

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

SHRI RAJAN VASUDEV DAPKI ON BEHALF OF LATE SHRI VASUDEVBHAI
GORDHANDAS DAPKI

IN THE MATTER OF

IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS

(CONSENT APPLICATION NO.867/2008)

1. As a part of its on going surveillance, SEBI had launched an investigation under Section 11C of the SEBI Act, 1992 into the dealings in the shares issued through Initial Public Offerings (IPOs) during 2003-05 before these were listed on the Stock Exchanges. The preliminary investigations, *prima facie*, revealed that a large number of dematerialized accounts with common addresses had been opened in benami or fictitious names with a view to cornering the shares meant for retail individual investors. A few financiers, including Shri Vasudev bhai Gordhandas Dapki, provided finance for making IPO applications in fictitious/ benami names in violation of Section 12A of the SEBI Act 1992, Regulation 3 of the SEBI (Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and to have made an unlawful gain of Rs. 30,00,993 in the process.
2. Based on these findings, SEBI passed an ad interim ex parte Order dated April 27, 2006 under Sections 11 and 11B of the SEBI Act, 1992 directing Shri Vasudev bhai Gordhandas Dapki not to buy, sell or deal in securities

market, including IPOs, directly or indirectly, till further directions. SEBI also initiated an adjudication proceedings under Chapter VI A of the SEBI Act, 1992 against him. The Adjudicating Officer issued show cause notice on June 15, 2006.

3. While further proceedings in the matter were in progress, Shri Vasudevbbhai Gordhandas Dapki expired and Shri Rajan Vasudev Dapki, (hereinafter referred to as applicant) son of Late Shri Vasudevbbhai Gordhandas Dapki vide letter dated July 28, 2008, proposed settlement of the pending proceedings through a consent order. The High Powered Advisory Committee, constituted by SEBI, considered the consent terms proposed by the applicant and after considering the period of prohibition on buying, selling or dealing in securities already undergone by Shri Vasudevbbhai Gordhandas Dapki since April 27, 2006, recommended the case for settlement. As per the terms of settlement, the applicant shall disgorge Rs. 30,00,993 (Rupees thirty lakh nine hundred and ninety three only) being the unlawful gain made by Late Shri Vasudevbbhai Gordhandas Dapki in the alleged irregularity, and also pay Rs. 3,00,000 (Rupees three lakh only) as the settlement charges.

For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of Late Shri Vasudevbbhai Gordhandas Dapki to the findings of fact or conclusion of law, the applicant has remitted a total sum of Rs. 33,00,993 (Rupees thirty three lakh nine hundred and ninety three only) comprising Rs. 30,00,993 (Rupees thirty lakh nine hundred ninety three only) towards disgorgement and Rs. 3,00,000 (Rupees three lakh only) towards settlement charges vide demand draft No.023461 dated October 31, 2008, drawn on HDFC Bank, payable at Mumbai.

4. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under Sections 11 and 11B of the SEBI Act,

1992 and the adjudication proceedings against Late Shri Vasudevbbhai Gordhandas Dapki.

6. This consent order is passed on this day, the 5th November, 2008 and shall come into force with immediate effect.

T. C. Nair
Whole Time Member

M. S. Sahoo
Whole Time Member