BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD-9/ AO/SM/131-140/2018-19]

UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

In respect of:

Entity No.	Entity Name (PAN No.)	Entity No.	Entity Name (PAN No.)
1	Sanjay Jethalal Soni (BVSPS9741N)	2	Krupa Sanjay Soni (BVSPS9740P)
3	Krunal Gopaldas Rana (AKMPR9961M)	4	Dhirenkumar Dharamdas Agarwal (AAZPA8189K)
5	J M Soni Consultancy (AAGFJ2939P)	6	Mahesh Somabhai Desai (AMGPD0183P)
7	Amul Gagabhai Desai (AHDPD3526G)	8	Arif Gulam Mustufa Shaikh (CKZPS8073E)
9	Pravinbhai Daduji Thakor (AJLPT7398G)	10	Jimish Jitendrabhai Soni (ADRPS3416L)

In the matter of trading by Soni Group in the scrip of M/s. Shree Global Tradefin Ltd

Facts of the case:

1. Securities and Exchange Board of India ("SEBI") had conducted investigation in the scrip of Shree Global Tradefin Ltd (“SGTL”) during April 1, 2010 to January 10, 2011 which was listed on Bombay Stock Exchange (“BSE”), to look into the possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 (“the Act”) and various Rules and Regulations made thereunder. The period mentioned above hereinafter referred to as ‘period of investigation’ or ‘IP’.

2. Pursuant to the investigation, it was alleged that Sanjay Jethalal Soni (“Sanjay”), Krupa Sanjay Soni (“Krupa”), Krunal Gopaldas Rana (“Krunal”), Dhirenkumar Dharamdas Agarwal (“Dhirenkumar”), J M Soni Consultancy (“JM Soni”), Mahesh Somabhai Desai (“Mahesh”), Amul Gagabhai Desai (“Amul”), Arif Gulam Mustufa Shaikh (“Arif”), Pravinbhai Daduji Thakor (“Pravin”) and Jimish Jiterndrabhai Soni (“Jimish”) (collectively referred to as “Entities”) have violated Section 12A(a), (b) and (c) of the the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (“FUTP Regulations”) while trading in the scrip of Shree Global Tradefin Ltd (“SGTL/Company”).

3. Based on the findings of the investigation, following was alleged :

Connection of the Entities:

4. The following connections of the Entities was alleged based on the perusal of details of KYC documents, bank statements and off-market transfers of shares :

Sl. No.	Name of entity	PAN	Basis of connection
1.	Sanjay Jethalal Soni	BVSPS9741N	Self
2.	Krupa Sanjay Soni	BVSPS9740P	(1) Krupa Sanjay Soni is wife of Sanjay Jethalal Soni. (2) Krupa Sanjay Soni and Sanjay Jethalal Soni share common email id shreejisecurities14@yahoo.co.in. (3) From the bank account transaction statements, it has been observed that there have been regular fund movements between Sanjay Soni and Krupa Soni.
3.	M/s. J.M. Soni Consultancy	AAGFJ2939P	(1) Sanjay Soni is the proprietor of M/s. J.M. Soni Consultancy. (2) M/s. J.M. Soni Consultancy and Krupa Sanjay Soni share common address D-19, Karnavati Apts., Near Shradda Petrol Pump Hotel, Ahmedabad and contact no. 9727548290. (3) From the bank account transaction statements, it has been observed that there have been regular fund movements between M/s. J M Soni Consultancy and Sanjay Soni as well as Krupa Soni.
4.	Krunal Gopaldas Rana	AKMPR9961M	(1) Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy share common contact no. 9727548290. (2) From the bank account statement, there have been transfer of funds between Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy on September 3, 2009.
5.	Dhiren Dharamdas Agarwal	AAZPA8189K	(1) Dhiren Dharamdas Agarwal and Sanjay Jethalal Soni share common contact no. 9879430033. (2) From the bank account statement, there have been transfer of funds between Dhiren Dharamdas Agarwal and M/s. J.M. Soni Consultancy on July 21, 2010. (3) On perusal of trades of Dhiren Dharamdas Agarwal with BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
6.	Amul Gagabhai Desai	AHDPD3526G	(1) Amul Gagabhai Desai and ShantibenGangaram Desai share common address 135, Ranuja Nagar Part – 2, Premchand Nagar Road, Jodhpur Ahmedabad. (2) On perusal of trades of Amul Gagabhai Desai with Broker - BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
7.	Pravinbhai Daduji Thakor	AJLPT7398G	Krupa Sanjay Soni is the introducer in his trading account form whereas Krunal Gopaldas Rana and Amul Gagabhai Desai are the witnesses**.**

Sl. No.	Name of entity	PAN	Basis of connection
8.	Mahesh Somabhai Desai	AMGPD0183P	(1) Mahesh Somabhai Desai and M/s. JM Soni Consultancy shares common contact no. 9727548290. (2) On perusal of trades of Mahesh Somabhai Desai with Broker- PrabhudasLilladher P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
9.	Arif Gulam Mustafa Shaikh	CKZPS8073E	(1) Arif Gulam Mustafa Shaikh and Krupa Sanjay Soni shares common email id shreejisecurities14@yahoo.co.in. (2) Arif Gulam Mustafa Shaikh and M/s. JM Soni Consultancy shares common contact no. 9727548290.
10.	Jimish Jitendrabhai Soni	ADRPS3416L	From the bank account statement, there have been transfer of funds between Jimish Jitendrabhai Soni and Sanjay Jethalal Soni on May 14, 2010.

5. **Price Volume Analysis:**

   It was alleged that the volume of the scrip increased from 2386 to 13858 shares during investigation period (i.e. an increase of 480%). The price and volume analysis are as under:-

Period	Dates		Opening Price (volume) on first day of the period (Rs)	Closing price (volume) on last day of the period (Rs)	Low price(volume) during the period (Rs)	High Price(volume) during the period (Rs)	Avg. no. of (shares) traded daily during the period
Pre Investigation period	(01-Jan-10 – 31-Mar-10)	Price	Rs. 415.00 (04-Jan-10)	Rs.244.90 (31-Mar-10)	Rs.205.00 (29-Mar-10)	Rs.439.00 (25-Jan-10)	53,013
		Vol.	21,159	56,780	1,28,993	3,88,912	
Investigation Period	(01-Apr-10 – 10-Jan-11)	Price	Rs.240.10 (01-Apr-10)	Rs.256.15 (10-Jan-11)	Rs.187.00 (16-Sep-10)	Rs.315.00 (03-Sep-10)	18,193
		Vol.	2,386	13,858	20,657	29,247	
Post investigation period	(11-Jan-11 – 31-Mar-11)	Price	Rs.260.00 (11-Jan-11)	Rs.119.20 (31-Mar-11)	Rs.118.55 (31-Mar-11)	Rs.385.00 (02-Feb-11)	20,261
		Vol.	10,446	13,203	13,203	1,06,753	

6. It was alleged that Entities had created false and misleading appearance of trading in the securities market by trading among themselves through matched trades and self-trades.

7. It was alleged that the following was the summary of trade activities of the Entities who had appeared as top 10 buy and top 10 sell clients during the Investigation Period in the scrip of SGTL:

(Table 1)

S.No	Client Name	Gross Buy	Gross Sell	Net Qty.	% of Gross Buy to Mkt.vol (*) of the Noticees	% of Gross Sell to Mkt. Vol (*) .of 10 Noticees	% of Net Qty. to Mkt. Vol.(*) of 10 Noticees.	Sum of LTP diff.	% of +ve LTP to total mkt. +ve LTP
1	Krunal Gopaldas Rana	389104	380248	8856	10.80	10.56	0.25	425.45	6.4
2	Sanjay Jethalal Soni	270841	263117	7724	7.52	7.30	0.21	178.6	5.28
3	Krupa Sanjay Soni	262832	264269	-1437	7.30	7.34	-0.04	336.95	8.39
4	Amul Gagabhai Desai	188727	176557	12170	5.24	4.90	0.34	233.9	3.63
5	Mahesh Somabhai Desai	155852	155528	324	4.33	4.32	0.01	168.1	1.95
6	Dhirenkumar Dharamdas Agarwal	127670	116002	11668	3.54	3.22	0.32	349.05	6.6
7	J M Soni Consultancy	108679	108679	0	3.02	3.02	0	344.8	6.13
8	Arif Gulam Mustufa Shaikh	82638	86060	-3422	2.29	2.39	-0.1	88.05	1.16
9	Jimish Jitendrabhai Soni	59080	59180	-100	1.64	1.64	0	20.2	0.5
10	Thakor Pravinbhai Daduji	48410	48410	0	1.34	1.34	0	69.8	0.98
		1,693,833	**1,658,050**	**35,783**	**47**	**46.03**	**0.99**	**2,215**	**41**

(*) – Mkt Vol. Qty 36, 02,396

8. Among the top 10 buy and sell clients, 9 buy clients and 8 sell clients were the Entities from Soni Group. From the above table, it was alleged that the Entities had contributed as buy (Sl.no.1 to 9) and sell (Sl.no.1 to 8) clients, 45.68% and 43.05% respectively to the total market volume.

9. It was alleged that all Entities had executed matched trades and few executed self-trades thereby created false and misleading appearance of trading in the scrip as detailed below:

Matched Trades

10. In the instant case, connected entities had traded among themselves during the day and thereby created artificial volume in a scrip, hence the trades of these entities are termed as Match trades. Hon'ble Supreme Court in the matter of Ketan Parekh vs. SEBI had observed that "*A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change*

of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium.". In the instant case also, matched trades are executed to escape from the regulatory surveillance. Considering the substantial trades by the Group in the scrip and number of trades matched among themselves, it was alleged that there was meeting of mind elsewhere and it was a deliberate attempt by the entities of the group to create artificial volume in the scrip.

11. On the basis of the connection among Entities, it was alleged that the following Entities who had entered into substantial volume of matched trades (more than 10,000 shares) and executed matched trades repeatedly by trading within the group and thereby created false and misleading appearance of trading in the scrip, which are summarized below.

(Table 2)

Client Name	Buy Qty matched with the Entities	% of Total Mkt. Vol	Sell Qty matched with the Entities	% of Total Mkt. Vol
Krunal Gopaldas Rana	195,501	5.43	162,170	4.50
Sanjay Jethalal Soni	120,196	3.34	84,342	2.34
Krupa Sanjay Soni	98,697	2.74	75,788	2.10
Mahesh Somabhai Desai	66,943	1.86	54,753	1.52
Amul Gagabhai Desai	36,815	1.02	80,590	2.24
Arif Gulammustufa Shaikh	26,090	0.72	36,183	1.00
Dhirenkumar Dharamdas Agarwal	21,595	0.60	50,459	1.40
Pravinbhai Daduji Thakor	11,643	0.32	0	0.00
J M Soni Consultancy	0	0.00	10,498	0.29
Jimish Jitendrabhai Soni	0	0.00	22,697	0.63
Total	**577,480**	**16.03**	**577,480**	**16.03**

Self- Trades

12. Self-trades are fictitious trades without having the intention of change in ownership of shares and to create artificial volumes in the scrip. The following Entities of the 'Soni Group' have executed self-trades repeatedly (criteria. quantity of more than 10,000 shares, more than 10 count of trades executed for two or more days) and the details of their trades are summarized as under:-

(Table 3)

Client Name	Self Trade Qty.	No. of Self Trades	No. of trading days	Sum of LTP diff. (Rs.)	% of Self Traded Qty. to Market Vol.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Krunal Gopaldas Rana	54,068	588	55	36.25	1.50	13.90	14.22
Sanjay Jethalal Soni	24,609	104	29	3.05	0.68	9.09	9.35
Krupa Sanjay Soni	19,415	155	33	43.10	0.54	7.38	7.35
Dhirenkumar Agarwal	10,091	92	12	12.85	0.28	7.90	8.70

13. It can be seen that self-trades executed by above Entities had contributed to the positive LTP.

14. It was alleged that Entities had created false and misleading appearance of trades in the securities market by trading among themselves through matched and self-trades.

Appointment of Adjudicating Officer

15. Vide order dated May 18, 2017 I have been appointed as Adjudication Officer in terms of Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as Rules) read with section 15-I of the Act to inquire and adjudge the aforesaid violations under Section 15 HA of the Act to inquire and adjudge under the provisions as enumerated above

Show Cause Notice, Reply and Personal Hearing

16. Based on the findings, a common Show Cause Notice dated July 20, 2017 ("SCN") was issued to Entities and opportunities of personal hearing were granted on October 13, 2017 and November 6 and 7, 2017 . In response to the SCN and hearing notices issued, all the Entities except Arif had represented through their Authorized Representative ("AR"). Accordingly, AR along with Sanjay appeared before me on October 12, 2017 and sought adjournment. Accordingly, the hearing was adjourned to November 6, 2017.

17. AR and Sanjay appeared before me on November 6, 2017 on behalf of Entities (except Arif) and undertook to make further submissions before November 20, 2017. Accordingly, vide letter dated December 24, 2017 a common reply was submitted by the AR on the behalf of the Entities (except Arif) which inter-alia states:

17.1 The trades executed as provided in Table -2 does not match in toto with the other Noticees. In order to establish, the circular trade, the total net trading quantity must be matched with the group of few sellers. In the instant case, the scrip of Shree Global was liquid during pre and post investigation period and it is incorrect to state that, the trades executed between the parties as provided in Table-2 being Circular Trade. Further, the Shree Global was in B Group and intraday trading was allowed in that scrip. Further, for the Noticees, there was no event of delivery failure or failure to meet obligation by either of the Noticees under reply.

17.2 The AO has made an attempt to match trades between 10 entities of match trades for a period of more than 198 trading days. The allegation of match trades is purely vague and sans basis as the total share traded during the said period is approx. 36 lacs shares. It is further to be noted that, the total quantity of matched

trades as alleged is only 577480 equity shares among the Noticees and the total net buy and net sell quantity alleged is 16.50 lacs shares. Therefore, under theory of law, the allegation of fair/unfair trade practice can be alleged against the Noticees.

17.3 Similarly, in Table E,F the allegation of self-trade between Noticees 1, 2,and 3 without any basis. Noticees denies the allegation of self-trade in toto. On the contrary, even if for the sake of argument, the self-trade is accepted, the total quantity alleged is hardly any major quantity as compared to total trading alleged against each Noticees. It is further to be emphasized that the allegation of self-trades is only against 4 noticees and not against all the Noticees as contained in the SCN.

17.4 Noticees 1 to 10 have committed no violation of provisions of SEBI (PFUTP) Regulations and therefore, no enquiry be held upon Noticee 1 to 10 under rule 4 of SEBI Adjudication Rules and hence, no penalty be imposed u/s 15 I (1) and (2) and 15 HA of SEBI Act.

18. During personal hearing AR reported that they are in process of filing Settlement application. As a follow-up action, AR, vide Email dated January 4, 2018 was advised to give clarification on the reply filed and also to provide details of Entity wise settlement application filed. Since no reply had come as stated during the personal hearing, a reminder mail was sent on January 18, 2018 giving further time upto January 23, 2018 wherein it was also stated that failing which the matter would be proceeded based on the material available on record. In the mean time, internal department of SEBI had confirmed that no settlement application has been received as stated.

No response from Arif

19. The SCN dated July 30, 2017and hearing notice dated September 5, 2017 (hearing scheduled on October 13, 2017) were sent to the following last known address of Arif, as per SEBI records, were returned undelivered :

- 3, Madina row house, Nr Hajibaba Dargah, Sarkhej, Ahmedabad-380002, Gujarat
- 607/22, Mahvir Cloth market, Opp. Old Railway Station Road, Kalupur, Ahmedabad-380002, Gujarat
- F-27, Shakti Arcade, Nr. Shukan Hall, Opp. Water Tank, Science City Road Sola, Ahmedabad – 380060, Gujarat

20. Since the notices were returned undelivered and affixture of the same could not be done, the said notices were uploaded in SEBI website under unserved notices heading and also in terms of Rule 7(4) of AO rules the details of SCN were published on September 5, 2017 and details of hearing notice (hearing scheduled on November 30, 2017) were published on November 18, 2017 in Ahmedabad Editions of Times of India and Gujarat Samachar.
21. Arif had neither replied to SCN nor appeared before me to make his submissions. Having satisfied with the efforts taken by SEBI in serving the notices to Arif, I proceed further with the materials available on record.

Consideration of Issues, Evidence and Findings:

22. I have carefully perused the charges levelled against the Entities in the SCN and all the documents available on record. In the instant matter, the following issues arise for consideration and determination in respect of:

    I. Whether the Entities have violated Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a), and (g) of PFUTP Regulations?

    II. Does the violation, if any, on the part of Entities attract monetary penalty under Section 15 HA of the Act**?**

    III. If so, what would be the quantum of monetary penalty that can be imposed on Entities taking into consideration the factors mentioned in Section 15J of the Act?

23. Before proceeding further, I would like to refer to the relevant provisions of PFUTP Regulations.

SEBI (PFUTP) Regulations:

3. Prohibition of certain dealings in securities under SEBI (PFUTP) Regulations 2003
No person shall directly or indirectly—
(a) *buy, sell or otherwise deal in securities in a fraudulent manner;*
(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.*
(2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*
(a) *Indulging in an act which creates false or misleading appearance of trading in the securities market*
(g) *Entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security.*

Findings:

24. On perusal of the materials available on record, the following findings have been made :

25. The reply dated December 24, 2017 made on behalf of the Entities by AR is not cogent and relevant to the current proceedings. For example under

- para 2 it is stated "The trades executed at Table-2, discloses the evident fact that Net quantity is not match for entire 19 noticees…." The current proceedings is against 10 entities and not against 19 entities as stated. Hence, the reply is not considered
- Para 3 it is stated "The Ushdev International was liquid scrip and there was by call from the broker with whom the Noticees were holding the trading account". The current proceeding is in the matter of "Shree Global Tradefin Ltd" and not in the matter of "Ushdev International" as claimed.
- Para 3 it is stated "The scrip of Ushdev was liquid…. There is change in volume of trading of equity shares of Ushdev International Ltd…". The current proceedings is in the matter of Shree Global Tradefin Ltd and not in the matter of "Ushdev International" as claimed.
- Para 5 talks about circular trading whereas there is no mention of circular trading in the SCN.

26. Sanjay as a sub-broker of Prabhudas Lilladhar Pvt Ltd operated under the trade name "Shreeji Securities" in BSE. Most of the Entities are connected to Sanjay in the capacity of clients of Sanjay.

Connection among entities

27. In this order, trade by Entities is seen as a whole as the trades of the Group. In order to establish the fact that Entities were involved as a group and termed as "Soni Group", I have to first get satisfied that the Entities are belonging to "Soni Group" and acted in tandem. In this regard, I would like to rely on the observation of Hon'ble SAT in the following matters:

37.1 Ashlesh Shah Vs SEBI (Misc. Application no.254 of 2017 and Appeal no.265 of 2017):

"…Decision of the WTM that the appellant belonged to Krupa Soni group deserves acceptance, because, admittedly appellant had introduced Krunal G. Rana to the broker for opening the trading account and admittedly Krunal Rana had traded in the RCL scrip for several days during the investigation period. Moreover, it is an admitted fact that the appellant had several financial dealings with J.M. Soni Consultancy a sole proprietary concern of Sanjay Soni who had also traded in the shares of RCL on several days during the investigation period. Ms. Krupa Soni is the wife of Sanjay Soni who had also traded in the shares of RCL on several days during the investigation period. Thus, the facts on record clearly show that the appellant belonged to Krupa Soni group…."

37.2Master Finlease Ltd vs. SEBI (Appeal no. 334 of 2014)

Argument advanced by the counsel for the appellant that having common address and having shares of Vishvas Securities Ltd. could not be a ground to infer that the appellant was connected with the Vishvas Group is without

any merit. In the present case, the Adjudicating Officer has not only established the connection of the appellant with the Vishvas Group but also demonstrated that the trading pattern among themselves resulted in synchronized trades and circular trades which were in violation of the PFUTP Regulations. In these circumstances, the finding recorded by the Adjudicating Officer that the pattern of synchronized order placement and circular trading clearly establish that the transactions were carried out with the intension that the orders of participating entities should match and that there was prior arrangement with respect to those of transactions cannot be faulted. The Adjudicating Officer is justified in holding that the very fact that the Vishvas group entities were trading continuously among themselves by placing orders in such pattern thereby contributing significantly to the total volume in the market cannot be faulted.

28. Further, the common reply filed by 9 Entities as stated above and also Sanjay Soni's letter dated nil (received by me on September 1, 2017) wherein he stated that Entities are his past clients and he will appear along with AR on behalf of them, clearly established that they are connected.

29. Based on the connection shown, common reply filed and above observations of SAT, I am convinced with the allegations that Entities were connected to each other and all have acted in tandem to create false and misleading appearance of trading in the scrip

Match trade by group

30. Having established that Entities had acted as a group, the allegations and the responses will be dealt as that of the group instead of the individual Entities.
31. One of the allegations against the Entities was that they had indulged in Matched trades as per the data given in Table 2. The match trades executed by the group as a whole is given below:

(Table 4)

	Qty	% to market volume of 3602396 shares
Total match Trade buy qty by the group	577,480	16.03
Total match Trade sell qty by the group	577,480	

32. The above table clearly defeat the defence of Entities that the trades are genuine since they had met all the obligations of delivery and fund. No doubt they would have taken delivery and made payment to subvert the malafide intention. However, whatever has been bought has been sold during the investigation period itself shows that they had no intention of holding the share. In short, instead of squaring-off during the day, they squared-off during the investigation period when the objective of creation of false and misleading appearance of trading was met.

33. With regard to the response of AR which states that "what buy quantity is matched with what sell quantity and for among which Noticees…" is vague. Though the table referred to in the

SCN is a summary of matched and self-trades, I note that entire trade details of the entities was sent along with SCN and AR could have verified the details of trades with the data provided. I can find from the material, the details of what buy quantity is matched with what sell quantity with which Entities. For example, on April 20, 2010, there were 100 match trades for 14407 shares, the buy orders of Mahesh, Dhiren, Krupa , Krunal and Sanjay were matched with either Amul/ Dhiren/ JM Soni/ Krunal,/Krupa/ Sanjay.

34. Similarly on June 18, 2010, 60 trades for 10,193 shares where the buy orders of Mahesh/Amul/ Pravin/ Krunal/ Sanjay were matched with Krunal.
35. I would like to rely on the following observations made by Hon'ble SAT and Hon'ble Supreme Court on synchronized trades:
36. Hon'ble SAT's observation in the matter of Anita Dalal vs. SEBI (Appeal no.211 of 2012) that

"… trades have taken place in the impugned scrips through a group of connected entities like Maruti Group and Maniar Group through reversal, self trades and off market transactions and the trades of the appellant also substantially fell in the same category and hence the theory of mere coincidence cannot be accepted. It is the case of the Board that reversal, self trades and matching trades have taken place in the dealings of the appellant and the percentage of transactions highlighted by the appellant cannot be considered to be relevant. There cannot be cases of perfect synchronization of time, quantity and volume. The appellant has contributed in the creation of artificial volumes in the scrips when the connected group traded in a manipulative manner…"

37. Further, I would also like to refer to Hon'ble Supreme court's order in the matter of Rakhi Trading vs SEBI wherein it is observed

"*41. …….. The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market.*

42. We are fortified in our conclusion by the judgment of this Court in Securities And Exchange Board of India v. Kishore R. Ajmera, though it is a case pertaining to brokers, wherein it has been held at paragraph

"25. The SEBI Act and the Regulations framed thereunder are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the capital/securities market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light."

In this case it was also held that in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or the provision of the Regulations is concerned. To quote:

31. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors…" We do not think that those illustrations are exhaustive. There can be several such situations, some of which we have discussed hereinabove.

43. The traders thus having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations. Appeal Nos.1969/2011, 3175/2011 and 3180/2011 are hence allowed. The orders of the Securities Appellate Tribunal are set aside and that of the SEBI are restored to the extent indicated above

38. In this regard, it is important to note the Judgment of ***Hon'be SAT in Ketan Parekh vs SEBI*** (Appeal No. 2 of 2004) "*A synchronized transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. As already observed 'synchronization' or negotiated deal ipso facto is not illegal. A synchronized transaction will, however, be illegal or violative of the Regulations if it is executed with a view*

    a. *To manipulate the market or*
    b. *Results in circular trading or*
    c. *dubious in nature and is executed with a view to avoid regulatory detection or*
    d. *does not involve change of beneficial ownership or*
    e. *To create false volumes resulting in upsetting the market equilibrium.*
    f. *Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal.*

39. I note that trading between Entities had created false and misleading appearance of trading in the scrip which has incited other gullible investors to take interest in the scrip without any fundamentals. I note that the alleged transactions were repetitive and were substantial in quantity and were definitely matched to create misleading appearance in the scrip, hence allegation of creation of false and misleading appearance of trading stands concluded.

40. I note in the instant matter the matching of these trades was not noted in a solitary incident or two, instead, a large number of trades got matched regularly. The frequency of such trades ensured consistent matching of the orders for the purpose of creating volume among the Entities in the scrip to induce other persons to invest in the said scrip which can be seen from the price volume analysis table.

41. Here, I note that the Hon'ble Securities Appellate Tribunal (SAT), in the case of ***Nirmal Bang Securities Pvt. Ltd Vs. SEBI*** (Appeal No. 54-57 of 2002) had observed that:

"Synchronized trading is violative of all prudential and transparent norms of trading in securities. Synchronized trading on a large scale can create false volumes……

There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity, price, etc…….In a synchronized trading intention is implicit."

42. Since match trades have more or less similar characteristics of synchronized trades, the observations made by Hon'ble Supreme Court and Hon'ble SAT would be applicable to match trades as well. Accordingly, I conclude the entities had executed the matched trades with an intention to create false and misleading appearance in trading in a fraudulent manner and violated the provisions of FUTP Regulations.

Self-trades

43. Entities of the 'Soni Group' who have executed self trades repeatedly (i.e. quantity of more than 10,000 shares, more than 10 count of trades executed for two or more days) are summarized as under:-

Client Name	Self Trade Qty.	No. of Self Trades	No. of trading days	Sum of LTP diff. (Rs.)	% of Self Traded Qty. to Market Vol.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Krunal	54,068	588	55	36.25	1.50	13.90	14.22
Sanjay	24,609	104	29	3.05	0.68	9.09	9.35
Krupa	19,415	155	33	43.10	0.54	7.38	7.35
Dhiren	10,091	92	12	12.85	0.28	7.90	8.70

44. It is observed from the trade log/Order log that such self-trades were done by Entities on several days and in certain instances the time difference between buy and sale order was negligible.

45. It is not out of place to mention that if the Entities were genuinely trading in the scrip, then, they should have adopted such modus operandi which is permissible / fair enough and in accordance with regulatory framework, but not such strategy which is not warranted under law. Such placing of orders with no time difference or very less time difference, itself pre assures the Entities that their respective buy/sell orders are most likely to match with itself only. By adopting such mechanism/modus operandi of selling/buying shares to itself during entire listing day in high volumes as compared to total market that too many of them from same terminal, reveals fraudulent / manipulative intent of the Entities to match its respective orders with itself without changing the ownership in such shares, and its intent to create misleading appearance of trading.

Conclusion

46. Considering the fact that all 10 Entities had indulged extensively as a group while executing match trades and in addition Krupa, Krunal, Sanjay and Dhiren had executed repetitive self-trades, I am of the view that the present case clearly brings out the role played by the Entities which is manipulative manner with an element of fraud and unfair trade practices.

47. I find that by indulging in the above mentioned manipulative trades, the Entities not only created a false and misleading appearance of trading in the scrip. The said match trades and self-trades during the investigation period for such volumes and over a period of time further establishes that the Entities were acting in concert and such trades could not have been carried out without the meeting of minds. I do not find merit in the argument advanced by the Entities that they are not connected, the trading by the Entities prior understanding/collusion of minds is clearly required for such manipulation in the market. Thus I conclude that the Entities being related/connected with one another, had traded in the scrip in a manipulative manner and thus violated Section 12A (a), (b) and (c) read with Regulations 3(a) (b) (c) & (d) 4(1) and 4(2) (a), (b),(e) and (g) of the FUTP Regulations warranting imposition of monetary penalty under Section 15HA of the SEBI Act.

48. Having established that Entities had violated the provisions FUTP Regulations as stated above, I find the Entities liable for penalty.

49. The penalty levied in terms of the penal provisions as stated below:

Section 15HA of the SEBI Act, 1992 reads as under:

Penalty for fraudulent and unfair trade practices

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

50. Here, it is important to refer to the observation of the Hon'ble Supreme Court of India in the matter of ***SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)*** wherein it was observed that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…"*

51. While determining the quantum of penalty under Section 15HA of the Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the efault;
(c) the repetitive nature of the default."

Explanation: *For removal of doubts, it is clarified that the power to of an adjudicating officer to adjudge the quantum of penalty under Sections 15A to 15E, Clauses (b) and (c) of Section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

52. It is noted that available records does not specify the disproportionate gains or unfair advantage made by the Entities or the specific loss suffered by the investors due to such match trades and self-trades trades.

53. Though, as observed above, no quantifiable unfair / disproportionate gain was shown to have been acquired by the Entities in the above mentioned activities, I cannot ignore the gravity of violations involved in the matter. Having established that Entities had executed trades which were manipulative and in my opinion, indulging in trades with manipulative intent to create misleading appearance of trading (as analyzed in pre paras of this order), certainly is in the nature of causing possible adverse impact in disturbing the equilibrium of fair market mechanism. I would also like to take into consideration the adjudication proceedings dealt by me against the same Soni Group in the matters of Parichay Investments Ltd, Ushdev International Ltd and Saianand Commercial Ltd. I am of the opinion that entities of Soni Group are repetitive offenders and they are involved in several manipulative activities. While deciding the quantum of penalty for each Entity, the violations established against them and the repetitive nature of offences have been considered.

54. Further, I would like to take into account the repetitive offences of the Entities and the penal action taken against them while determining the quantum of penalty as stated in clause (c) of Section 15 J. From the below mentioned table it is clear that despite being penalized on several instances, certain Entities continued to manipulate the market. Therefore, I am of the opinion that penalty so levied should be so deterrent that these Entities do not resort to these practices any further. Hence, I am convinced that the penalties levied against the Entities commensurate with their violations and repetitive offences.

(Table 13)

Entity name	Earlier Penal action taken
Krupa	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014 • Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014 • Penalty of Rs.30 lakh levied in the matter of Shree Global Tradefin Ltd which was reduced to Rs.10 lakh by SAT • Restrained from buying or selling or dealing in the securities market for a period of 6 months in the matter of Vijay Textiles Ltd on December 11, 2007
Sanjay	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014 • Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014 • Penalty of Rs.30 lakh levied in the matter of Shree Global Tradefin Ltd which was reduced to Rs.10 lakh by SAT • Penalty of Rs.10 lakh levied in the matter of Hit Kit Global Solutions Ltd which was reduced to Rs.7 lakh by SAT • Restrained from buying or selling or dealing in the securities market for a period of 6 months in the matter of Vijay Textiles Ltd on December 11, 2007
Krunal	• Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014
Dhiren	• Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014
Amul	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014

ORDER

55. **In** view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose the following monetary penalties on the Entities:

Sr. No.	Name of the Entity	Nature of findings in brief	Provisions of Law Violated	Penalty Provision	Penalty Amount (In Rs.)
1	Mr. Sanjay Jethalal Soni (PAN:BVSPS9741N)	**Match Trade, Self-Trade**	Section 12 (a), (b) and (c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (a) and (g) of FUTP Regulation	**15 HA of the Act**	**10,00,000**
2	Ms. Krupa Sanjay Soni (PAN: BVSPS9740P)				**10,00,000**
3	Mr. Krunal Gopaldas Rana (PAN: AKMPR9961M)				**10,00,000**
4	Mr. Dhirenkumar Dharamdas Agarwal (PAN: AAZPA8189K)				**10,00,000**
5	M/s. J M Soni Consultancy (PAN: AAGFJ2939P)				**5,00,000**
6	Mr. Mahesh Somabhai Desai (PAN: AMGPD0183P)				**5,00,000**
7	Mr. Jimish Jitendrabhai Soni (PAN: ADRPS3416L)				**5,00,000**

8	Mr. Amul Gagabhai Desai (PAN: AHDPD3526G)	**Match Trades**			**5,00,000**
9	Mr. Arif Gulammustufa Shaikh (PAN: CKZPS8073E)				**5,00,000**
10	Mr. Pravinbhai Daduji Thakor (PAN: AJLPT7398G)				**5,00,000**

56. Entities shall remit/pay the said amount of penalty within 45 days of receipt of this order either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment facility into Bank account the details of which are given below:

Bank Name	State Bank of India
Branch	Bandra Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI - Penalties Remittable to Government of India
Beneficiary A/c No	31465271959

57. The Entities shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/ T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated should be forwarded to "The Division Chief (Enforcement Department - DRA- I), Securities and Exchange Board of India, SEBI Bhavan, Plot no C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400052 and also to e-mail ID - tad@sebi.gov.in

1	Case Name	
2	Name of Payee	
3	Date of Payment	
4	Amount Paid	
5	Transaction No	
6	Bank Details in which payment is made:	
7	Payment is made for: (like penalties/ disgorgement/ recovery/ Settlement amount and legal charges along with order details)	

58. In terms of Rule 6 of the Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

Date: October 25 ,2018
Place: Mumbai

SAHIL MALIK
ADJUDICATING OFFICER