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IPO scam case: Sebi fines broker Rs 9 cr

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anthony (Finance) [24 May 2011](#)

Market regulator Sebi today directed Purshottam G Budhwani, a broker involved in the infamous IPO scam of 2003-05, to deposit over Rs 9.39 crore on unlawful gains made by him. In case of failure to deposit the amount within 45 days, Budhwani shall be barred from the securities market for nine years, the Securities and Exchange Board of India (Sebi) said in an order. "Purshottam G Budhwani shall disgorge a total amount of Rs 9,39,38,030 comprising of Rs 5,87,11,269 towards unlawful gain made by him and Rs 3,52,26,761 towards simple interest at the rate of 10 per cent per annum for six years (2005-11) on the unlawful gains within 45 days...", Sebi said. It added: "In case the aforesaid amount is not received by Sebi within the specified time, Budhwani shall be restrained from buying, selling or dealing in securities market in any manner whatsoever or accessing the securities market directly or indirectly. for a further period of nine years..." In any case, Budhwani has been barred from dealing in the market for a period of three months from today. Budhwani was charged with involvement in the IPO scam and cornering shares meant for retail investors in 13 initial public offerings by engineering multiple applications. "He opened 6,685 demat accounts (affluent accounts), in concert with depository participants (DPs), in favour of the affluent persons.

All the affluent accounts carried his name," Sebi said. Sebi said Budhwani repeated the modus operandi in 13 IPOs -- IL&FS, IDFC, Gateway Distriparks, Shoppers Stop, MSP Steel & Power, Yes Bank, SPL Industries, Provogue, Gokuldas Exports, Tata Consultancy Services, Nectar Lifesciences, Sasaken Communications Technologies and Suzlon Energy. "In the process, he made an unlawful gain of Rs 7.78 crore and facilitated others to make unlawful gain of 0.87 crore," Sebi said. It had earlier issued show-cause notices to Budhwani in 2006 and 2010. Budhwani filed a written submission in March this year. The Sebi order said: "It is a well settled principle that a person, who unjustly enriches himself by unlawful means should be required to give up the unjust enrichment..." It also cited earlier orders by the Securities Appellate Tribunal (SAT) to state that disgorgement is not a penalty but "a monetary equitable remedy." "The noticee (Budhwani) has not dispute

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d any of the activities/transactions attributed to him in the show-cause notice," it said, however, adding that he had disputed the actual amount of unlawful gain. "The noticee has disputed an amount of Rs 2,69,27,996 out of the total amount of unlawful gain of Rs 7,78,62,010 sought to be disgorged from him," it said, providing relief for the rest of the amount. The IPO scam of 2003-05 refers to cornering of shares reserved for retail investors in the public issues of certain public of fers, including IL&FS, TCS, - www.financialexpress.com



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• • • [Ramalingam K](#) (Founder & Director - Holistic Investment Planners (P) Limited) [🕒 08 May 2014](#)

Before investing in mutual funds, one need to demystify certain misconception and myths about mutual funds. I have explained this in detail in the below link.

<http://holisticinvestment.in/mutual-fund-mythbuster>

Regards

Ramalingam K, MBA, CFP, Director and Chief Financial Planner, Holistic Investment Planners "Best Performing Financial Advisor Award" Winners from CNBC TV18 www.holisticinvestment.in (

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• • • [Divyanshi Sharma](#) (Financial Adviser) [🕒 10 October 2018](#)



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That's a good decision by the SEBI authority on brokers scam



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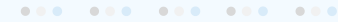
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