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TRANSCOM
ELECTRONICS

Magic art of turning Tk 43 into Tk 1,200

Stocks in hot money spin again

SARWAR A CHOWDHURY with REIAUL KARIM BYRON

The company had been incurring losses for four consecutive years till 2007, producing aluminium panels.

Last year its share price dropped as low as Tk 43 while the face value of the share is Tk 100.

Then came in a foreign investment fund, offering to pump in a huge amount into the company with a hopeless record.

A deal was cut between the aluminium panel producer and the foreign investment fund under which the foreign firm snapped up a huge chunk of shares at a huge premium.

The market went crazy with the news. The company's shares worth Tk 43 soon started trading at a breakneck speed at astronomical prices, reaching as high as Tk 1,199 a share.

Within a month and a half, the foreign firm dumped all its shares on the bourses, and made even more astronomical profits. It repatriated \$2 million from Bangladesh against its investment of \$500,000. A super deal by any standard, for a month and a half.

The local company is BD Thai and the foreign firm, GEM Global Yield Fund.

That is what happened with Dhaka Stock Exchange between April and May this year, and market operators are now questioning how wise it was for the Securities and Exchange Commission (SEC) to allow foreign funds to engage on such terms in the market without any lock-in, a measure by which such investment companies are barred from selling before a certain time the shares they possess.

Questions are surfacing over SEC's withdrawal of the lock-in system for the foreign fund. In the past, the lock-in system had been in place for all companies -- both foreign and local -- to avert short-term speculative trading, and flight of capital from the market.

Usually, there should be a lock-in for a minimum of one year on share sales, and SEC applied the safety measure for GEM Global as well, at the commission's first meeting.

But the lock-in was withdrawn by SEC later after lobbying from an influential group, according to sources. The group argued if the lock-in remained, the foreign company would not invest.

Now an increasing number of companies such as Beximco Pharmaceuticals, and Aftab Automobiles are interested to strike such deals with the same foreign investment firm.

Not only that, those two local companies are now seeking to hand over their shares to GEM as 'loan', just like BD Thai sought.

If the 'share loans' are approved that could lead to even more interesting dealings, market players say.

GEM could first sell the shares that it buys for high prices, and then also sell the shares it gets as 'loans'. Then it could repatriate the whole amount. Later, as the market cools down, GEM could again buy the same shares at a lower price and repay its 'share loans'.

And why give shares as loans to a foreign fund? Because, as market players say, if a foreign company deals in its shares, general investors will find it much more

SEE PAGE 12 COL 1

Adieu, King of Pop

Millions of fans bid farewell to Michael Jackson

AFP, Los Angeles

A glittering gold-plated casket carried Michael Jackson on his final journey yesterday as a worldwide audience in the hundreds of millions paid an emotional farewell to the tragic King of Pop.

A day of sombre but star-studded ceremonies for the music superstar got underway shortly after 8:15 am (1515 GMT) as Jackson's family gathered for a private service at a picturesque mortuary in the Hollywood Hills.

As the ceremony ended, pallbearers carrying Jackson's golden casket swathed with red flowers emerged and loaded it into a black hearse, under the watchful eye of mourners and around 20 media helicopters hovering overhead.

A motorcade of luxury vehicles then made a stately procession to the 20,000-capacity Staples Center, where family, friends and celebrities rubbed shoulders with ordinary fans



PHOTO: AFP

The casket of Michael Jackson is seen during memorial services for the pop superstar at the Staples Center in Los Angeles.

who had won tickets via an online lottery. The service got underway

SEE PAGE 15 COL 7



PHOTO: SHAFIQU ALAM

This dangerously hanging electricity socket is for hawkers who sell goods on the pavement of a street at Gulistan in the capital. For Tk 10 a day, the hawkers get to use electricity in the evening.

QUORUM CRISIS COSTS JS Tk 5.41 CR

JS swipes at TIB

Speaker asks it to come up with accurate info

STAFF CORRESPONDENT

Transparency International Bangladesh (TIB) came under fire in the House yesterday for its report titled 'Parliament Watch 2009' that says Tk 5.41 crore got wasted due to quorum crisis in the inaugural session of the ninth parliament.

Taking the floor on a point of order, Chief Whip Abdus Shahid blasted TIB for giving 'false information' on quorum crisis. Treasury bench lawmakers supported his views thumping desks.

Prime Minister and Leader of the House Sheikh Hasina was present in the sitting.

"TIB undermined the parliament and the nation as well as by giving false information on quorum crisis and wastage of money," Shahid said.

Speaker Abdul Hamid thanked the chief whip for raising an important issue, and said TIB should have come up with accurate information.

"They (TIB) should think carefully before disclosing any information. Everybody should be sincere so that nation is not misled for wrong information," the speaker said.

If Tk 5 crore is wasted in one session, then Tk

25 crore will be wasted in five sessions a year, Hamid said. "But I don't have a budget of Tk 25 crore to meet the expenditure for parliament sessions in a year."

He however admitted that the House sittings begin seven to 12 minutes behind the scheduled time.

"I attended many roundtable discussions organised by civil society (bodies) that started even 45 minutes late. Compared to them parliament is in a better position," the speaker said.

Hamid asked TIB to find out corruption in the parliament secretariat in the past, and also now.

The chief whip said, "I strongly protest the TIB report that humiliated us before the world."

He questioned TIB's jurisdiction to prepare 'Parliament Watch 2009' which was released on Saturday. He also asked how they (TIB) collected the information since they did not come to the speaker.

Shahid went on, "Without your (speaker) permission, nobody can have any information from the parliament secretariat. We want to know from you how they collected the information."

TIB shows how quorum crisis hits JS

Says record of 9th parliament still better than 8th's

STAFF CORRESPONDENT

Delay of 1,548 minutes in starting Jatiya Sangsad sittings on 39 working days of the first session of the ninth parliament caused the wastage of Tk 5.41 crore to parliament, Transparency International Bangladesh officials said yesterday.

Quorum crisis, which also dogged the eighth parliament, caused on an average 40 minutes' delay on each working day of the first session, according to TIB.

Around Tk 35,000 was spent per minute on each day of the inaugural session of the ninth parliament.

"If we calculate as per the current budget of parliament, the wastage will be even more."

SEE PAGE 15 COL 1

RPO breached to recast JCD

SHAKHAWAT LITON

BNP has announced the new central committee of 'its student wing' Jatiyatabadi Chhatra Dal (JCD) and party chief Khaleda Zia approved five office bearers in violation of political parties' registration laws.

None of the five office bearers of the new committee including the president and secretary is eligible to lead JCD as per registration laws since they are not regular students, say legal experts.

According to the provisions of the registration laws stipulated in the Representation and the People's Order (RPO), a registered party cannot have any front or affiliated students' organisation.

However, students are allowed to form an

organisation to run their activities independently.

Like 38 other political parties, BNP also promised officially to the Election Commission (EC) to obey the laws when it applied for registration ahead of the ninth national polls last year.

The party also brought changes to its constitution and submitted it to EC in line with the registration laws to contest the parliamentary elections. Like other political parties, BNP also formally pledged to submit its ratified constitution to EC by July 25.

But the party on July 1 announced the 101-member new central committee of JCD and Khaleda Zia, who is still its organising leader, approved the five office bearers.

SEE PAGE 15 COL 4

JCD men protest expulsion

DU CORRESPONDENT

Tying shrouds on their heads, aggrieved leaders and activists of Jatiyatabadi Chhatra Dal staged demonstrations on the Dhaka University campus yesterday to protest the expulsion of four leaders from JCD's university unit.

Top leaders of the newly formed central committee of JCD dissolved three units including that at DU, expelling four leaders on Monday night for their protests against the central leadership.

The expelled include the

SEE PAGE 15 COL 5

JS asked to strengthen HR Commission

STAFF CORRESPONDENT

A parliamentary body yesterday recommended that the House empower the National Human Rights Commission to look into allegations against disciplined forces including the military.

The standing committee on the law ministry made a number of other recommendations as well in its scrutiny report on the HR commission bill.

It said the commission should be able to seek a report from the government on allegations of human rights violation by a disciplined force.

If the rights watchdog finds the report satisfactory, it will not

SEE PAGE 15 COL 3

Govt's Tipaimukh handling slated

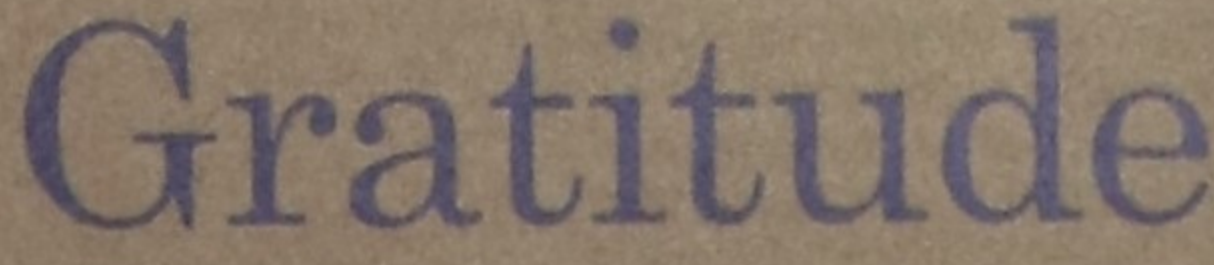


STAFF CORRESPONDENT

Environmentalists and academics yesterday called for a greater movement at national and international levels to resist what they said 'India's conspiracy' to construct Tipaimukh dam without sharing information with Bangladesh.

They also slammed the government's role in dealing with India about water issues. India has neither ensured water flow in the Ganges as per the Ganges Treaty nor shared information about Tipaimukh Dam, which is sheer violation of the treaty, they said.

"India is maintaining top secrecy about the dam, because it is

SEE PAGE 15 COL 4

EBL First Mutual Fund IPO

Over-subscribed by Seventeen Times

Eastern Bank Ltd. and Race Asset Management PCL are proud to announce the successful completion of the IPO subscription phase of EBL First Mutual Fund - the first mutual fund ever sponsored by any Commercial Bank in Bangladesh.

The total subscription amounted to a sum of Taka Three Hundred and Forty Four Crores, for a total IPO size of Taka Twenty Crores. This represents an over-subscription of over seventeen times (17x).

We offer our gratitude and humble thanks to all retail, institutional, domestic and international investors who participated in the EBL First Mutual Fund subscription. Your enthusiasm and confidence are very much appreciated.

We would also like to thank the Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., all our Bankers to the Issue, Merchant Banks and others who directly and indirectly provided support and guidance to EBL and RACE during this process.

Thank you.

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