

46 expatriate Bangladeshis flee Libya

DIPLOMATIC CORRESPONDENT

Forty-six more Bangladeshis crossed over to Tunisia on Wednesday and more are planning to leave Libya amidst bombing and deadly fighting.

The foreign ministry yesterday said some 711 Bangladeshis now await repatriation at Ras Jdir border point in Tunisia including the 46 that entered on Wednesday.

Biman Bangladesh Airlines repatriated 306 Bangladeshis from Tunisia yesterday and it will operate two more flights on Saturday and Monday, each flight carrying 306 people.

The ministry said its consular team at Ras Jdir received calls from many Bangladeshi families in different Libyan cities who want to return to Bangladesh.

The consular team advised them to take safe routes to Ras Jdir and coordinate their time of entry with the available flights, said the ministry's press release.

In another development, the foreign ministry said six students in Libya are appearing in HSC examinations being conducted by the Bangladesh Embassy in Tripoli.

Reports from Egypt said of two Bangladeshis present at the Al Salloum border point.

French forces

French forces, who have already joined helicopter raids to destroy Gbagbo's heavy weapons, also struck two pick-up trucks belonging to armed assailants who tried to break into the French ambassador's residence in the former colony.

The strikes came as forces loyal to presidential claimant Alassane Ouattara laid siege to Gbagbo's own residence after an attempt to extract him from his bunker on Wednesday met with fierce resistance.

Fighting continued in the economic capital Abidjan as Ouattara's forces tried to unseat Gbagbo, who has refused to cede power after losing last November's presidential election to Ouattara, according to results certified by the United Nations.

Sporadic gunfire could be heard coming from Gbagbo's presidential palace in the Plateau district yesterday, a week after Ouattara's soldiers arrived in the city.

Gbagbo is believed to be holed up in his personal residence, which lies in a cul-de-sac at the heart of the leafy, upscale Cocody embassy district.

The Japanese ambassador said mercenaries had stormed his residence. Burkhard said pro-Gbagbo loyalists had set up rocket launchers on the roof of the building.

"I was blocked in my room and these people had seized my residence," Okamura said.

French troops abseiled down a rope from their helicopter before it landed and Okamura was taken on board.

Burkhard said the French forces, who were shot at, fired back in self-defence, destroying at least one armoured vehicle and two pick-up trucks. No French soldiers were injured but one of the Japanese officials was hurt.

Meanwhile, Defence Minister Gerard Longuet told the French Senate Gbagbo had around 1,000 men, 200 of whom are in his residence.

Tk 20,000cr

FROM PAGE 1
people responsible for the stock debacle to justice.

The committee found manipulation in both primary and secondary markets, to a greater extent than in the 1996 scam that was limited to the secondary market alone.

"This time around, the primary market saw more irregularities than in the secondary market," said a probe committee member.

Crooked traders took Tk 20,000 crore out of the market through direct listing, private placement, preferential shares, mutual fund and book-building method, he added.

The report lists 100 people, who received shares in private placement. Many influential figures, politicians and businessmen are among them.

But the probe could not identify those who received placement shares by fake names. The committee urged the government to form a separate probe body to find them out.

Khaled held responsible the Securities and Exchange Commission (SEC), Dhaka Stock Exchange, Investment Corporation of Bangladesh (ICB), issue managers, issuers, valuers and auditors for the collusion that made the market volatile.

"In the probe report, we mentioned that some government officials influenced the commission and a few culprits sold placement shares verbally to other stakeholders without informing the SEC."

"The SEC, the ICB, military officers, government high officials and bourses are all connected with placement business," he said.

The committee could not ascertain the total amount that was taken out of the stockmarket before its collapse. But the probe body found out that some money went into private pockets.

At least Tk 4,000 crore to Tk 5,000 crore might have gone to private pockets through direct listing.

On siphoning money out of the country, Khaled said GEM Global Yield Fund Ltd, in collusion with local company Thai Aluminum, sent around Tk 15 crore abroad.

Referring to market manipulation, he said the same 19 people used two different addresses to purchase shares of Tk 19 crore through private placement.

There were certainly some irregularities, he said.

For instance, Khaled said, a group of 10 people made a verbal agreement with another group of ten. They sold and purchased shares among themselves to push up their prices just to sell the whole chunk at an exorbitant price later.

"They did this to lure retail investors into buying their shares at high prices. Not one or two individuals, many groups had done that. They are responsible for making the market volatile," he said.

The committee found grave manipulation through omnibus accounts. The probe found involvement of a private television owner, his closest friend and his wife and a number of influential businessmen close to the government in such accounts.

Due to lack of adequate time, the committee could only look into four omnibus accounts, which appeared to be enough to show their active involvement.

"The probe found strange things in these accounts," the committee member said, adding: "The government should look into other accounts, as major manipulation has taken place through this type of account."

Khaled said he doesn't think politics had anything to do with the debacle.

"Some businessmen, who have close ties with the people in power, might have taken undue advantage of their connections. Some of them either support Awami League or BNP, but when it comes to making money, they are above politics."

The report said issuer companies, issue managers, asset valuation agencies, audit firms, dealers, brokerage firms and many others are involved in myriad illegal activities that include direct listing in IPO issuance and pre-IPO activities, revaluation of company assets, fixing of high indicative value, manipulation of book-building method and non-

transparency in placement. Dealers, brokers and many others are responsible for irregularities in circular and book trading, and unusual transactions.

"As a regulator, it is the responsibility of the SEC to examine these kinds of wrongdoings, non-transparency and immoral activities. There is no scope for such unlawful activities without approval from the regulator. Therefore, the SEC is to blame for the stockmarket volatility," the report continued.

Merchant bankers are opening investors' accounts on their own. They are also operating only one beneficiary account (BO) account for every 5,000 to 10,000 accounts, showing sheer negligence to the laws.

"As a result, investors stay behind the BO account and beyond the public eye. Their accounts with merchant banks have become the den of corruption and irregularities. BO accounts do not contain the names of people whose shares are being traded," read the report.

The probe found that a number of SEC and ICB high officials have been engaged in share trading in the name of family members or relatives. Those officials have been named in the report, finance ministry sources said.

The probe body has evidence that SEC Executive Officer Anwarul Kabir Bhuiyan has traded shares in his wife's name while ICB DGM Kofil Uddin Ahmad Chowdhury in his wife and brother-in-law's names.

Many other names will come out if an extensive investigation is conducted, the report said.

The probe committee also found involvement of many policymakers, businessmen and stock-exchange officials in manipulating the market.

It gathered that a syndicate of around 30 people had a hand in the unusual ups and downs of the market.

Some companies overvalued their assets to influence the market. They include Libra Infusions (overvalued by 3472 percent), Sonali Ansh Industries (626 percent), Rahim Textile (518 percent), BD Thai Aluminium (298 percent), Orion Infusion (413 percent), Ocean Containers Ltd (296 percent) and Shinepukur Ceramic (120 percent).

Libya rebels unlikely to oust Gaddafi: US general

AFP, Washington

A top US general said yesterday it was unlikely that Libya's rebel forces could launch an assault on Tripoli and oust the regime's leader Muammar Gaddafi.

Asked at a Senate hearing about the chances that the opposition could "fight their way" to Tripoli and replace Gaddafi, General Carter Ham, head of US Africa Command, said: "Sir, I would assess that as a low likelihood."

Shipload of rice

FROM PAGE 1
Conservator Captain Nazmul Alam and Harbour Master Captain AKM Jafar Ullah Chowdhury rushed to the spot immediately after the accident.

Shoumen said they tried to unload the rice but failed as the crane of the ship could not be operated due to generator failure.

A team comprised of CPA Dock Master Captain Faridul Alam, Magistrate Mohiuddin Al Faruk and Department of Environment (DoE) Deputy Director Jafar Alam visited the spot around 4.30pm.

A huge quantity of fuel oil was also found leaking in the Bay from the ship.

The CPA took steps to neutralise the oil to prevent pollution.

Captain Faridul said they are spraying oil spill dispersant.

CPA Secretary Farhad said a probe body comprised of representatives from CPA, Bangladesh Navy, Bangladesh Coast Guard and Mercantile Marine Department would be formed to investigate the accident.

MEDITERRANEAN SEA Bangladeshis among the dead in boat capsized

STAFF CORRESPONDENT

A few Bangladeshis were among around 250 migrants who are feared drowned in a boat capsized in the Mediterranean Sea early Wednesday, said an official of International Organization for Migration (IOM).

"We have information that there were a few Bangladeshis among the migrants missing in the sea, around 40 miles from the Italian island of Lampedusa," Flavio Di Giacomo told The Daily Star yesterday evening from Rome.

No details about the missing Bangladeshis could be known yet, he said.

The vessel, which was loaded beyond capacity, had left the Libyan coast with about 300 migrants and asylum seekers from Somalia, Nigeria, Bangladesh, Cote d'Ivoire, Chad and Sudan.

Forty-seven survivors were rescued at sea by the Italian Coast Guard and three by a local Italian fishing boat.

The survivors were transferred to Lampedusa. They told IOM officers, who were providing them with first aid and counselling, the boat sank due to the rough sea.

Some 40 women and five children were on board, IOM said in a statement.

Sultana Laila, director general (welfare) of Bangladesh foreign ministry, said they have information that there were some Bangladeshis among the migrants on the boat that sank in the rough sea.

"We have instructed our missions concerned to get details on missing Bangladeshis," she told The Daily Star.

Since the beginning of February, Lampedusa has been overwhelmed by the arrival of more than 20,000 migrants from Tunisia and Libya.

Jamaat leaders

FROM PAGE 20
Ameer Rafiqul Islam Khan in connection with the police assault case.

The other two leaders on bail are the party's Dhaka City unit Secretary General Hamidur Rahman, MP and its office secretary Aminul Haque.

Around 1,000 activists of Jamaat-e-Islami and Islami Chhatra Shibir clashed with police at the city's Paltan area last Tuesday, injuring at least 25 people, including 10 policemen.

An HC bench of Justice Shamim Hasnain and Justice MR Hasan passed the order after Barrister Moudud Ahmed submitted a petition seeking bail in the case.

The accused Jamaat leaders were also present before the HC bench.

Assistant Attorney General Gazi Mamunur Rashid told The Daily Star that the government will move an appeal to the Supreme Court against the HC order.

Pay tax duly

FROM PAGE 1
Hasina asked the business community to create a domestic market for their products so that people can get those at a competitive price.

The prime minister stressed that the owners ensure proper working environment and other facilities for the workers.

To increase the overall trade volume of the country, the government is negotiating to export more products to the Saarc countries under the South Asian Free Trade Agreement (Safta).

Last year, Bangladesh exported eight million pieces of duty-free garment items to India under the agreement. The government will export the same quantity to India this year too, Hasina said.

She asked the businessmen to increase export of jute and agro-products and adopt green technologies to save the environment.

Overhaul share regulator

FROM PAGE 1
deputy governor of Bangladesh Bank, made more than 30 recommendations in its 320-page report submitted to the finance minister yesterday morning.

A member of the probe body told The Daily Star they had recommended removal of three top officials of the stockmarket regulator and punishment to a former SEC member who was responsible for "all sorts of bad decisions".

In the report, the committee named a band of high-profile people who were not directly involved in trade rather used proxy investors. This is a kind of market manipulation, though not technically illegal, according to the probe body member.

REORGANISATION OF SEC

The report said the image of the SEC has been dented excessively due to immorality and professional failures. It has neither manpower and skill nor morality to run such a big capital market.

The organisation should be restructured appointing chartered accountants, law experts and honest, skilled and successful professionals, it reads. Its manpower has to be increased. It has to fix market-based salary structure to attract meritorious and qualified persons.

For the reforms, the committee suggested developing an SEC Restructuring Plan on the basis of organisational study.

DEMUTUALISATION
Demutualisation means separating regulatory

affairs from the business activities of stock exchanges.

Stock exchange is said to be the primary regulator of the capital market. Conflict of interests occurs if businessmen take the role of regulators and impasse is surfaced in executing regulatory duties, argues the probe body.

Dhaka and Chittagong stock exchanges should be demutualised quickly. In India, the government put pressure on Mumbai Stock Exchange to demutualise by setting up National Stock Exchange. The process is ongoing in also Pakistan.

Demutualisation of the two bourses, a stock exchange administrator can be appointed, if required.

INVESTMENT BY BANKS

Banks do not own deposits but depositors do. The banks cannot invest the money in stockmarket without permission from depositors. Bangladesh Bank company laws allow banks to invest 10 percent of deposits.

Bank Company Law 26(2) should be amended to show a bank's investment into stockmarkets as equity stakes proportionate to its capital instead of deposits.

IPO AND KERB MARKET

The introduction of placement business under the cover of expanding capital before IPO approval has created "dangerous situation". There are no SEC rules and regulations in this regard.

The kerb market of placement has been cre-

ated due to absence of a rule. The issuer companies issue placement shares to influential people or agencies in face-value. The companies sell placement shares within a few days at high prices. Influential people make profit free of cost.

Many people have had their money stuck after the sale of placement as IPO did not get approval. And the SEC has allowed the anarchy to continue. The rules and regulations should be enacted immediately.

TRANSACTION OF REGULATORS

Share trading by the officials of the SEC and other the government agencies in their own name or in the name of their family members should be strictly closed down, as it hampers office works.

REVALUATION OF COMPANY ASSETS

There are no surveyor institutions or registered surveyors in Bangladesh. Companies are influencing the market by overvaluing their assets. The SEC is not taking any step to prevent overvaluation.

Chartered accountants should be given the valuers' responsibility until any chartered surveyor institute is set up in the country. However, valuers and auditors should be two different chartered accountant firms.

CHANGES IN FACE-VALUE
Changing face-value of shares from Tk 100 to Tk 10 has contributed to price hike in the market. Companies whose shares still value at Tk 100 should

be converted into Tk 10 to make face-value uniform.

The probe report has also said BO account should be opened for every investor account with the merchant banks and omnibus accounts should be closed for sake of legal transparency.

The committee could not conduct extensive investigation due to lack of adequate time, officials said. It urged the government to form a taskforce comprising SEC, Bangladesh Bank, National Board of Revenue and other stakeholders to discipline the stockmarket.

Ex-IGP Nur

FROM PAGE 20
general of police, as the next ambassador of Bangladesh to the Kingdom of Morocco, said a foreign ministry press release.

The former IGP belongs to the 1982 batch of BCS (police) cadre. During his distinguished career, Nur Mohammad served in UN mission in Kosovo (UNMIK).

He was appointed as IGP on January 29, 2007 and served in the highest position of police department till August 31, 2010.

Nur Mohammad obtained his BA (Hons) and MA degrees in history from the University of Dhaka. He attended conferences and training programmes at home and abroad including USA, Russia, India, Italy, Australia, Malaysia, Singapore and South Korea.

Nur Mohammad is married and has three children.

Expose culprits

FROM PAGE 1
irregularities.

They made the comments after a four-member enquiry committee, led by Bangladesh Krishi Bank Chairman Khondkar Ibrahim Khaled, submitted a probe report on the recent stockmarket debacle to Finance Minister AMA Muhith yesterday morning.

The probe committee made a series of recommendations for a major overhaul of SEC, including replacement of its current chairman.

Mirza Azizul Islam, a former chairman of SEC, said, "It appears to me that the probe's findings are quite generic. Unless there is any specific finding, the prospect of a quick follow-up action will be thin."

"It is necessary to identify and specify how unethical activities took place," observed Islam, who also served as a finance adviser to a caretaker government.

He favoured increasing the manpower of SEC. "It is necessary considering the growth of the market," he said suggesting training of the commission's officials for improving their efficiency.

"The rest is a question of honesty and integrity. It cannot be ensured through regulations. It depends on intra-organisation supervision. The question is how far it was practiced," he said adding that different stakeholders are linked with the stockmarket, and their roles should be noted.

"The blame should not be put on SEC only. It is necessary to see whether others have followed rules and regulations properly as well."

Islam said there are "rules of conduct" for the SEC staff, which limit their involvement in stockmarket.

"If anyone of SEC violates the conduct rules, action should be taken," he stressed saying action should also be taken in case any official took benefits unethically from private placement of shares.

On asset revaluation, Islam said companies require taking consent of SEC before going for revaluation of assets, and the commission should examine on which ground a company seeks to revalue assets.

The former SEC chairman agreed with the recommendation of the probe team that the practice of share trading by regulatory agency officials and their family members should be stopped.

might not influence the market too much unless anyone has been detected for the recent debacle.

"If responsible persons are detected, and actions are taken against them, then investor confidence will rise," he noted.

Prof Salahuddin Ahmed Khan, a former chief executive officer of Dhaka Stock Exchange, said, "The probe report should have focused on the secondary market to find those people who gambled in the market."

The probe report should have also specified the manipulators, he said. The culprits will take chance in future, if the government fails to find them, added Khan, who also teaches finance at Dhaka University.

Prof Mahmood Osman Imam, who also teaches finance at Dhaka University, said SEC itself is also responsible for the debacle. "SEC sets the policies, but it relaxed some of the rules when the market was going through a bad phase, and that gave the manipulators chances to manipulate the market," he said.

Some high profile government officials and stakeholders were involved with placement business, but the probe committee avoided investigating those powerful people, he complained.

The government should at least make public the names of the big fishes, and take actions against them, he said adding, "If necessary, further investigation can be carried out."

"This will boost investors' confidence, and also enhance the image of the government," he said.

SEC was aware of the manipulation of placement business, he said adding, "The main question is how the commission issued directives on instructions from the manipulators?"

About restructuring SEC, he said the commission must be reformed to stop placement business in the curb market.

The government should take actions against manipulators, seize their funds, and then deposit the fund to the national exchequer, he said.

Akter Hossain Sannamat, a market analyst said, "As SEC is mainly responsible for the stockmarket, restructuring of the commission is needed as per the probe committee's recommendation."

should consider the honesty and integrity of those people who will be selected for the commission, he went on.

To stop placement manipulation, the placement system should be revised, he added.

"Demutualisation of the stock exchanges will be the perfect step to strengthen the stockmarket further," he advised.

But the problem will be some influential members, who do not want demutualisation of the bourses, as they will lose their power on the management, he noted.

Khondkar Golam Moazzem, senior research fellow of the Centre for Policy Dialogue, said, "It is praiseworthy that the probe team has given some instructive guidelines."

He said the role of the capital market on the overall economy is insignificant. "But the way it has grown in the recent years, it has affected the financial sector."

"The process of reform and restructuring of SEC should start immediately, and priority should be given to it considering long term stability of the capital market," he said.

The government has taken steps to increase liquidity flow in the market, he said, "But the probe findings and recommendations show that investment into SEC's reform is more important."

Moazzem suggested that the government appoints honest, efficient and professional people who can withstand pressure from different quarters. He said the government can look into the Indian experience regarding the matter.

The CPD senior research fellow also agreed with the probe team about preventing participation of officials of regulatory agencies in share trading.

"We know of various anomalies at institutional levels. But it is necessary to know the extent of manipulation at personal levels," he said adding that information of irregularities by individuals might help take steps for detailed investigation further.

He said SEC suffers from a lack of legal mandate for enforcement, which it should have.

"We expect that the government will make the investigation report public," Moazzem said adding, if the names of the market manipulators are made public that will be good.

Individuals'

FROM PAGE 1
would not be published.

The probe committee itself said it did not get enough time and could not carry out a comprehensive investigation, Muhith said quoting committee members.

"This is not a fool-proof report. The committee told me to be sure about the individuals," said the minister. On the other allegations, he said actions will be taken as quickly as possible.

Replying to a question, he, however, said it is not a political decision that individuals' names will not be published.

He said the report is relatively long, and he is yet to go through it.

The government formed the probe committee after a "crash" in the stockmarket in December last year. A lot of allegations were there, and some individuals' names came to the surface for the market debacle. Some of these names also came up during the 1996 share scam.

"The probe committee has given sufficient materials to improve the stockmarket and the SEC [Securities and Exchange Commission]. We shall act on it," said Muhith. "We shall publish it as quickly as possible."

He said the committee found some weaknesses of the SEC, both in manpower and personnel. The government has already moved to strengthen it by recruiting some 40 officials.

The probe report also mentioned about the omnibus accounts operated by the merchant banks, book building method and asset revaluation that have played a role to fuel the stock prices, the minister said.

"Book building is a very sound method, but its applications were not followed properly," he said.

Muhith also said the committee has recommended stopping direct listing except for the state-owned enterprises.

Uniform conversion of share prices was also suggested. But there was no recommendation on the buy-back system, the minister added.

On selection of Ibrahim Khaled as the chairman of the probe committee, the minister said: "We've selected him based on merit, and he is the best candidate."

Muhith agreed with the probe committee recommendation on demutualisation.