

Suresh G.Waghmare

MEMBER OF PARLIAMENT
(LOK SABHA)



32, South Avenue
New Delhi-110011
Tel: 23795629

24th January, 2006

Dear Shri Chidambaramji,

Sub : 1) Inquiry/Investigation/Action against Scamsters of Demat Account.
2) Protection of small investors, reimbursement of losses.

Ref : Recent IPO - Demat Scam.

It is understood that a Syndicate had been found operating and manipulating various public issues - IPOs during the year 2005. Various experts, Small Investors Associations, Media Reports stated that this has covered more than 25 IPOs - Public Issues of 2005. It is proved in the findings of Yes Bank, IDFC that 50,000 Bogus - Benami Demat opened by few individuals, used by the Syndicate to corner the small investors' portion and also to help directly, indirectly the promoters; also to inflate the premiums.

From the findings and observations it is crystal clear that the Modus Operandi is in practice since long. It is difficult to understand why -

- i) SEBI, RBI, NSDL, MOF, Bank, Depository Participants have not filed criminal complaints against the scamsters;
- ii) investigation of other IPOs;
- iii) penal action against the violators and scamsters;
- iv) reimbursement of losses of small investors/applicants.

We would like to know -

- i) Study, inquiry, investigation of how many IPOs?
- ii) What are the preliminary findings?
- iii) Whether full fledged study, inquiry, investigation of the financial transactions, applications, transfers, payments made from Rupa Ben Panchal, Deepak Panchal, Budhwani and other accounts during the year 2005?
- iv) Inquiry, investigation of financial transactions of H Nyalchand & Co., Dhiren Vora and Ammam Shah required (?) have done?
- v) Number of small investors' shares cornered illegally?

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- vi) Details of grey market transactions of IPOs before or at the time of listing.

Till now, from the two IPO findings, it has been found that 50,000 bogus demat account/applications were made. We are afraid that more than five lakhs applications covering/cornering five crores shareholders by manipulating 25 IPOs must have been made in this "Mini IPO Demat Scam - 2005". It is understood that 40 Public Issues-IPO have collected premium of Rs 11,500 crores from market in 2005 alone.

We are of the opinion that this is another IPO Scam of 2005. Not only small investors have been robbed but it also must have resulted to inflate the premiums artificially.

We demand immediate action.

With regards,

Yours sincerely

(Suresh G.Waghmare)

**Shri P.Chidambaram
Minister of Finance
North Block
New Delhi**