

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, in the matter of

- 1. Global Money Financial Services (Entity 1) (PAN: AAKFG1229R) Partners- Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar,**
- 2. M/s. Global Mount Money Research and Advisory Pvt. Ltd. (Entity 2) (PAN: AAECG8055A) Directors- Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar,**
- 3. Global Mount Money Research and Advisory (Entity 3) (PAN: AAMFG4008J) Partners- Mr. Rajeev Singh Rajput and Mr. Arpit Kothari,**
- 4. Global Money Research and Advisory, Proprietor -Rajeev Singh Rajput (Entity 4) (PAN: AQNPR9629P),**
- 5. Mr. Rajeev Singh Rajput (PAN: AQNPR9629P),**
- 6. Mr. Arpit Kothari (PAN: ASJPK7357H) and**
- 7. Mr. Ajay Kumar (PAN: BJPPK5750E)**

Background of Company

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received information in respect of the activities of a Madhya Pradesh based entity viz. Global Mount Money Research and Advisory Pvt. Ltd. (hereinafter referred as "**Entity 2**") providing investment advice to general public through its website (www.globalmountmoney.co), without obtaining necessary registration from SEBI. Global Mount is registered with RoC-Gwalior on June 13, 2012 with CIN: U74140MP2012PTC028640. It has its registered office address at 156, Ambedkar Nagar, Opposite Christian College, Indore, Madhya Pradesh - 452008. The



corporate office as shown on the website is 504, Shagun Tower, Plot no. 07, PU-04, Scheme no. 54, Vijay Nagar Square, A B Road, Indore, Madhya Pradesh.

2. SEBI had notified the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”) on January 21, 2013. The IA Regulations came into effect on April 21, 2013. However, proviso to regulation 3 of the IA Regulations allowed a period of 6 months to existing investment advisers to apply for registration, i.e. till October 20, 2013.
3. SEBI issued letter dated August 22, 2013 seeking information from Entity 2, and reminder letter dated September 25, 2013, both of which were delivered. However, Entity 2 did not respond to the same. On visiting the office of Entity 2 at 504, Shagun Tower, Plot no. 07, PU-04, Scheme no. 54, Vijay Nagar Square, A B Road, Indore, Madhya Pradesh on December 24 and December 31, 2013 to obtain necessary information, it was found by SEBI officials that investment advisory services in shares, derivatives and commodities were being carried out.
4. It was observed from the website of Entity 2 (www.globalmountmoney.co.) (which was observed to be fully functional) that it provided investment advisory services to general public without obtaining necessary registration from SEBI. It was also observed that regularly updated track sheets of advice/tips given by the company were available on the website of Global Mount. A perusal of the website of the Entity 2 revealed that it was providing advisory services to general public and was declaring itself as an investment adviser.
5. Bank account details of Entity 2 as mentioned on its website at that time, are detailed below:

Sr. No.	Company Bank Account No.	Type of Account	Bank Name and Branch	Account in the name of-
1.	004105500707	Current	ICICI Bank, Vijay Nagar, Indore	Global Money Research and Advisory*
2.	914020025740215	Current	Axis Bank, Vijay Nagar, Indore	Global Money Research and Advisory*



3.	50200005745585	Current	HDFC Bank, Vijay Nagar, Indore	Global Money Research and Advisory*
4.	1811467853	Current	Kotak Mahindra Bank, M.G. Road, Indore	Global Money Research and Advisory*

* Paragraph 9 infra may be referred.

6. SEBI, vide letter dated May 06, 2014 sought comments/reasons from Entity 2 for the non-compliance with provisions of Section 12(1) of Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and Regulation 3(1) of IA Regulations. However, the said letter got returned undelivered with remark, ‘returned to sender- refused.’ In view of this, SEBI official once again visited the office of Entity 2 on May 16, 2014. It was found that the business was fully functional at the same address with approximately 30 employees.
7. Pursuant to the same, based on the information obtained from the website of Entity 2, SEBI conducted a preliminary examination of the activities of Entity 2, with a view to ascertain possible violations of the SEBI Act and the IA Regulations. One of the SEBI officers, posing as an ordinary investor, registered for free trials on the website of Entity 2 viz. www.globalmountmoney.co. On successful registration, a representative of Entity 2 contacted at the mobile number given at the time of registration for free trials. The contents of the message as received are reproduced below:
 - “Welcome to Global Mount Money Family, Our Sales Executive will contact you soon,...”
8. SEBI, vide separate letters dated July 18, 2014 *inter alia* sought following information from Vijay Nagar, Indore Branches of ICICI Bank, Axis Bank and HDFC Bank:
 - Bank Statement of account number 004105500707 (ICICI Bank), 914020025740215 (Axis Bank) and 50200005745585 (HDFC Bank) from January 01, 2014 till date,
 - Account opening date,



- Any other account of Global Mount maintained with ICICI Bank, Axis Bank and HDFC Bank from April 01, 2013 till date,
- PAN and KYC details of Global Mount.

The said banks provided the information/documents sought by SEBI, vide e-mails and letters dated July 30, 2014, July 22, 2014, August 22, 2014, September 04 and September 09, 2014.

9. From the information thus available from the banks it was noted that the directors of Global Mount, viz. Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar were also director/proprietor/partner of various group entities/firms, as given below:

Entity No.	Entity Name	Constitution	Parties
1	Global Money Financial Services	Partnership	Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar
2	Global Mount Money Reseach and Advisory Private Limited	Company	Directors - Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar
3	Global Mount Money Reseach and Advisory	Partnership	Mr. Rajeev Singh Rajput, Mr. Arpit Kothari
4	Global Money Research and Advisory	Sole Proprietorship	Mr. Rajeev Singh Rajput

These entities had also opened accounts with the aforesaid banks.

10. On the basis of the information and other documents forwarded by the aforesaid banks, clarification about providing advisory services to general public without being registered with SEBI was sought from all the newly identified entities viz. Entity 1, Entity 3 and Entity 4 and



their directors/partner/proprietor viz. Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar vide separate letters dated October 07, 2014, which were delivered to all entities except Mr. Arpit Kothari who refused to accept the letter, and letter from Entity 1 returned undelivered with a remark 'addressee moved'. Reminder to the same was sent vide separate letters dated October 15, 2014, which were also delivered to all entities except Mr. Arpit Kothari who refused to accept the letter and letter from Entity 1 returned undelivered with a remark 'addressee moved'.

11. The following, *inter alia*, are the observations of the detailed examination conducted by SEBI:

a) Details of three directors of Entity 2 are tabulated below:

S. No.	Name	DIN	Address	Date of Appointment
1.	Arpit Kothari	05291344	F-18/3 RD, Luv Kush Awas Vihar, Indore, M.P.	13/06/2012
2.	Ajay Kumar	05291441	270, Gopal Ganj, Orai, Jalun, Uttar Pradesh - 285001	13/06/2012
3.	Rajeev Singh Rajput	05291444	93-A, Abhinandan Nagar, Indore - 452001	13/06/2012

On analysing the information/document furnished by ICICI Bank, Axis Bank and HDFC Bank, such as the Account Opening Forms, KYC documents, Bank Statements etc., it is observed that:

- i. As per the details given in the website of Entity 2 (www.globalmountmoney.co/), it mentioned itself as a company. However, the payments are required to be made to the account of the aforesaid proprietary concern, viz., Entity 4.



- ii. Details of all known bank accounts of Global Mount and its directors/promoters, as furnished by ICIC Bank, HDFC Bank and Axis Bank are tabulated below:

Sr. No.	Entity Bank Account No.	Type of Account	Bank Name and Branch	Account in the name of	Name of the director/partner/Proprietor and his/her address	Account Opening Date
1.	12407610000171	Current Account	HDFC Bank, Race Course Road Branch, Indore	Global Mount Money Research and Advisory Pvt. Ltd. (Company - PAN: AAECG8055A)	Directors: Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Ajay Kumar 156, Ambedkar Nagar, Madhya Pradesh Indore, 452010	11/08/2012
2.	914020025740215	Current Account	Axis Bank, Vijay Nagar Branch, Indore	Global Money Research and Advisory (Proprietary concern, PAN: AQNPR9629P)	Proprietor, Mr. Rajeev Singh Rajput 504-Bhukhand 7, PU-4, Vijay Nagar, Indore, M.P.	08/07/2014
3.	004105500707	Current Account	ICICI, Vijay Nagar Branch, Indore	Global Money Research and Advisory (Proprietary concern, PAN: AQNPR9629P)	Proprietor- Mr. Rajeev Singh Rajput 504-Bhukhand 7, PU-4, Vijay Nagar, Indore, M.P.	11/06/2014
4.	50200005745585		ICICI, Vijay Nagar Branch, Indore	Global Money Research and Advisory (Proprietary concern, PAN: AQNPR9629P)	Proprietor- Mr. Rajeev Singh Rajput 504-Bhukhand 7, PU-4, Vijay Nagar, Indore, M.P.	11/07/2014
5.	00415013591	Current Account	ICICI, Malav Parisar Branch, Indore	Global Mount Money Research and Advisory - (Partnership firm PAN: AAMFG4008J)	Partners- Mr. Rajeev Singh Rajput and Mr. Arpit Kothari 504, Shagun Tower, Plot No. 7, PU 4, Scheme no. 54, A.B. Road, Indore, M.P.	16/09/2013



6.	50200002492506	Current Account	HDFC Bank, Vijay Nagar Branch, Indore	Global Mount Money Research and Advisory (Partnership firm-PAN: AAMFG4008J)	Partners- Mr. Rajeev Singh Rajput and Mr. Arpit Kothari 504, Shagun Tower, Plot No. 7, PU 4, Scheme no. 54, A.B. Road, Indore, M.P.	11/10/2013
7.	12402000003137		HDFC Bank, Race Course Road Branch, Indore	Global Money Financial Services (Partnership firm PAN: AAKFG1229R)	Directors: Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Ajay Kumar 156, Ambedkar Nagar, Madhya Pradesh Indore, 452010	21/07/2011
8.	04041000053328		HDFC Bank, Race Course Road Branch, Indore	Mr. Rajeev Singh Rajput (PAN: AQNPR9629P)	43-A, Abhinandan Nagar, Indore, 452010	13/07/2011
9.	04041140045040		HDFC Bank, Race Course Road Branch, Indore	Mr. Rajeev Singh Rajput (PAN: AQNPR9629P)	43-A, Abhinandan Nagar, Indore, 452010	10/10/2012
10.	12401050069118		HDFC Bank, Race Course Road Branch, Indore	Mr. Rajeev Singh Rajput (PAN: AQNPR9629P)	43-A, Abhinandan Nagar, Indore, 452010	07/06/2012

iii. It is observed that the addresses of all the aforesaid entities, Entities 1, 2, 3 and 4 are the same.

b) It is observed that there are several deposits into the aforesaid bank accounts from different parts of the country which are equivalent to the fees charged by the various entities for advisory services offered by them.



Fee Structure (in Rs.)

Period↓	Stock Cap Tips	Stock Future Premium	Option	Combo(Cash & Future)	NIFTY FUTURES	MCX normal	MCX premium	NCDEX	MCX Positional
Monthly	6000	10000	7000	12000	5000	15000	25000	15000	15000
Quarterly	15000	25000	18000	25000	12000	40000	60000	35000	40000
Half Yearly	25000	40000	30000	45000	20000	70000	100000	60000	70000

Period↓	Premium cash	Premium Option	Combo(MCX & NCDEX)	Bullions	Base metal + energy	Inventory Call
Monthly	15000	15000	22000	10000	10000	27000
Quarterly	39000	39000	55000	25000	25000	40000
Half Yearly	69000	69000	90000	45000	45000	70000

Transactions which are equivalent to the fees charged by the aforesaid entities are illustrated below:

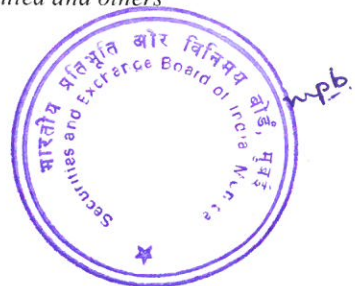
Fee Amount (in Rs.)	No. of transactions equivalent to the fee amount			Total No. of transactions
	Global Mount Money Research and Advisory (Account Nos. 00415013591, 50200002492506)	Global Money Research and Advisory (Account Nos. 50200005745585, 914020025740215 and 004105500707)	Rajeev Singh Rajput (Account Nos. 004101560880 and 04041140045040)	
5000	99	30	2	131
6000	16	5	0	21
7000	4	1	0	5
10000	50	11	0	61
12000	4	0	0	4
15000	9	3	0	12
18000	1	0	0	1
20000	10	1	1	12
25000	3	1	3	7
40000	0	0	1	1
90000	0	0	1	1
Total	196	52	8	256



c) It is observed that these funds are deposited from various parts of country viz. Anantnag, Rajkot, Sri Madhopur, Lucknow, Sangrur, etc.

12. *Prima facie findings/allegations in brief:* Pursuant to the aforesaid examination, SEBI passed an interim order dated March 12, 2015, against Entity 1 (Global Money Financial Services), Entity 2 (Global Mount Money Research and Advisory Private Limited), Entity 3 (Global Mount Money Research and Advisory) and Entity 4 (Global Money Research and Advisory) and the promoters/directors/partners/proprietor viz. Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar (hereinafter referred to as Noticees), wherein the following *prima facie findings/allegations* were recorded.

- i. Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar are collecting funds from investors for providing investment advice in the name of different company/firms/proprietary concern viz. Entity 1, Entity 2, Entity 3, and Entity 4.
- ii. Entity 2 (the Company), Entity 3 (Partnership firm) and Entity 4 (proprietary firm) are operating as one entity as is evident from the website of Global Mount, wherein at the home page, Entity 3, was mentioned as a company. All the bank accounts given on the webpage are of the proprietary firm, viz. Entity 4. All the directors of Entity 2 are partners of Entity 1.
- iii. One of the directors of Entity 2, viz. Mr. Rajeev Singh Rajput is the proprietor of Entity 4. Two of the directors of Entity 2, Mr. Rajeev Singh Rajput and Mr. Arpit Kothari are partners of Entity 3. All the three directors of Entity 2, viz. Mr. Rajeev Singh Rajput, Mr. Ajay Kumar and Mr. Arpit Kothari are partners of Entity 1.
- iv. On the website of Entity 2, i.e. <http://www.globalmountmoney.co>, the name of Entity 4 is mentioned viz. *Global Money Research and Advisory* (proprietary firm).
- v. Entity 2 is claiming to have 4232 active clients.
- vi. High Accuracy is claimed in their tips without any substantial evidence for the same.



- vii. Marketing executives of the firm calls prospective clients for registration as free trial clients. Also, some clients register for free trials after pursuing the website of Global Mount.
- viii. Tips are being provided to the investors through SMS/calls as evident from the SMS tips and calls received by the SEBI Official, who had registered for free trial, as an ordinary investor.
- ix. Bank Account details are mentioned on the website for online payment. From bank statements provided by the respective banks, it is evident that there is a regular flow of funds in bank accounts of the entity from various individuals across the country which is equivalent to fees charged by the entity for his advisory services.
13. In view of the *prima facie* findings on the violations, vide the said interim order dated March 12, 2015, the following directions were issued to Entities 1, 2, 3 and 4 and the promoters/directors/partners/proprietor, viz. Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar with immediate effect:
- i. *“to cease and desist from acting as investment advisers and cease to solicit or undertake such activities or any other unregistered activity in the securities market, directly or indirectly, in any manner whatsoever;*
- ii. *immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to their investment advisory or any unregistered activity in the securities market.”*
14. In the interim order it was stated that Entities 1, 2, 3 and 4, and the promoters/directors/partners/proprietor viz. Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar, would be afforded 21 days, from the date of receipt of the interim order, to file its replies, if any and to seek an opportunity of personal hearing, if they so desired.



15. *Service of interim order and hearing notice:* The interim order dated March 12, 2015 was served on the Noticees, vide letter dated March 13, 2015. The said interim order was delivered on the Noticees.

16. Vide reply dated April 23, 2015, Entity 4, submitted, *inter alia*, the following:

- a. Entity 1 which was a partnership firm with 3 partners, started on June 22, 2011 and was operating as an investment adviser. The said firm was dissolved on November 5, 2012.
- b. Investment adviser activities were continued through a body corporate in the name Entity 2 created on June 12, 2012.
- c. Entity 2 stopped operating before October 21, 2013, i.e. before the date when registration as an investment adviser was compulsory for any unregistered investment adviser who was in business since before the commencement of the IA Regulations.
- d. The second partnership firm, Entity 3 was formed which carried out the business of investment advisers from date September 1, 2013. The said partnership firm stopped operations on July 7, 2014 and was dissolved on October 1, 2014.
- e. From July 1, 2014 the sole proprietorship firm, Entity 4, started operations as investment adviser.
- f. Entity 4 had the intention of registering itself as an investment adviser and violation of the same was not intentional.

17. Vide reply dated March 30, 2015, Mr. Arpit Kothari, submitted, *inter alia*, the following:

- a. Entity 1 was a partnership firm started by Mr. Rajeev Singh Rajput, Mr. Ajay Kumar Gupta and by Mr. Arpit Kothari on June 22, 2011 and thereafter it was dissolved by mutual consent of the Partners on November 5, 2012. Entity 3 was the second partnership firm which was started by Mr. Rajeev Singh Rajput and Mr. Arpit Kothari, and the same was dissolved on October 1, 2014.
- b. Entity 2 had stopped its investment advisory business operation from August, 2013 and since then it was not engaging in any type of investment advisory



business activities. Entity 2 had also not received any money from the clients except for past services.

- c. The Noticee, Mr. Arpit Kothari, had resigned from the office of directorship of Entity 2 w.e.f. from June 1, 2014 and therefore, had no further association with Entity 2. It was also submitted that the ownership of domain of website www.globalmountmoney.co was in the name of Mr. Rajeev Singh Rajput and that he was using the said website for his proprietorship firm, Entity 4.
- d. Mr. Arpit Kothari had visited SEBI to apply for the registration as investment adviser in the month of October/November, 2013, but were advised that the said application cannot be accepted as the time for submitting the application had expired.
- e. With regard to the details of all Bank Accounts mentioned on the website, it was submitted that they belonged to Entity 4, the proprietorship firm of Mr. Rajeev Singh Rajput.

18. Vide separate replies dated March 31, 2015 and April 1, 2015, the Noticees, Entities 1, 2, 3 and 4 requested for time to comply with the interim order and appear for a personal hearing.

19. Subsequently, vide notifications dated June 10, 2017, published in the newspapers *The Times of India* and *Dainik Bhaskar*, the Noticees were notified by SEBI that they will be granted an opportunity of personal hearing on June 20, 2017 at the time and venue mentioned therein.

20. *Hearing and submissions:* Mr. Rajeev Singh Rajput, Mr. Arpit Kothari and Mr. Ajay Kumar appeared together and made submissions for themselves and on behalf of Entity 1 and Entity 2. Mr. Rajeev Singh Rajput and Mr. Arpit Kothari separately appeared for Entity 3. Further, Mr. Rajeev Singh Rajput appeared for Entity 4. The Noticees made oral submissions in line with the replies received earlier. In summary their submission were as follows:

Dates	Events
June 22, 2011	Global Money Financial Services – Partnership firm created (with Rajeev Singh Rajput, Arpit Kothari and Ajay Kumar) Entity 1 which started their business of Investment Advisory

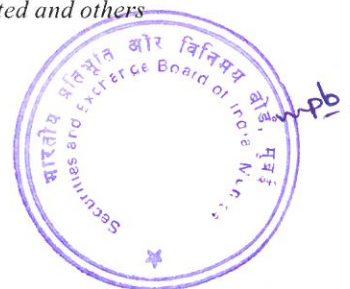


June 13, 2012	Global Mount Money Research and Advisory Private Limited – Company created (<i>directors viz. Rajeev, Arpit and Ajay</i>) Entity 2 which continued the business of Investment Advisory
November 5, 2012	Entity1 is dissolved.
July 2013	Ajay Kumar claims he resigned as a director of Entity 2
August 2013	Entity 2 stopped business
September 1, 2013	<i>Global Mount Money Research and Advisory</i> – Partnership firm created (<i>Arpit Kothari and Rajeev Singh Rajput</i>) Entity 3
October 2013	Mr. Arpit Kothari and Mr. Rajeev Singh Rajput had applied to SEBI seeking registration as an Investment Adviser in the name of Entity 3. But the said application was returned by SEBI on grounds of being deficient in relevant particulars. The Noticees submitted that payments were being received in the account of Entity 2 after October 2013, from pre-existing clients for renewal of services and they were largely habitual payments.
June 1, 2014	Arpit Kothari resigned from Entity 2.
July 1, 2014	Global Money Research and Advisory – sole proprietorship (Rajeev Singh Rajput) Entity 4 which has been managing the website since then and continued the business of Investment Advisory.
October 1, 2014	Entity 3 is dissolved.
March, 2015	Bank accounts used by the aforesaid Entities were closed.

21. The Noticees were given two weeks' time to file further written submission along with relevant bank accounts, profit and loss accounts and balance sheets in this regard. The Noticees on July 15, 2017 have submitted the audited Balance Sheets and Profit and Loss accounts for the period of October 1, 2013 to March 31, 2014 and April 1, 2014 to March 31, 2015 with respect to Entity 2, Entity 3 and Entity 4. No other written submission has been received.

22. I have considered the allegations, and materials on record. On perusal of the materials on record, the following issues arise for consideration. Each question is dealt with separately under different headings:

- i. Whether the Noticees were involved in unregistered investment advisory activities.



ii. If so, whether the Noticees have violated section 12(1) of the SEBI Act and regulation 3(1) of the IA Regulations.

iii. If the findings on Issue No. 2 are found in the affirmative, who are liable for the violation committed?

23. *Whether the Noticees were involved in unregistered investment advisory activities:* I have perused the definition of investment adviser as given in regulation 2(m) of the IA Regulations, which states that investment adviser means “means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called”. Further, I have perused regulation 2(l) of the IA Regulations which defines investment advice as “advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.”

24. I have perused the interim order dated March 12, 2015 for the allegation of unregistered investment advisory activities. I note from the website www.globalmountmoney.co that following has *inter alia* been mentioned:

- *"Global Mount Money Research and Advisory is one of the India's finest research and stock advisory company deals in intra-day tips and positional tips. We provide equity tips as well as commodity tips.*
- *We offer diversified range of services as per the investments of an investor, trader or a broker. Global Mount Money offers best stock future tips.*
- *In stock cash tips we provide intraday and positional services. In which we provide tips on cash scripts with most accurate level.*

Demo -Calls :



- GM CALL :- SELL JK TYRE BELOW 141.25 TG1 140.25 TG2 138.90 TG3 136.90 SL 143.25.
- GM CALL :- BUY AJANTA PHARMA ABOVE 946 TG1 953 TG2 962.50 TG3 977 SL 931
- We create a safe trading portfolio for HNI's, with balanced asset allocation to different trading products and can take care of the portfolio as an advisor,
- Global Mount Money provides Base Metal tips for commodity traders,
- We charge some fix amount for this service & assure to return you 2 times profit of the amount what you paid for the subscription of our HNI services."

25. I further note that as per the KYC documents, provided by the Banks, the business activities of the Noticees are mentioned as 'Share Market Advisory Services'. The Establishment Certificates issued by the State Government to the said entities confirm the business as 'Stock and Commodity Advisor'. The Partnership letter given to ICICI bank by the partnership firm, Entity 3 contains a clause which says "M/S GLOBAL MOUNT MONEY RESEARCH & ADVISORY carrying on business of STOCK AND COMMODITY ADVISORY at 504 SHAGUN TOWER PLOT NO 7 PU 4 SCHME NO 54 A B ROAD INDORE (M.P.) 452001. I further find from the website that the Noticees had provided the fees structure for different schemes of investment advisory services provided by them.
26. I note from the replies filed by the Noticees that while they have claimed to have attempted to obtain registration as an investment adviser, they had failed to do so, by their own admissions. Despite this, they continued to offer investment advisory services even after the last permissible date in October 2013 and received fees in various accounts aggregating to Rs. 1,43,24,132/-, as per the submissions of audited accounts by the Noticees.
27. Mr. Arpit Kothari vide his reply dated March 30, 2015 submitted that the Noticees had visited SEBI to apply for the registration as investment adviser in the month of October/November, 2013. However, no material was available on record to indicate that the Noticees had applied



for certificate of registration as investment adviser. Moreover, I find that such submissions are irrelevant as it is an admitted fact that the Noticees had failed to get registration.

28. Therefore, I find that the activities of the Noticees of giving stock and commodities advisory services to the general public on payment of fees clearly indicate that they were engaged in providing unregistered investment advisory services.

29. *If so, whether the Noticees have violated section 12(1) of the SEBI Act and regulation 3(1) of the IA Regulations:* I note that as a measure of investor protection, it is imperative on any person carrying out investment advisory activities, to obtain registration and conduct its activities in accordance with the provisions of the SEBI Act and the IA Regulations. I have perused of Section 12(1) of the SEBI Act which states that

“No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act.”

30. Further, I note that as per regulation 3(1) of the IA Regulations, 2013, *“on and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations.”*

31. The proviso to regulation 3 of the IA Regulations states that *“a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate ... within the said period of six months, till the disposal of such application.”* The



IA Regulations were notified on January 21, 2013. The IA Regulations came into effect on April 21, 2013. Therefore, any person who had been providing investment advisory service before the IA Regulations came into effect can, by virtue of the proviso under regulation 3, continue to do so without a certificate of registration till October 20, 2013, beyond which the said person would have to obtain a certificate of registration or may continue to do so till the time his application for registration is disposed of.

32. The Noticees have admittedly been acting as investment adviser through a partnership firm, Entity 1 from June 22, 2011, as noted from the Deed of Dissolution dated November 5, 2012. In view of the above, I find that the Noticees fall in the scenario envisaged in the proviso to regulation 3 of the IA Regulations.

33. I find that the Entities were in operation at different periods of time and the same are tabulated below to ascertain whether the Noticees had violated regulation 3 of the IA Regulations read with the proviso to the same:

Entity	Start Date of operation as Investment Adviser	End Date of operation as Investment Adviser	Violation of regulation 3 of IA Regulations read with the proviso	Remarks
Entity 1	June 22, 2011 (as per Deed of Dissolution dated November 5, 2012)	November 5, 2012 (as per Deed of Dissolution dated November 5, 2012)	No	Stopped investment adviser activities before October 20, 2013
Entity 2	June 12, 2013 (as per MCA records)	March 2015 (as per the Audited Accounts)	Yes	Continued investment adviser activities even after October 20, 2013 as seen from audited accounts submitted by the Noticees



Entity 3	September 1, 2013 (as per Partnership Deed dated September 1, 2013)	October 1, 2014 (as per Deed of Dissolution dated October 1, 2014)	Yes	Continued investment adviser activities even after October 20, 2013 as seen from audited accounts submitted by the Noticees
Entity 4	July 1, 2014 (as per Certificate of Auditor dated July 1, 2014)	March 2015 (as per Audited Accounts)	Yes	Continued investment adviser activities even after October 20, 2013 as seen from audited accounts submitted by the Noticees

34. I also find that there is nothing on record, to show that the Noticees fall in any of the categories of exemption as provided under regulation 4 of the IA Regulations. The Noticees have not submitted any representation contending the same, as well.
35. Considering the contents of the website of the Noticees, receipt of payments from clients for investment advice as reflected in the bank statements and, from the documents submitted by the Noticees, I find that Entity 2, Entity 3 and Entity 4, have violated section 12(1) of the SEBI Act along with regulation 3(1) of the IA Regulations.
36. *If the findings on question No.2 are found in the affirmative, who are liable for the violation committed?* : I find that Entity 1 is not liable for the violations committed as I note from the documents on record that the partnership was dissolved on November 5, 2012 and that the said Noticee stopped investment advisory activities before the IA Regulations came into effect.
37. I find that Entity 2, as noted from the auditor's certificate, was receiving the payment of fees from clients in its accounts post October 20, 2013. The submission that the said payments were being received from pre-existing clients for renewal of accounts has no merit as the payments



indicate that Entity 2 was collecting fees for unregistered investment adviser services after October 2013. Therefore, I find that Entity 2 is liable for the violations committed.

38. I note that Entity 3, by its own admission had started its operations as investment adviser on September 1, 2013 and continued till October 1, 2014. I further find, from the payment of fees received from clients in its accounts post October 20, 2013, as noted from the auditor's certificate, that Entity 3 had been providing unregistered investment advisory activities and is liable for the violations committed.
39. I note that Entity 4, by its own admission, had started its operations as investment adviser on July 1, 2014 and has been managing the website till March 2015. I further find, from the payment of fees received from clients in its accounts post October 20, 2013, as noted from the auditor's certificate, that Entity 4 had been providing unregistered investment advisory activities and is liable for the violations committed.
40. As per the reply dated March 30, 2015, Mr. Arpit Kothari has submitted that Entity 3 was started by Mr. Rajeev Singh Rajput and Mr. Arpit Kothari, and the same was dissolved on October 1, 2014. Admittedly, Mr. Arpit Kothari was involved in the investment adviser activities of the Entity 3 and therefore, I find that Mr. Arpit Kothari is liable for the violations of the IA Regulations.
41. I find that Mr. Ajay Kumar has submitted in his oral submissions that he had resigned as a director of Entity 2 in July 2013. However, as per the MCA records, Mr. Ajay Kumar is still shown as an continuing director of Entity 2. No documentary proof has been provided by the Noticees to show that Mr. Ajay Kumar had resigned from the directorship of Entity 2. Therefore, I find that Mr. Ajay Kumar is liable for the violation of the IA Regulations as a director of Entity 2.
42. I find that by his own admissions, Mr. Rajeev Singh Rajput, through his sole proprietorship of Entity 4, had been managing the website and providing investment advisory activities from July 1, 2014 till March 2015. Further, he was also a partner of Entity 3 and continues to be a



director of Entity 2. I therefore find Mr. Rajeev Singh Rajput is liable for the violations of IA Regulations, as a director of Entity 2, a partner of Entity 3 and the proprietor of Entity 4.

43. I find from MCA records that Mr. Arpit Kothari has resigned as a director of Entity 2 on June 1, 2014. In view of the foregoing, Entity 2, and its present directors, Mr. Rajeev Singh Rajput and Mr. Ajay Kumar, partners of Entity 3, Mr. Rajeev Singh Rajput and Mr. Arpit Kothari, and Entity 4 represented by its Proprietor, Mr. Rajeev Singh Rajput, are liable for the aforesaid violations of section 12(1) of the SEBI Act along with regulation 3(1) of the IA Regulations. In order to safeguard the interest of the investors and their investments, and to further ensure orderly development of securities market it becomes necessary for SEBI to issue appropriate directions against the aforesaid Noticees.
44. In view of the discussion above, appropriate action in accordance with law needs to be initiated against Entity 2, and its present directors, Mr. Rajeev Singh Rajput and Mr. Ajay Kumar, partners of Entity 3, Mr. Rajeev Singh Rajput and Mr. Arpit Kothari, and Entity 4 represented by its Proprietor, Mr. Rajeev Singh Rajput. The interim order has contemplated issuance of directions including prohibiting them from buying, selling or otherwise dealing in securities market.
45. Section 11 of SEBI Act casts a duty on the Board to protect the interests of investors in securities and to promote the development of and to regulate the securities market. For achieving such object, it has been authorised to take such measures as it thinks fit. Thus, power to take all measures necessary to discharge its duty under the statute which is a reflection of the objective disclosed in the preamble has been conferred in widest amplitude.
46. Section 11B and Section 11(4) of SEBI Act are functional tools in the hands of the Board. In effect, Section 11B and Section 11(4) SEBI Act are some of the executive measures available to SEBI to enforce its prime duty of investor protection. SEBI is empowered to issue directions in the interests of investors of any person or class of persons referred to in Section 12 of the SEBI Act or associated with the securities market.

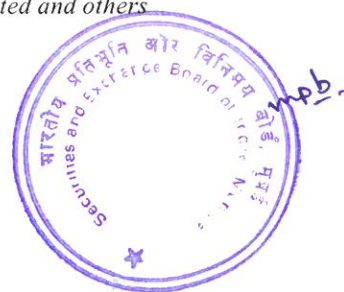


47. I find that Mr. Ajay Kumar was involved in the investment advisory activities only as a director of Entity 2. Further, I have reason to believe that post October 2013, investment advisory activities had been carried out primarily by Entity 3 and Entity 4. I find that Mr. Arpit Kothari was involved in investment advisory activities as a director of Entity 2 and a partner of Entity 3. I find that he had resigned from Entity 2 on June 1, 2014. I find that Mr. Rajeev Singh Rajput had been involved in the investment advisory activities as a director of Entity 2, as a partner of Entity 3 and as a proprietor of Entity 4. Keeping the tenure of involvement in investment advisory activities in view and other material brought on record, I, in exercise of the powers conferred under section 19 of the SEBI Act read with sections 11(1), 11(4), and 11B of the SEBI Act, hereby issue the following directions:

a. Entity 2, and Mr. Ajay Kumar, are directed not to, directly or indirectly, access the securities market, and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, till the expiry of 2 years from the date of this Order. The aforesaid entities are also restrained from associating with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI till the expiry of 2 years from the date of this Order.

b. Mr. Arpit Kothari, is directed not to, directly or indirectly, access the securities market, and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, till the expiry of 5 years from the date of this Order. The aforesaid entity is also restrained from associating with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI till the expiry of 5 years from the date of this Order.

c. Mr. Rajeev Singh Rajput is directed not to, directly or indirectly, access the securities market, and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, till the expiry of 7 years from the date of this Order. The aforesaid entity is also restrained from associating with any listed public company



and any public company which intends to raise money from the public, or any intermediary registered with SEBI till the expiry of 7 years from the date of this Order.

d. Entity 2, Mr. Ajay Kumar, partners of Entity 3 Mr. Rajeev Singh Rajput and Mr. Arpit Kothari, and Entity 4 represented by its Proprietor, Mr. Rajeev Singh Rajput, shall not undertake, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws after the expiry of period of debarment as mentioned in paragraph 47 (a), (b) and (c), as the case may be.

e. The above directions shall come into force with immediate effect.

48. Copy of this Order shall be forwarded to the recognised stock exchanges, registrar and transfer agents and depositories for information and necessary action.

DATE: October 26, 2017

PLACE: Mumbai



Madhabi Puri Buch

MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA