

Star BUSINESS

Demand for steel has almost halved over the past two months as most construction works have been halted



Story on B4

Nine investors fined Tk 428cr for Beximco stock manipulation

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has imposed a fine of Tk 428.52 crore on five firms and four individuals for manipulating prices of Beximco Ltd's stocks, an unprecedented penalty in the country's capital market.

During a commission meeting yesterday, the regulator decided to impose fines on them for manipulating the price of the conglomerate's stock and pocketing around Tk 480 crore.

Although they have unrealised gains, the regulator only considered realised gains.

An unrealised gain is an increase in the value of an asset or investment that an investor has not sold.

Before this, the largest penalty for manipulation of share prices was imposed in 2008, when AB Bank's merchant banking wing was fined Tk 10 crore.

The regulator fined one Mosfequr Rahman Tk 125 crore, Momtazur Rahman Tk 58 crore, Marjana Rahman Tk 30 crore and Abdur Rouf Tk 31 crore.

Furthermore, Crescent Ltd was fined Tk 73 crore, Art International Tk 70 crore, Jupiter Business Ltd Tk 22.5 crore, Apollo Trading Tk 15.01 crore and Tradenext International Ltd Tk 4.01 crore.

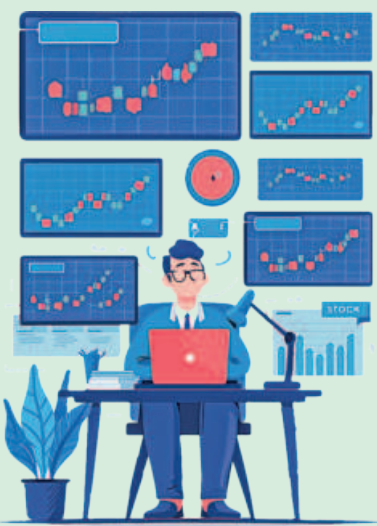
Stock market analysts welcomed the move, saying it would send a message to manipulators.

"We always appreciate the full enforcement of rules and regulations, but the penalty must be imposed," said Saiful Islam, president of DSE Brokers Association (DBA).

At the same time, the regulator should have published a full report or provided some clarification about how these individuals and companies violated securities rules, he added.

BSEC FINES NINE

| Individuals and companies | Fine |
|-----------------------------|------------|
| Mosfequr Rahman | Tk 125cr |
| Crescent Ltd | Tk 73cr |
| Art International | Tk 70cr |
| Momtazur Rahman | Tk 58cr |
| Marjana Rahman | Tk 30cr |
| Abdur Rouf | Tk 31cr |
| Jupiter Business Ltd | Tk 22.5cr |
| Apollo Trading | Tk 15.01cr |
| Tredenext International Ltd | Tk 4.01cr |



The Dhaka Stock Exchange sent an investigation report on the trade of Beximco shares in 2022. Focusing on people who traded Beximco's shares the most, the bourse found out that these investors were connected to each other in one way or another.

For instance, Mosfequr Rahman and Momtazur Rahman are brothers who are owners of the companies that were top traders of the stock – Jupiter Business, Apollo Trading and Art International.

After scrutinising the trade, it was found that they were involved in a series of trading of shares of Beximco to influence its price.

They had collectively acquired more than 10 percent of the company's shares but did not provide any declaration.

These activities were in violation of securities rules, the DSE said.

The same type of transgressions was committed by the other individuals and firms.

They also violated securities rules by posting false and misleading purchase orders for the shares of the company.

A top official of a leading merchant bank said the BSEC should freeze their beneficiary owner accounts as well as their bank accounts so they cannot avoid paying the fine.

"The fine will provide a good indication to foreign and institutional investors. It shows that the regulator is now stricter when it comes to curbing manipulation. But the regulator should be strict for all cases and continue enforcing the rules," he said.

Under the leadership of Prof Shibli Rubayat-Ul Islam, the BSEC started to levy fines properly, but such measures were not consistently taken up, he added.

How 11,000 bhori gold embezzled from Samabaya Bank

DIPAN NANDY

Mohiuddin Ahmed Mohi, a former chairman of Bangladesh Samabaya Bank Ltd, embezzled over 11,000 bhori (each bhori is 11.66 grammes) of mortgaged gold from 2,316 customers prior to 2021.

The embezzled gold was valued at more than Tk 40 crore at the time.

Mohi, who is also the joint general secretary of the Dhaka City South Awami League, was aided by a few corrupt officials of the bank, which was established to provide easy loans to small and medium cooperative farmers.

Speaking at an event in Cumilla's Kotbari on September 29, Local Government, Rural Development, and Cooperative Adviser AF Hasan Arif brought the issue to light.

"Upon reviewing the state of the cooperative bank, I found 12,000 bhori of missing gold. A committee has already been formed to investigate the matter and legal action will be taken against those involved."

It was revealed that in February 2021, the Anti Corruption Commission (ACC) had concluded an investigation and filed a case.

The former chairman, Mohi, along with eight bank officials, were named in the case. Five of them have been arrested, but Mohi, also a sitting vice president of the Bangladesh Football Federation, is not among them.

The case is currently under trial, according to Akhtarul Islam, deputy director and public relations officer of the ACC.

According to the ACC's investigation report, Mohi and others fraudulently embezzled 7,398 bhori and 11 aana of mortgaged gold from 2,316 customers by bypassing legal procedures, committing forgery and abusing their power.

Ahasanul Ghani, acting general manager and chief executive officer of Samabaya Bank, told The Daily Star: "As far as we



ACC accuses former chairman of the bank Mohiuddin Ahmed Mohi of the embezzlement

BY THE NUMBERS

Total gold embezzled:
Over **11,000** bhori
Of the amount, total net gold:
7,398 bhori
Worth:
Tk 40.08cr (2021 market price)
Total customers:
2,316

know, 7,398 bhori and 11 aana of mortgaged gold was embezzled from 2,316 customers. This is the net weight of the gold. The gross weight exceeds 11,000 bhori."

Attempts were made to reach Mohi for comment, but his phone was switched off and he did not respond to messages.

FINDINGS FROM ACC PROBE

During the investigation, the ACC collected and verified 455 applications seeking the return of mortgaged gold that

READ MORE ON B3

Why stock market was overrun by price manipulations

EBL, German embassy launch climate awards

STAR BUSINESS REPORT

Eastern Bank PLC (EBL) and the German embassy yesterday signed a joint declaration of intent to collaborate on the EBL Climate Change Action Award to promote climate change adaptation and mitigation in Bangladesh.

The award will be announced annually to recognise the best practices by local corporations, manufacturing companies, non-government organisations, and climate activists who have demonstrated excellence and leadership in implementing climate projects and initiatives.

Papers for the joint initiative were signed by Achim Tröster, German ambassador to Bangladesh, and Ali Reza Iftekhar, managing director of the bank, at the German embassy in the capital.

This was EBL's second partnership for the event.

In May, EBL and the US Department of State signed a partnership to collaborate on this event.

The nomination process for the EBL Climate Change Action Award 2024 will soon be announced through newspaper, electronic media and EBL website and social media platforms, according to the organisers.

The award categories cover a wide range of sectors and themes involving climate change challenges crucial to Bangladesh.

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MANIPULATION

Manipulated stocks were on top turnover list almost every day in the last 15 years

Four brokerage houses embezzled all the Tk 200cr funds of investors

Around 70 stockbrokers embezzled funds partially

Two asset managers embezzled Tk 225cr

Several firms were brought back to main board from OTC market to benefit manipulators

Benefits were given to govt officials through placement shares

SCANTY FINE

In 2022, manipulators gained Tk 253cr but were fined Tk 21cr only

In 2023, they were fined Tk 2cr for gaining Tk 15cr

AHSAN HABIB

The way that the stock market has been run over the past 15 years under the Sheikh Hasina-led government can be best summarised as facilitative to the manipulation of stock prices.

Such manipulation, including through serial trading of shares, was a regular scenario.

Interestingly, a number of businesses, including banks, become engaged in the manipulation malpractices which were previously not that common.

The regulator's loose monitoring and lack of punitive measures led to investors

losing their hard-earned money and eventually leaving the market for good.

Even after parking their funds in good stocks, they lost their money as at least four stock brokerage firms embezzled investors' funds in the period.

Around 70 brokerage firms were found to have partly embezzled their funds.

The safest instrument, mutual fund, also betrayed investors as several asset managers, in an unprecedented move, misused peoples' funds even though they were the persons appointed to protect the funds and manage them well.


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