

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73070 / September 10, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16097

In the Matter of

Salim Ghauri,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER AND CIVIL PENALTY

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Salim Ghauri (“Ghauri” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over Respondent and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order and Civil Penalty (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

Summary

1. These proceedings arise out of violations of the beneficial ownership reporting requirements of the federal securities laws. Section 16(a) of the Exchange Act and the rules promulgated thereunder require officers and directors of a company with a registered class of equity securities, and any beneficial owners of greater than 10% of such class, to file certain reports of securities holdings and transactions. Section 16(a) was motivated by a belief that "the most potent weapon against the abuse of inside information is full and prompt publicity" and by a desire "to give investors an idea of the purchases and sales by insiders which may in turn indicate their private opinion as to prospects of the company." H.R. Rep. 73-1383, at 13, 24 (1934). Reflecting this informational purpose, the obligation to file applies irrespective of profits or the filer's reasons for engaging in the transactions. The Sarbanes-Oxley Act of 2002 and Commission implementing regulations accelerated the reporting deadline for most transactions to two business days and mandated that all reports be filed electronically on EDGAR to facilitate rapid dissemination to the public.

2. While subject to the reporting requirements of Section 16(a) of the Exchange Act as an officer and director of NetSol Technologies, Inc. ("NetSol"), Respondent violated Section 16(a) on multiple occasions by failing to timely or accurately file reports of transactions and holdings in NetSol's securities.

Respondent

3. Ghauri, age 59, was a director of NetSol from 1999 through July 2012 and from July 2013 to June 2014, and was NetSol's president from 1999 through June 2012. Ghauri was during all relevant times a director and/or officer of NetSol subject to Section 16(a) of the Exchange Act.

Issuer

4. NetSol is a Nevada corporation with its principal place of business in Calabasas, California. NetSol's common stock is and has been at all relevant times registered with the Commission under Section 12(b) of the Exchange Act and traded on the NASDAQ (ticker: NTWK).

Applicable Legal Framework

5. Section 16(a) of the Exchange Act and the rules promulgated thereunder apply to every person who is the beneficial owner of more than 10% of any class of any equity security registered pursuant to Section 12 of the Exchange Act, and any officer or director of the issuer of any such security (collectively, "insiders").

6. Pursuant to Section 16(a) and Rule 16a-3, insiders are required to file initial statements of holdings on Form 3 and keep this information current by reporting transactions and holdings on Forms 4 and 5. Specifically with regard to Form 4, insiders must file Form 4 reports disclosing transactions resulting in a change in beneficial ownership within two business days following the execution date of the transaction, except for limited types of transactions eligible for deferred reporting. Transactions required to be reported on Form 4 include purchases and sales of securities, exercises and conversions of derivative securities, and grants or awards of securities from the issuer. In addition, insiders are required to file a Form 5 within 45 days after the issuer's fiscal year-end to report any transactions or holdings that should have been reported on Form 4 during the issuer's most recent fiscal year but were not.

7. Although the Commission has encouraged the practice of issuers assisting their officers and directors with Section 16(a) reporting compliance in order "to facilitate accurate and timely filing," Section 16 places the responsibility to report changes in securities ownership on insiders. Mandated Electronic Filing and Website Posting for Forms 3, 4 and 5, SEC Release No. 34-47809 (May 7, 2003).

8. A showing of scienter is not required to establish violations of Sections 16(a) and the rules thereunder. SEC v. Verdiramo, 890 F. Supp. 2d 257, n.14 (S.D.N.Y. 2011); In re Lexington Resources, Inc. et al, Admin. Pro. File No. 3-13109, 2009 SEC LEXIS 2057, *50 (June 5, 2009).

Respondent Failed to File Required Section 16(a) Reports on a Timely Basis

9. As a director of NetSol from 1999 through July 2012 and from July 2013 to June 2014 and officer from 1999 through June 2012, at all relevant times Respondent was subject to the reporting requirements of Exchange Act Section 16(a) and currently remains subject to those requirements.

10. From May 10, 2011 to March 29, 2012, Ghauri engaged in 15 transactions in NetSol stock without filing with the Commission the required reports on Forms 4 for such transactions. On February 14, 2014, after the staff contacted NetSol about Ghauri's Forms 4, Respondent filed a Form 4 to report these previously unreported transactions, which includes transactions executed on the following dates:

<u>Form Type</u>	<u>Date of Trans.</u>	<u>Due Date</u>	<u>Date Filed</u>
4	5/10/2011	5/13/2011	2/14/2014
4	6/28/2011	6/30/2011	2/14/2014
4	6/30/2011	7/5/2011	2/14/2014
4	7/5/2011	7/7/2011	2/14/2014
4	7/6/2011	7/8/2011	2/14/2014

<u>Form Type</u>	<u>Date of Trans.</u>	<u>Due Date</u>	<u>Date Filed</u>
4	8/5/2011	8/9/2011	2/14/2014
4	8/8/2011	8/10/2011	2/14/2014
4	11/1/2011	11/3/2011	2/14/2014
4	11/3/2011	11/7/2011	2/14/2014
4	11/4/2011	11/8/2011	2/14/2014
4	11/9/2011	11/14/2011	2/14/2014
4	11/15/2011	11/17/2011	2/14/2014
4	11/16/2011	11/18/2011	2/14/2014
4	3/29/2012	4/2/2012	2/14/2014

11. Respondent's unreported transactions include sales of NetSol stock from May 2011 through August 2011, for gross proceeds of \$423,951, and purchases of NetSol stock from August 2011 through March 2012 for a total cost of \$377,222. Respondent's Forms 5 filed for the fiscal years ended June 30, 2011 and 2012 also failed to reflect these unreported transactions.

12. As a result of the conduct described above, Respondent violated Section 16(a) of the Exchange Act and Rule 16a-3 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Ghauri's Offer.

Accordingly, pursuant to Section 21B and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 16(a) of the Exchange Act and Rule 16a-3 promulgated thereunder.

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$67,500 to the Securities and Exchange Commission, for transmission to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Salim Ghauri as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lorraine B. Echavarría, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 5670 Wilshire Boulevard, 11th floor, Los Angeles, CA 90036.

By the Commission.

Jill M. Peterson
Assistant Secretary