading accounts (e.g. Initial Trading Account, Daily Trading Account, etc.). However, no such accounts were opened and the monies were used for pay-outs like purported monthly profit share. *Lee Capital* had entered into the agreements as a portfolio manager with options to investors, either to manage their own portfolio or to get it managed by *Lee Capital*.
17. From the above facts and circumstances brought out during the inquiry, I note that *Lee Capital* made false representations to the investors by misusing the SEBI stock broker and sub-broker registration numbers and entering into agreements with the investors as a portfolio manager without having any valid certificate of registration issued by SEBI. In view of the aforesaid, I note that *Lee Capital* misled the investors to believe that it was authorized to do the activities as described above as a portfolio manager by misusing the SEBI registration, which it had obtained to act as a stock broker and sub broker. I, therefore, *prima facie* find that *Lee Capital* was acting as a portfolio manager without holding a valid certificate of registrations from SEBI as such. The said act of *Lee Capital* is in contravention of section 12(1) of SEBI Act, 1992 and regulation 3 of the SEBI (Portfolio Managers) Regulations, 1993 which read as under:

SEBI Act, 1992

Section 12(1) –

"No stock-broker, sub- broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act."

SEBI (Portfolio Managers) Regulations, 1993

Regulation 3 –

"No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations:"

18. I further note that *Lee Capital* indulged in fund-based activities involving personal financial liability, which it cannot undertake, being a member of a recognized stock exchange and SEBI registered stock broker, in view of the prohibitions contained in rule 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957 ("SCRR") which reads as under:

"8 (3) No person who is a member at the time of application for recognition or subsequently admitted as a member shall continue as such if—

.....
(f) he engages either as principal or employee in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability....."

19. I, *prima facie*, find that by undertaking the above activities *Lee Capital* contravened the aforesaid rule 8(3)(f).

20. I find that the schemes devised by *Lee Capital* had sufficient misrepresentations so as to give an impression to the investors that their money was getting invested in the securities market and *Lee Capital*, a SEBI registered intermediary was managing their investments. The investors were promised unrealistic monthly "profit share" from their investments, whereas actually, a part of the monies collected from new investors was being distributed to the investors as 'profit share'. In view of the facts and circumstances as observed during the inquiry, particularly, the *modus operandi* of the schemes launched by *Lee Capital*, I am of the *prima facie* view that by holding out to the public at large that it is a portfolio manager in the guise of its stock broking registration, misrepresenting its registration certificate for floating unauthorized and illegal schemes for collecting investments/contributions of funds from public, promising the investors unrealistic returns, etc., *Lee Capital* employed a scheme, plan, device, artifice or contrivance that is, *prima facie* 'fraudulent' as defined in regulation 2(1)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) which reads as under:-

Definition of 'fraud' – Regulation 2(1)(c).

(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

- (1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*
- (2) a suggestion as to a fact which is not true by one who does not believe it to be true;*
- (3) an active concealment of a fact by a person having knowledge or belief of the fact;*
- (4) a promise made without any intention of performing it;*
- (5) a representation made in a reckless and careless manner whether it be true or false;*

- (6) *any such act or omission as any other law specifically declares to be fraudulent;*
- (7) *deceptive behaviour by a person depriving another of informed consent or full participation;*
- (8) *a false statement made without reasonable ground for believing it to be true;*
- (9) *the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.*

And "fraudulent" shall be construed accordingly;

.....”

21. I *prima facie* find that *Lee Capital* made known misrepresentations by making fraudulent and deceitful claims. It also made representations and statements about its activities in securities market in a reckless and careless manner and suggested facts which are false and untrue. In light of the aforesaid observations, it is *prima facie* established that, apart from the non-compliances and violations detailed above, *Lee Capital* had also acted in a fraudulent and deceitful manner which attracts prohibitions enshrined in section 12A (a), (b) and (c) of the Securities and Exchange Board of India Act ("SEBI Act") and regulation 3 (b), (c) and (d) and regulation 4(1) of the PFUTP Regulations and clauses A(3), A(5) and D(4) of the Code of Conduct specified in Schedule II read with regulation 7 and 15 of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 ("Stock Brokers Regulations") which read as under:

Section 12A of the SEBI Act-

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

"12A. No person shall directly or indirectly—

(a) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made there under;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"

Regulation 3 and 4 of the PFUTP Regulations -

3. Prohibition of certain dealings in securities

"No person shall directly or indirectly—

(a).....

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under."

4. Prohibition of manipulative, fraudulent and unfair trade practices

"(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities."

Code of Conduct for Stock Brokers

"A. General

.....

(3) Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

.....

(5) Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him."

Code of Conduct for Sub-Brokers

"D. Sub-Brokers vis-a vis regulatory Authorities

.....

(4) Manipulation: A sub-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to disturbing market equilibrium or making personal gains. "

22. In view of the foregoing, in order to protect the interest of investors and the integrity of securities market, I, in exercise of the powers conferred upon me by virtue of section 19 read with sections 11(1), 11(4), 11B and 11D of SEBI Act, 1992, by way of this *ex-parte* order:

- i. direct M/s Lee Capital Services Private Limited (SEBI Stock Broker Registration No. INB091235631, SEBI Sub-Broker Registration No. INS 233765036 and INS 013422931) to close, terminate, and wind up all its schemes and to refund the monies collected from the investors in its schemes along with income, profits or returns promised to them under its schemes or interest at the rate of 10% per annum, whichever is higher, from the date of investment till the date of refund, within a period of three months from the date of this order and submit a winding up and repayment report to SEBI;
- ii. restrain following entities from buying, selling or dealing in the securities market, either directly or indirectly, in any manner whatsoever, till further directions:

Sr. No.	Name of Entity	Permanent Account No.
1.	M/s Lee Capital Services Private Limited	AABCL1849A
2.	Mr. Santhosh Kumar K.L.	AMOPK1159Q
3.	Mr. Kunjiraman Pillai	ANCPP3867H

- iii. direct the above entities:—

- a) to cease and desist from unauthorized activities as noted above and not to solicit or undertake such activities or any other unregistered activity in the securities market, directly or indirectly, in any manner whatsoever;
- b) to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to those schemes/activities or any unregistered activity in the securities market.

23. The above directions are without prejudice to the right of SEBI to take any other action that may be initiated against M/s Lee Capital Services Private Limited, Mr. Santhosh Kumar K. L., Mr. Kunjiraman Pillai and their associated entities/firms in accordance with law including the action in accordance with section 12 of the Securities and Exchange Board of India Act, 1992 and the provisions of SEBI (Intermediaries) Regulations, 2008.

24. This order shall come into force with immediate effect. The stock exchanges and the depositories are directed to ensure that the above directions are strictly enforced.
25. The entities/persons against whom this Order is being passed may file their objections, if any, within twenty one (21) days from the date of this Order and, if they so desire, may avail themselves of an opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 on a date and time to be fixed on a specific request in writing, to be received in this behalf from the entities/persons.

DATE: December 19, 2013

PLACE: MUMBAI

RAJEEV KUMAR AGARWAL

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA