

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
AD INTERIM EX PARTE ORDER**

**Under Sections 11, 11B and 11D of the Securities and Exchange Board of India Act,
1992**

**In Re: Securities and Exchange Board Of India (Prohibition of Fraudulent and
Unfair Trade Practices Relating To Securities Market) Regulations, 2003 and
Securities and Exchange Board of India (Investment Advisers) Regulations, 2013**

In respect of:

S. No.	Name of the Entity	PAN
1	Santosh Singh Parihar, Proprietor of M/s Tradebizz Research	BEKPP6860A

In the matter of Tradebizz Research

Background

1. Mr. Santosh Singh Parihar, proprietor of Tradebizz Research (hereinafter referred to as the "**Tradebizz**") is registered as an Investment Adviser (hereinafter referred to as "**IA**") under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations**") with effect from February 04, 2016 under Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") vide Registration No. INA000004096. IA has its registered office at 350- PU-4 Scheme No. 54, Near Bank of India, Vijay Nagar, Indore, Madhya Pradesh – 452001. Its website address is www.tradebizzindia.com.
2. Tradebizz, under advisory activity sells to its clients following packages– Stock Cash, Stock/Nifty futures, Stock/Nifty Option, Commodity Market (MCX/NCDEX), etc., at

various price points depending upon period of subscription. The advisory fee varies from Rs 7,000/- to Rs 2,84,000/- .

3. From the details available on the website of the Tradebizz, it is observed as follows:
 - The advisory business of Tradebizz is based on 'subscription model'.
 - The fees charged is based on the product/ package subscribed and the subscription period.
 - In the name of advice, the Tradebizz provides tips / calls to its client.
 - The tips / calls are given to the clients through SMS and/or telephone support.
 - The tips / calls are based upon technical analysis.
4. SEBI has received a number of complaints against the IA. Pursuant to the complaints, SEBI carried out an examination in relation to the affairs of Tradebizz. The examination entailed *inter alia* an analysis of SCORES complaints and supporting evidences submitted by complainants, documents/information provided by complainants (whatsapp conversations, emails and other documents received by them from Tradebizz), documents/information gathered from stock brokers and Exchanges, information available on the website of Tradebizz, etc. In addition, call recordings have also been submitted.

SEBI's Examination

5. SEBI's examination brought out the following:
 - 5.1. Tradebizz has been promising assured / guaranteed returns to its clients.
 - 5.2. Tradebizz has not been fair in its dealing with the clients and is selling multiple packages and charging unreasonable fee.
 - 5.3. IA has been selling advisory services/products without taking due care and without ensuring suitability of advice to its clients in accordance with their risk profile.
 - 5.4. IA has not resolved the Investor grievances as per prescribed timelines.
 - 5.5. IA has not complied with the instruction given by SEBI pursuant to findings of inspection.

Further, the IA has not co-operated in providing information for the examination.
 - 5.6. IA has apparently traded on behalf of its clients without their knowledge or consent.

5.7. IA has apparently forced its clients to sign documents for withdrawing complaints.

Consideration and Prima Facie Findings

6. I, now proceed to consider the findings of the examination conducted by SEBI.

Promise of assured profit / unrealistic return to its clients:

6.1. It is noted from telecommunications and / or e-communications (whatsapp messaging) that clients had with the employees of IA that Tradebizz has been assuring profits on the investment made by the clients based on the call / tips given by Tradebizz. Some examples of returns assured to the clients are as under:

Client Name	Assured Profit (in Rs.)	Service Fee (in Rs.)
Girish Sharma	2,70,000	1,20,000
Pramod Patel	3,00,000	91,000

6.1.1. Whatsapp communication of Tradebizz employee Ms. Richa with Shri Girish Sharma on May 16, 2017:

5:46 pm – Richa: 120 is service charges 55k you paid

5:46 pm – Richa: 5k more need to transfer

5:46 pm – Richa: And will send the above gvn things in mail als9

5:46 pm – Richa: With the commitment of 2.70 lac profit

...

5:47 pm – Richa: Exact 2.70 lac

From the above, it is observed that Tradebizz employees is promising assured profit of Rs.2,70,000/-, if the client pays service charges of Rs.1,20,000/-.

6.1.2. Whatsapp communication of Tradebizz employee, Shri Pratap Singh Boss with Shri Pramod Patil on May 17, 2018:

6:07 pm – Pratap Sing Boss: KOI 1 LAK B PAY KRTE HE SERVICES KA

6:08 pm – Pratap Sing Boss: KOI 10K

6:08 pm – Pratap Sing Boss: KOI 50K

6:08 pm – Pramod Patil: Ok

6:08 pm – Pratap Sing Boss: JESI SERVICES HOTI HE VESA

6:08 pm – Pratap Sing Boss: AAPKO STS DE RHA THA ME

6:08 pm – Pramod Patil: Ko

6:08 pm – Pramod Patil: STs

6:08 pm – Pratap Sing Boss: HA

6:08 pm – Pratap Sing Boss: ISILIYE TO

6:08 pm – Pratap Sing Boss: JHO LOSS HUA NA PURANE LOGO SE

6:08 pm – Pratap Sing Boss: VO BHUT JALDI PROFIT ME COVER HO JATA

6:09 pm – Pratap Sing Boss: JO 7/8K PROFIT HO RHA NA

6:09 pm – Pratap Sing Boss: VO

6:09 pm – Pratap Sing Boss: 25/300000 ME AAJATA

...

6:14 pm– Pratap Sing Boss: ISH TYP KA PROFIT MILTA HE

6:14 pm– Pratap Sing Boss: SINGLE TG SERVICE HOTI HE

6:14 pm– Pratap Sing Boss: ABHI AAPKI BASIC SERVICE HE

6:15 pm– Pramod Patil: Ha sir par us service kya hain us ki fees

6:15 pm– Pratap Sing Boss: 91000 KI SERVICES RHTI HAI SIR....

6:16 pm– Pramod Patil: 91,000 Rs. Per month?

6:16 pm– Pratap Sing Boss: 45 days trading session

6.1.3. The proposed investment amount of the client was Rs. 1 to 2 lakh, as per his risk profile. The STS service package of IA is of 45 days. Thus, an assured profit of Rs.3,00,000/- would be earned / generated in 45 days by paying Rs.91,000/- towards IA's service charges which is 1217% p.a. return on an investment of Rs.2 lakh. I *prima facie* note that committing 1217% p.a. returns, on the face of it is unrealistic and misleading and appears to have been made with an intent to sell its advisory services.

6.2. In view of the above, it is *prima facie* observed that the conduct of the IA of promising assured profits, *prima facie* is an active concealment of the material fact

that every investment in the market is subject to market risk and any investment made by the client can also run into losses and even become zero. Thus, by not disclosing this material aspect, the IA has *prima facie* acted in a deceitful manner and has misled its clients.

6.3. Tradebizz in its communication with the clients has specifically promised its clients of unrealistic / exorbitant returns from their investments. Relevant extract of telecommunications and / or e-communications (whatsapp messaging) of clients had with employees of Tradebizz is given below:

6.3.1. Whatsapp communication of Tradebizz employee, Shri Pratap Sing Boss with Shri Pramod Patil:

- Communication with client on May 11, 2018:
2:13 pm – Pratap Sing Boss: AAJ KA MILA KR 27000
2:13 pm – Pratap Sing Boss: YHI AAAP SPARKLE ME HOTE TO AK ZERO AUR BD JATA
2:13 pm – Pratap Sing Boss: 270000
2:13 pm – Pratap Sing Boss: HO JATA YE PROFIT

It is observed from the risk profiling of the client that his proposed investment amount was Rs. 1 to 2 lakh. From the website of IA, it is noted that the product / service being offered to the aforesaid client, is for a maximum period of 1 year and the advice is in form of tips / price targets for securities listed on the Exchange. Given that the period of service, which is maximum of 1 year, committing Rs.2,70,000/- profit on an investment of Rs. 2 lakh, means 135% p.a. returns which is *prima facie* unrealistic and misleading. The promise of exorbitant returns *prima facie* appears to have been made to mislead the client / investor and influence him to subscribe to advisory service at a steep fee.

- Communication with client on May 15, 2018:
3:33 pm – Pramod Patil: Us main limit nahin hain abhi sir

4:08 pm – Pratap Sing Boss: sir 30000 ki limit lo

...

4:20 pm – Pratap Sing Boss: and rahi baat return ki.. toh jo app payment karoge... voh apko 2 se 3 trading session may nikal ayega

It is observed from the above that the IA has committed to recover the service charges of Rs.30,000/- within 2 to 3 trading session. Securities market returns are volatile and unpredictable. Further, in a short time span of 2 to 3 trading session, the probability of incurring losses is equal to the probability of making gains. In my view, knowing the dynamics of the securities market still the IA committed to recover the service charges in a very short period of time, *prima facie appears* to mislead the client to earn service charges.

- Communication with client on May 21, 2018:

3:33 pm – Pratap Sing Boss: 2 installment bnegi

3:33 pm – Pratap Sing Boss: 32950 ki

3:34 pm – Pratap Sing Boss: ye aapko 15/20 din ke gap me dena he

3:34 pm – Pratap Sing Boss: 3 guna nikl jayega

3:35 pm – Pratap Sing Boss: us tym tk

*3:35 pm – Pratap Sing Boss: *

*3:35 pm – Pramod Patil: 32950 * 3 = 98950 nikal ayega first installment tak*

3:35 pm – Pramod Patil:?

3:36 pm – Pratap Sing Boss: near by

3:37 pm – Pramod Patil: Near by aur jyada?

3:37 pm – Pratap Sing Boss: aaspass

3:38 pm – Pratap Sing Boss: sir

3:39 pm – Pramod Patil: Ok:

From the above, it is observed that IA is assuring 3 times returns of Rs. 32,950/- i.e. Rs.98 850/- on investment of Rs.2 lakh in 15 to 20 days which is equal to 902% p.a. returns. IA being an expert / qualified person giving advice in securities, knowing well the dynamics of the securities market, is still making committing 902% p.a. returns, which *prima facie* is unrealistic and misleading, and has been made with an intent to sell its advisory services.

6.3.2. Whatsapp communication of Tradebizz employee, Shri Niraj Singh with Shri Nishikanta Sahoo

- Communication with client on November 26, 2018:

3:49 pm – Traiding Niraj Singh: October me diya tha profit 1 day me

3:50 pm - Traiding Niraj Singh: ye aaj ka call hai, 20k invest me 20k profit

It is observed from the above that the IA is assuring 100% per day returns (36500% per annum) from the securities market. In my *prima facie* view, committing 36500% p.a. returns, is unrealistic and misleading and such commitment appears to have been made with an intent to mislead / deceive the client / investor and influence him to subscribe advisory service at exorbitant fee.

- Communication with client on November 29, 2018:

9:35 am - Traiding Niraj Singh: ANGEL ME FUND DAL KR UPDATE KIIYE

9:35 am – NISHIKANTA SAHOO: Ok

10:55 am - Traiding Niraj Singh: PAYOUT AAYA

3:23 pm - Traiding Niraj Singh: sir aaj apka pure pesa nikal kr aajata

3:24 pm - Traiding Niraj Singh: aapke no. pe meri company ka mesg bhi gya hoga

3:24 pm - Traiding Niraj Singh: 2.8 lack ka profit

3:24 pm - Traiding Niraj Singh: hota

3:24 pm - Traiding Niraj Singh: review send krta hu

The above communication of the Tradebizz employee with the client is nothing but *prima facie* appears to be an attempt to induce the client to subscribe to its advisory service by showing profit numbers which *prima facie* is an act to mislead the client as full disclosure is not made by the employee of Tradebizz that the proposed investment of the client may incur loss.

6.3.3. Whatsapp communication of Tradebizz employee, Shri Mukesh with Shri S Radhakrishnan (on behalf of client: Ms. Meena Dimple Paul):

- Communication with client on April 10, 2018:

14:21 – S Radhakrishnan: Ask them to respond my mail in writing

14:21 – Mukesh Trade Bizz: I DROPPED THE MAIL TO HIM DO NOT WORRY TODAY I WILL CONCERN WITH THEM HE WILL DISCUSS WITH YOU SIR

14:21 – Mukesh Trade Bizz: SORRY

14:21 – S Radhakrishnan: Why

14:22 – Mukesh Trade Bizz: THEY WILL CALL YOU U CAN DISCUSS ALL THE THINGS WITH HIM SIR

14:22 – S Radhakrishnan: You people hate commitments in writing g?

14:23 – Mukesh Trade Bizz: NO ONE CAN GIVE YOU IN WRITING SIR

14:23 – Mukesh Trade Bizz: THEY WILL JUST DISCUSS WITH

14:23 – Mukesh Trade Bizz: I DO NOT KNOW ABOUT IT THEY WILL JUST DISCUSS WITH YOU

14:24 - S Radhakrishnan: Why, to avoid our contracts?

14:24 – Mukesh Trade Bizz: TILL 5 PM THEY WILL CALL YOU

The aforesaid *prima facie* reveals that Tradebizz promises its clients of assured returns but does not give the same in writing so that there will no proof / paper trail with the clients to corroborate that profit commitments were made to them by Tradebizz.

7. Interestingly, despite the evidence on record above discussed to the effect that the Tradebizz was promising assured returns, it was making a representation, for instance, in the welcome letter to its client Shri Sumit (undated) and invoice issued to Shri Girish Sharma (dated 16.05.2017) that investment in stock market is subject to market risks. Curiously, the welcome letter also states that it does not provide any assured profit services. The said statements do not dilute the contrary *prima facie* evidence on record that it was in fact promising assured profits, for the simple reason that if the object of Tradebizz was to inform its clients that investment in securities market is subject to market risk and therefore, it cannot provide any assured profit, it should not promise assured profits at all. Moreover, in one of the whatsapp communication that Tradebizz employee, Shri Mukesh had with one of its client's, Shri S Radhakrishnan, the employee in response to the client stating that "*You people hate commitments in writing?*", is replying as follows: "*NO ONE CAN GIVE YOU IN WRITING SIR*". The same indicates that the IA has been promising assured profits to its clients but does not document its assurances of profit made to its clients. Therefore, I find that statements such as that investment in stock market is subject to market risks and that it does not provide any assured profit services are only a facade to take shelter for its conduct of promising assured profits and misrepresentation to the investors.
8. From the above, I *prima facie* observe that the IA has been promising unrealistic / exorbitant returns, if the clients availed its services. Moreover, I also *prima facie* observe that the IA knowing fully well that all the investments in securities market are subject to market risk and that such returns cannot be assured no matter how much and for how long the investment is made, still went ahead and assured astronomical returns to its clients. Thereby the IA has made, *prima facie*, false and misleading representation to its investors.
9. In view of the above discussions, it is noted that the IA provides tips / tele-messages in securities pertaining to various segment of securities market viz. equity cash

segment, equity futures segment, stock derivatives, index derivatives, commodity derivatives, etc., which are listed traded on the Exchange platform. Investment in Exchange traded securities are subject to market risk and hence the returns are unpredictable. Being a registered IA, who has qualified and has obtained NISM certification, IA should have been aware of the above and is accordingly expected to take due care in its communication with its clients and should refrain from such communication which is misleading and may influence decision of investors. However, from, the above instances, it is apparent that Tradebizz has been, in its communications with clients, promising assured profits and unrealistic returns to its clients. Such promises are *prima facie* improbable and misleading and appear to have been made to influence the decision of the investors to deal in securities.

10. In this context, I refer to Regulations, 2(1)(c), 4(1) and 4(2)(k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”):

PFUTP Regulations

2 (1) In these regulations, unless the context otherwise requires,—

(c). “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

...

(8) a false statement made without reasonable ground for believing it to be true;

....

And "fraudulent" shall be construed accordingly;

4 (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

4(2) (k): an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors.

11. By making / promising assured profits and unrealistic returns, the IA knowing well that it is not true has *prima facie* made a misrepresentation of the truth. Neither there exists any *prima facie* grounds for belief of such unrealistic returns nor can the assured profits be achieved. Hence, the same has *prima facie* led to the violation of provisions of Regulations 4(1) and 4(2)(k) read with Regulations 2(1)(c)(1), (2) and (8) of PFUTP Regulations. Moreover, it is also observed that by promising its clients of assured profits and unrealistic returns and not informing them about the material aspect that their investment in the securities market is subject to market risk where their capital can even erode, *prima facie* shows that the IA has not been honest and taken due care in its dealings in the best interest of its clients. Thus, it appears that the IA has failed to act in a fiduciary capacity towards its clients, which has led to the violations of Regulation 15(1), Clauses 1 and 2 of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations. The text of the aforesaid provisions is reproduced below:

IA Regulations

15 (1) An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.

...

(9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

Code of Conduct

1. Honesty and fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2. Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

Tradebizz has not been fair in its dealing with the clients and is selling multiple packages and charging unreasonable fee

Multiple Services

12. It is noted from the material that Tradebizz has asked the client to make the additional payment for upgraded service, same service with different rates. Further, the upgradation of service packages have been done by the IA without carrying out any fresh risk profiling of the clients. The same is required as upgradation of service, involves advising of risky product to the client. Some of the instances are as follows:

Shri Shivaji Kakade			
Invoice date	Service product	Period of service	Service charges
01.08.2018	Cash Basic	3 months	10000/-
11.08.2018	Cash Premium	2 months	4800/-
23.08.2018	Cash Sparkle	15 days	30000/-
25.08.2018	Cash Sparkle	15 days	35000/-
29.08.2018	Cash Sparkle	1 month	16380/-

It can be seen from the table above that service has been upgraded to next package 3 times and new service is sold before completion of earlier service.

Shri Sumit Das			
Invoice date	Service product	Period of service	Service charges
29.08.2016	Cash service	1 month	7000/-
30.08.2016	Cash service	1 month	20000/-
31.08.2016	Cash + Future service	1 month	15000/-
03.09.2016	Cash service	10 days	5000/-
21.09.2016	Cash PRR	1 month	22000/-
22.09.2016	Cash PRR	10 days	6000/-
27.09.2016	Cash SPARK	1 month	25000/-

28.09.2016	Cash service	20 days	25000/-
30.09.2016	Cash service	1 month	57000/-
03.10.2016	Cash service	1 month	25000/-
06.10.2016	Cash service	2 month	113000/-
17.10.2016	Cash service	3 month	116950/-

It can be seen from the table above that same service (cash service) has been sold with different rates and that too before the completion of earlier service. Also, service charges are very disproportionate to the period of service i.e. Cash service for 1 month was sold for Rs.25,000/- on October 3, 2016 and the same service for 2 months was sold for Rs.1,13,000/- on October 6, 2016.

Shri Girish Kumar Sharma			
Invoice date	Service product	Period of service	Service charges
10.05.2017	Future Basic Service	15 service	4000/-
11.05.2017	Future Basic Service	15 days	5000/-
11.05.2017	Future Basic Service	1 month	6000/-
15.05.2017	Future Premium Service	2 month	35000/-
16.05.2017	Future Premium Service	1 month	10000/-
17.05.2017	Option STS service	1 month	60000/-

It can be seen from the table above that new service is sold before completion of earlier service. Also, within 7 days period, 3 different products / services were sold with different rates and before completion of earlier service. Also, service charges are very disproportionate to the period of service i.e. Future Premium service for 1 month was sold for Rs.10,000/- whereas for 2 months was sold for Rs.35,000/-.

12.1. From the analysis of invoices / payment receipts of the complainants it is noted that in the first month itself large number of packages have been sold and substantial amount by way of fee has been extorted by Tradebizz. Analysis of the fees collected from the sample clients in the first month of the association with Tradebizz is tabulated as under:

S.no	Name	Period of Invoicing	No. of products/ packages sold	Amount of fees collected

1.	Gaurav Kumar	15 th Nov'18 to 14 th Dec'18	3	88,000/-
2.	Girish Sharma	10 th May to 17 th May 2017	3	1,20,000/-
3.	Sumit Das	29 th Aug'16 to 17 th Oct'16	4	6,56,950/-
4.	Shivaji Kakade	1 st Aug'18 to 29 th Aug'18	3	96,180/-
5.	Francis Raja	9 th May'18 to 23 rd June'18	3	1,16,500/-

Lack of Response from IA

12.2. Furthermore, it is observed from whatsapp communication of Shri Nishikanta Sahoo and Shri Girish Sharma that once the clients lose money in the market, Tradebizz stops replying to its clients email/calls/whatsapp messages.

12.2.1. Whatsapp communication of Tradebizz employee, Shri Bishal Saxena with Shri Nishikanta Sahoo

12:40 pm - NISHIKANTA SAHOO: Kam nehi hoga bol haha hai

12:40 pm - NISHIKANTA SAHOO: IMG-20181220-WA0003.jpg (file attached)

12:41 pm - Trade Biz Bishal Saxena: hmmm

12:42 pm - NISHIKANTA SAHOO: Zero ho jayega fir bologe fund nehi hai me kya kar sakta hoon

12:55 pm - NISHIKANTA SAHOO: IMG-20181220-WA0004.jpg (file attached)

1:09 pm - NISHIKANTA SAHOO: Please give me your office address I want to meet you

...

20/12/18, 5:43 pm - NISHIKANTA SAHOO: Reply dijiye

20/12/18, 5:43 pm - Trade Biz Bishal Saxena: hmmmmm

20/12/18, 5:43 pm - Trade Biz Bishal Saxena: 15 ko bath kregay

20/12/18, 5:44 pm - NISHIKANTA SAHOO: Ajj k kya hua

20/12/18, 5:45 pm - NISHIKANTA SAHOO: Office address dijiye milna hai

20/12/18, 5:45 pm - Trade Biz Bishal Saxena: ok

...

31/12/18, 1:50 am - NISHIKANTA SAHOO: Aap k office address send kariye

31/12/18, 2:16 am - NISHIKANTA SAHOO: Sir mera paisa wapas kardijiye mera halat bahut kharap hai , suicide karne k kagar par hoon

31/12/18, 2:17 am - NISHIKANTA SAHOO: Please sir aap k per padta hoon

Mera ek 2 saal ki beti v hai mere upar rehem kariye sir

31/12/18, 2:17 am - NISHIKANTA SAHOO: Me mar jaunga sir, please mera paisa wapas kar dijiye sir

12.2.2. Whatsapp communication of Tradebizz employee, Ms. Richa with Shri Girish Sharma

28/06/17, 10:06 pm - Girish Sharma: Writing this because when ever loss occur everybody silent

28/06/17, 10:06 pm - Richa: Sir

28/06/17, 10:06 pm - Girish Sharma: ??

28/06/17, 10:08 pm - Girish Sharma: Have u imagine how much Loss I have bear post joining your service

28/06/17, 10:09 pm - Girish Sharma: My entire 10 years savings has gone

28/06/17, 10:12 pm - Girish Sharma: I know you people doesn't have any words to explain

02/07/17, 1:44 pm - Girish Sharma: I am sending complaint to your concern mail I'd with cc to sebi

12.2.3. Thus from the above, *prima facie*, it is observed that the IA has not been diligent and fair in its dealing with its clients as when the clients are trying to approach the IA with their queries subsequent to their loss, the IA does not respond to their communications.

Levying of Additional Fees

12.3. In addition to the fee as mentioned above, it is noted from e-communication (whatsapp message) and emails that Tradebizz has been seen charging additional fee under different pretexts as under:

- Charges for file transfer to another employee
- Charges for resolving trading problem faced by client
- Tax
- Shifting to higher service to recover loss
- Temporary loan/advance
- Portfolio transfer
- Additional amount for issuing refund of earlier fees paid

12.3.1. Tradebizz does not disclose the above charges at the time of initial product / service selling to client but gradually demands it from clients giving reasons that if the client does not pay the same then services will be stopped or refund of earlier fees paid will not be given. *Prima face* it appears that the additional charges were demanded by the IA to extract more and more money from the clients. Some of the instances are reproduced below:

- Whatsapp messaging with Shri Pramod Patil:
 - On April 4, 2018: For transferring his profile from one employee Shri Tushar Rajput to another employee Shri Pratap Sing, Rs.10,000/- was asked from client saying “10k file transfer ka charge he sir”.
 - On April 6, 2018: From the reading of whatsapp messaging of client with Tradebizz employee it is apparently clear that client is not understanding the SMS sent by Tradebizz and is not able to execute it in profitable manner. Hence, to resolve this problem of client Tradebizz’s employee demanded Rs.10,000/- from him saying “10k arrange kar lo kahi se and trade ki jo problem hai na solve ho jayegi yeha se”.

- On May 4, 2018: Rs.5,000/- was demanded from client towards tax even though client was pleading that he has no money to pay. Employee of Tradebizz suggested him to take loan from somebody and pay. He also said that in 1 day the profit will be Rs.13,000/- and another day Rs.20,000/- *“1 din 13k ka profit bhi hoga, ak din 20k bhi naklenge”*.
 - On May 8-9, 2018: Tradebizz employee insisted client to switch to higher amount service called STS (Single target service) to recover earlier losses speedily.
 - On May 12, 2018: *“Sir ek kaam tha aaj mere slab me 5000 kam pad rahe vo kar do aaj ke din me, aapko Monday extra 5000 nikal kar de dunga, is 5000 pe muze 10000 ka fayda hai” “jese 7/8 hajar ka profit hoga usme 5000 extra de dunga”. “Ya fir aap muzjhe de dijiye card number and CVV, mai yeha se kar lunga payment vaha net ka problem hai to”*.
- Email of Tradebizz to Ms. Uma S: Vide email dated December 8, 2016, Tradebizz demanded Rs.15,000/- from the client towards transferring her portfolio / profile to senior research department.
 - Email of Shri Awadhesh Singh:
From the email communication of Shri Awadhesh Singh with Tradebizz dated October 7, 2016, it is observed that due to network error, client paid Rs.7,000/- four times totaling to Rs.28,000/- to Tradebizz instead of Rs.7,000/- for the service. For getting the extra amount refunded, Tradebizz demanded Rs.93,000/- from him stating that it is their company's refund policy which will be disclosed to him after he has paid the additional amount of Rs.93,000/-.

12.3.2. In view of the above, it is *prima facie* observed that the modus operandi adopted by Tradebizz to hoodwink and extort money from the clients is as under:

12.3.2.1. It is seen that clients are taken on-board for a particular service and then is made to upgrade or take the same service at a different rate. Tradebizz asks its client to pay first installment and pay balance amount after getting profits from trades. Whatsapp communication of Tradebizz employee with Shri Pramod Patil on May 11, 2018 elucidates the same, which is as follows:

2:27 pm - Pratap Sing Boss: DEKH LO USME JO PESA PAY KRNA HE VO JEB SE APY NHI KRNA HE

2:27 pm - Pratap Sing Boss: YHA SE NIKAL KR DIA JAYEGA

2:27 pm - Pramod Patil: Wo kaise

2:27 pm - Pramod Patil: ?

2:28 pm - Pratap Sing Boss: 30000 ONLY PAY KRNA HE

2:28 pm - Pratap Sing Boss: BAKI SB PROFIT ME SE

2:28 pm - Pratap Sing Boss: DENA HE

However, after making payment of first installment and clients incur losses from trades, it advises clients to upgrade service by switching over to another product / service where client's profile will be handled by its senior and experienced executives who will recoup earlier loss and also will generate profit and for this purpose additional payment is asked from the client on the pretext of file / portfolio transfer.

12.3.3. Thus, from the above, *prima facie* it appears that the IA has not been honest and fair in its dealings with its clients and has been acting in a manner so as to maximize its service fees by selling multiple advisory services within a short period of time and even before completion of the earlier service, at exorbitant / unreasonable fees rather than rendering best possible advice to its clients. Further, the IA has not exercised due care and diligence in its dealings with its clients as upgraded services were provided to the clients without carrying out fresh risk profiling of the client. Besides, the IA was not

diligent and fair in its dealings with its clients as he did not respond to its clients' queries subsequent to them incurring loss. Moreover, the IA was also not acting honestly and in the best interest of the client by not making adequate disclosures of relevant material information as without disclosing upfront, the IA was charging additional fees in the name of taxes, file transfer charges, temporary loan / advance, additional amount for issuing refund etc.

12.3.4. The aforesaid actions of the IA *prima facie* shows that it has failed in its responsibility to act in a fiduciary capacity towards its clients which is entrusted upon it under Regulation 15 (1) of IA Regulations and the IA has also failed to abide by the Clauses 1, 2, 5 and 6 of Code of Conduct as specified in Schedule III read with Regulation 15 (9) of IA Regulations. The text of Clauses 5 and 6 of Code of Conduct is reproduced below and the text of the rest of the provisions have been reproduced in preceding paragraphs:

Code of Conduct

5. Information to its clients

An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.

6. Fair and reasonable charges

An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board, if any. The investment adviser shall ensure that fees charged to the clients is fair and reasonable.

Risk Profiling and Suitability Assessment of products/services irregularities

13. Regulation 17 of the IA Regulations requires that investment advice should be, *inter-alia*, based on client's investment objectives and his financial situation. Further, the investment advice should be such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance. The regulation

envisages that IA shall carry out risk profiling of the client for ascertaining the suitability of advice and accordingly risk profiling should precede suitability exercise. However, in case of Tradebizz, there are instances, where the package / service is decided upfront and fee is collected before the risk profiling or KYC is done. For example, in case of Shri Awadhesh Singh, it is noted that risk profile of the client was communicated to the client vide email dated September 19, 2016 whereas products / services were sold to him and fees collected during the period September 10-13, 2016. Thus, risk profiling of the client was done subsequent to selling of services / products to him. Furthermore, once the client makes the payment for its product / service, then only Tradebizz asks for the KYC details from the clients and sends risk profile to the clients through email mentioning that if not reverted within three working days then it will be assumed that client complies with the terms and conditions and understand the risk involved (welcome email sent to Shri Girish Sharma). With respect to email, it may be noted that such statements do not absolve the IA from its mandatory obligation to assess the client's financial situation, investment experience and investment objectives before advising / selling a product / package to him. The risk profiling is required to be a guiding factor before the product is chosen consistent with the risk profile of the client. By sending the risk profiling after the product is sold, the IA cannot take shelter under the argument that the client is aware of the risks associated with his investment/product. The IA has to make adequate disclosure of relevant material information which among other things involves informing the client about the intricacy of the product including its key features, performance track record and various kinds of risks and rewards associated with it. Further, instead of putting a standard / blanket clause in its email that the client understands the risk, the IA is obligated under IA Regulations, to specifically draw the client's attention to the warnings, disclaimers in documents, advertising materials relating to an investment product which it is recommending to the client. Thus, the aforesaid standard clause in IA's welcome email, *prima facie*, will not enable the IA to escape from its mandatory obligations under IA Regulations.

14. I note that the purpose for which it has been mandated by the IA Regulations that the IA must necessarily carry out risk profiling before selling his services, is in the first place to verify the information submitted by the prospective clients and secondly, to correctly give an informed advice to the client which is in its best interest. The *prima facie* finding of the examination that the services are sold by the IA precedes risk profiling of the client, demonstrates that the IA has scant regard for conducting any due diligence that his advice be offered only after thorough analysis of the risk profile, as the data is not available to the IA at the stage when it is offering its advice. Therefore, the IA has *prima facie* failed to carry out the due diligence expected from it.

15. It is further observed from the material that as per “Suitability Assessment Document” of Tradebizz, IA does not offer any service / product to Low Risk clients. The category of the products/services offered to various risk categories are summarized below:

Medium Risk & High Risk clients (Group A)	High risk clients (Group B)	Low Risk clients
Stock cash, Positional stocks	Futures and Options, Commodities, Tbr elite, Combo	No product/service

16. However, from the analysis of risk profile questionnaire, invoices and whatsapp communication, it is *prima facie* seen that that Tradebizz has been selling advisory services / products without taking due care and without ensuring suitability of advice to its clients in accordance to their risk profile. Some of the instances are here under:-

- Shri Pramod P Chavan,
 - The risk profile score of the client is 145 i.e. Medium Risk. As per Tradebizz’s suitability assessment table (risk score table from 81 to 160 – Medium Risk tolerance capacity) services from Group A (i.e. stock cash, positional stocks) should be offered to Medium Risk tolerance clients. However, from the invoice

dated April 8, 2018, it is observed that Tradebizz sold products from Group B i.e. Future Basic service which is meant for high risk clients.

- Pramod Chavan's whatsapp messaging with Tradebizz employee during the period May 04, 2018 to May 17, 2018 reveals that even when the client is pleading about having no money to pay, employee of Tradebizz insists that he should either take a loan or pay through credit card but the payment has to be made. The same was pursued rigorously by the employee.

- Shri Sumit Das

Extract of risk profile questionnaire and response of client is given below:

Q. No.	Question	Answer
3	What risk can you bear?	Low
11	Proposed investment amount	Less than Rs.1 lac
12	Gross annual income	1 to 5 lakh
18	What is your experience with investment in past?	Bad
19	What % of monthly income is allocated to pay off debt?	More than 50%

- It is seen that Tradebizz has determined the risk profile of Shri Sumit Das as "Low" and accordingly as per IA's Suitability Assessment Document, Tradebizz should not have offered the client any advisory product/service. However, from the invoice dated August 31, 2016, it is observed that Tradebizz has sold advisory product/service viz. Cash and Futures service, which are meant for medium and high risk clients.
- Client has in the risk profile questionnaire has mentioned that his gross annual income is Rs 1-5 lakh, 50% of his monthly income is allocated to paying – off his debts and his proposed investment amount will be less than Rs.1 lakh. However, as noted from client's subscription details, Tradebizz has without giving any consideration to the financial strength and investment capacity of the client, sold him advisory service/ product amounting to Rs.6,56,950/- of fees alone.

- Shri Awadhesh Singh

Extract of risk profile questionnaire and response of client is given below:

Q. No.	Question	Answer
3	What risk can you bear?	Low

11	Proposed investment amount	Less than Rs.1 lakh
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- It is seen that Tradebizz has determined risk profile of Shri Awadhesh Singh as low and accordingly as per IA's Suitability Assessment Document Policy wherein it mentioned that IA do not offer advisory service/ product to the clients profiled as "Low risk", Tradebizz should not have offered the client any advisory product/service. However, from the invoice dated September 10, 2016, it is observed that Tradebizz sold advisory service / product viz. cash service to the client which is meant for medium risk clients.
- Client has in the risk profile questionnaire has mentioned that his proposed investment amount will be less than Rs.1 lakh. However, Tradebizz has without giving any regard to investment capacity of the client, sold him advisory service / product amounting to Rs.1 lakh of fees alone (invoices dated September 10,13 & 14, 2016).

17. In view of the above, I *prima facie* observe as follows:-

- 17.1.1. Tradebizz has sold products / services first and then has done the risk profiling and as such there is a mismatch in the risk appetite of the client based on risk profiling and products / services sold to the client.
- 17.1.2. Tradebizz is charging very unreasonable fees as compared to the client's proposed investment amount and his financial strength and as such Tradebizz has not sold products / services based on client's investment objectives and financial situation.
- 17.1.3. Tradebizz has sold risky products / services to low risk clients which are actually meant for medium to high risk clients and as such investment advices are provided are not appropriate to the risk profile of the client.

18. Thus, *prima facie*, it appears that the IA has failed to act with due care and diligence as the IA has been selling advisory services / products without ensuring suitability of advice to its clients in accordance to their risk profile. Further, the IA has not been honest and fair in its dealings with its clients and has kept its own interest at higher pedestal compared to the interest of its clients as the IA has selected and sold package

/ product at unreasonable fees without any regard to the financial situation of the client, his investment objectives and his risk appetite. The aforesaid actions of the IA has *prima facie* failed to comply with Regulations 15(1), 17(a), 17(b) and Clauses 1, 2, 4 and 6 of Code of Conduct as specified in Schedule III read with Regulation 15 (9) of IA Regulations. The text of Regulations 17(a) and 17(b) of IA Regulations and Clause 4 of Code of Conduct is reproduced below. The rest of the provisions have been reproduced in preceding paragraphs.

IA Regulations

17. Investment adviser shall ensure that,-

(a) All investments on which investment advice is provided is appropriate to the risk profile of the client;

(b) It has a documented process for selecting investments based on client's investment objectives and financial situation;

Code of Conduct

4. Information about clients

An investment adviser shall seek from its clients, information about their financial situation, investment experience and investment objectives relevant to the services to be provided and maintain confidentiality of such information.

Non-Redressal of Investor Grievances

19. SEBI has vide Circular CIR/OIAE/2014 dated December 18, 2014 regarding Investor grievances through SEBI Complaints Redress System (hereinafter referred to as “**SCORES**”) platform has advised that all SEBI registered intermediaries shall review their investors grievances redressal mechanism so as to further strengthen it and correct the existing shortcomings, if any. The SEBI registered intermediaries, to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. Further, the said circular has stated that in case of failure by SEBI registered intermediaries to file Action Taken Report (hereinafter referred to as “**ATR**”) under SCORES within thirty days of date of receipt of the grievance, it shall be treated as

failure to furnish information to SEBI and deemed to constitute non-redressal of investor grievance.

20. It is observed from the data obtained from SCORES and examination of complaints, it is apparent that in case of 5 complaints, Tradebizz Research has not filed ATR within the timeline prescribed under SEBI Circular CIR/OIAE/2014 dated December 18, 2014. Further, the reports of SCORES provide that till date 14 unique complaints are pending against Tradebizz out of which, 7 unique complaints are pending for more than 30 days.
21. I am of the opinion that investor redressal grievance mechanism is an important tool in the hands of SEBI to discharge its duties and obligations imposed on it under SEBI Act. One of the most important objects of SEBI is to protect the interest of investors and the same undoubtedly includes timely redressal of grievances of investors. Since, the IA has not submitted the ATR in a time bound manner as prescribed by SEBI and has also not resolved investors' grievance, *prima facie* it appears that the IA has not complied with SEBI Circular CIR/OIAE/2014 dated December 18, 2014.

Noncompliance of SEBI's directions subsequent to Inspection and Non co-operation in providing information required for examination

22. The inspection of Tradebizz was conducted during October 10 - 11, 2017 for the period April 01, 2016 to September 30, 2017 and following inspection findings were communicated to the IA vide letter dated July 16, 2018:
- KYC documents were not available and KYC / KRA process was not followed as specified by SEBI.
 - Tradebizz has not provided any records to ensure that it has given training to its employees about PMLA.
23. Through the aforesaid letter SEBI had directed IA to take corrective steps and rectify the above deficiencies and forward the comments of Management on its satisfaction

of the corrective steps taken, to SEBI. However, *prima facie*, no material is available to demonstrate that IA has taken corrective action in compliance with the instructions given by SEBI pursuant to the findings of inspection.

24. In view of the above, *prima facie* it appears that the IA has violated Regulation 13(a) of IA Regulations. The text of the said provision is reproduced hereunder:

13. The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:-

(a) the investment adviser shall abide by the provisions of the Act and these regulations;

25. Further, it is noted that during the examination of Tradebizz's operations, following information / documents were sought from the IA during January 14, 2019 to February 06, 2019:

- KYC and Risk Profile of clients
- Latest Compliance Audit report of CA/CS
- Client Master
- SMS Log
- NISM renewal certificate
- Employees list
- Details of key managerial personnel
- Details of research analysts
- Invoice issued to clients

26. Out of the above information / documents, Tradebizz has provided very few KYC and risk profile document, SMS log of only 2 clients, client master of few clients. All other documents / information has not been provided even after rigorous follow up via telephone and emails. Accordingly, Tradebizz has not cooperated with SEBI during the examination process which has hampered the examination conducted by SEBI and has severely handicapped SEBI in arriving at the findings within a reasonable period of time including unearthing the entire extent of violations. Thus, *prima facie* it

appears that the IA has violated Regulation 15(12) of IA Regulations. The text of the said provision is reproduced hereunder:

15 (12) Investment advisers shall furnish to the Board information and reports as may be specified by the Board from time to time.

Seeking non relevant information and trading on behalf of clients

27. It is observed from the material available on record that Tradebizz has procured user id and password of its clients' trading account. These clients are located across India but their trading accounts were accessed from Indore, Madhya Pradesh where the office of Tradebizz is located. Thus, *prima facie* it appears that the trades were executed in such accounts by the IA. Some of the instances are reproduced below:

- Shri Girish Sharma

Shri Girish Sharma, has his trading account with stock broker Sharekhan Ltd. As per whatsapp communication submitted by him, it is seen that a representative of Tradebizz, Ms. Richa has obtained his user id and password of his trading account on May 11, 2017. She confirmed the same in the whatsapp communication on May 16, 2017. After procuring such details, *prima facie* it appears that Tradebizz has traded in its account. From the trade details provided by the stock broker Sharekhan Ltd. it is found that from May 12, 2017 to June 27, 2017, transactions were done through online mode from the Indore Madhya Pradesh (IP address is 183:182:85:110) where the office of Tradebizz is located whereas the location of the client is Kota (Rajasthan).

- Ms. Sarika Chavan

Ms. Sarika Chavan has her trading account with stock broker Angel Broking P. Ltd. As per whatsapp communication submitted by her, it is seen that Shri Pratap Singh, a representative of Tradebizz procured from her, her user id and password of her trading account on April 26, 2018. After procuring such details, *prima facie* it appears that Tradebizz has traded in her account. From the trade details provided by the stock broker Angel Broking P. Ltd. it is found that from May 03,

2018 to May 30, 2018 transactions were done (in the Futures and Options segment) through online mode from Indore, Madhya Pradesh (IP address is 183:182:85:110) where the office of Tradebizz is located whereas the location of the client is in Aurangabad (Maharashtra).

- Shri Nishikanta Sahoo

Shri Nishikanta Sahoo has his trading account with stock broker Angel Broking P. Ltd. As per whatsapp communication submitted by him, it is seen that Shri Niraj Singh, a representative of Tradebizz procured his user id and password of trading account with India Infoline on November 26, 2018 from him. Another representative of Tradebizz, Shri Bishal Saxena, also procured his user id and password of his trading account with Angel Broking P Ltd on November 29, 2018 from him. After procuring such details, *prima facie* it appears that Tradebizz has traded in its account. From the trade details provided by the stock brokers India Infoline and Angel Broking P. Ltd. it is found that from November 27, 2018 to December 20, 2018 transactions were done through online mode from the Indore, Madhya Pradesh (IP address is 183:182:85:110) where the office of Tradebizz is located whereas the location of the client is in Gobara (Orissa).

28. An IA is in the business of providing investment advice in respect of securities and investment products. It is outside its scope of activities to trade on behalf of its clients. Furthermore, the information which the IA can seek from its clients has to be relevant for the purposes of the services to be provided to them. In the instant matter, *prima facie*, the IA was seeking their trading account details which is not remotely relevant to the services offered to them as it does not concern about their financial situation, investment experience and investment objectives. The said actions of the IA has *prima facie* led to the violation of Regulation 15(1) and Clause 4 of Code of Conduct as specified under Third Schedule read with Regulation 15(9) of IA Regulations.

29. It is noted from IA's website that the IA has given a disclaimer on its website that it never handles demat account of any trader. However, the said disclaimer does not hold good on the face of contrary evidence being available in the form of whatsapp communication of Tradebizz's employees with its various clients wherein the employee is actively seeking the clients trading account's user id and password and as discussed in preceding paragraph, *prima facie*, IA has traded on behalf of its clients.

No Refund Policy of IA

30. It is noted from the material and IA's website that the IA has a "No Refund Policy" i.e. it does not offer refunds on subscriptions even if the client does not want to continue the services of the IA for the entire period / tenure of the subscription. The said refund policy is *prima facie* not fair and in the best interest of the client as it binds / compels the client to continue the service even if the client does not wish to continue. Further, it is unreasonable and unfair for the IA to retain the entire subscription fee paid by the client in respect of the portion of the service which was not availed by the client within the period of subscription. By virtue of the said unfair refund policy, IA has *prima facie* violated Clause 1 of Code of Conduct as specified under Third Schedule read with Regulation 15(9) of IA Regulations.

31. To summarize, the following is *prima facie* observed from the analysis of invoices / receipts issued to clients, emails exchanged between IA and its clients, risk profile documents of clients, suitability assessment policy of IA and telecommunications and / or e-communications of clients with IA's employees:

31.1. Tradebizz has been promising assured returns and unrealistic returns.

31.2. IA has been acting in a manner so as to maximise its service fee by selling multiple advisory services at exorbitant/ unreasonable fees.

31.3. IA does not make adequate disclosures of relevant material information to its clients.

- 31.4. IA has been selling advisory services / products to its clients without ensuring suitability of advice in accordance to their risk profile.
- 31.5. IA does not consider the financial situation of the client while charging fees and has not given advice as per clients' risk profile.
- 31.6. IA has not resolved the Investor grievances as per prescribed timelines.
- 31.7. IA has not taken corrective action in compliance with the instruction given by SEBI pursuant to findings of inspection.
- 31.8. IA has not co-operated in providing information for the examination conducted by SEBI.
- 31.9. IA has sought non relevant information from its clients and has traded on behalf of them.
- 31.10. IA's no refund policy is unfair and is not in the best interest of its clients.
32. It is noted that as per Regulation 2(m) of the IA Regulations "investment adviser" *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. The term "investment advice" has been defined under Regulation 2(l) 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.*
33. On a perusal of the aforesaid definitions, it becomes clear that the role of an "investment adviser" envisaged under the Regulations is that of a person rendering advice relating to investing, buying, selling or dealing in securities or investment products and advice relating to investment portfolio containing securities / investment products. In my view, looking at the scheme of IA Regulations, the role of an investment adviser is to provide honest and fair advice to its clients considering

their financial situation, investment experience, investment goals, risk profile etc. The investment adviser should also make adequate disclosures of the relevant material information to its clients and should charge fair and reasonable fee from its clients, which is also stipulated under the Code of Conduct for Investment Advisers under the IA Regulations.

34. An IA is required to comply with SEBI Act and other applicable Regulations. An IA cannot make a false statement without reasonable ground for believing it to be true as mandated in PFUTP Regulations. An IA cannot sell products promising assured profits and unrealistic returns to investors as was being done by Tradebizz in the present case. Knowing fully well that all investments in stocks, derivatives, commodity derivatives, etc. in respect of which it was offering investment advice are subject to market risk, Tradebizz was falsely promising assured profits and unrealistic returns which are practically impossible to be achieved.
35. It is also noted from the invoices / payment receipts, email exchanges and whatsapp communications as discussed earlier that Tradebizz was selling multiple packages to its clients, even before the completion of earlier package, at an unreasonable fee and extracting more and more money from the clients. The modus operandi adopted by Tradebizz discussed hereinabove *prima facie* show that Tradebizz was actually not practicing investment advisory in the manner envisaged under the IA Regulations, which essentially would involve advising the client considering his / her financial situation, risk appetite, financial goal, prior experience, etc. From the findings of the preliminary examination and the overall modus operandi discussed in this order, it *prima facie* appears that Tradebizz was running a pre-meditated device, plan or scheme where under, the tele-callers / employees / representatives of Tradebizz would lure gullible investors by promising assured profits / unrealistic returns and then more money would be extracted from them by upgrading them from one package to another, asking for additional payment on the pretext of various types of fees such

as fee for file transfer, senior executive charges, etc. Tradebizz by promising assured profits and unrealistic returns which were practically impossible to achieve was also inducing the investors to deal in securities and was thereafter charging unreasonable fee from them thereby making wrongful gains. The above discussed non-genuine and deceptive activities of Tradebizz are, *prima-facie* fraudulent and are covered under the definition of '*fraud*' under Regulation 2(1)(c) of the PFUTP Regulations.

36. I note that a person acting as a securities market intermediary is expected to protect the interest of investors in the securities market in which he /she / it operates and it ill-behooves him to become a party to any market misconduct. Every market intermediary is required to maintain high standards of integrity, promptitude and fairness in the conduct of its business dealings and not be motivated purely by prospects of financial gain. The intermediary should not abuse the certificate of registration granted to it, in any manner, for carrying out any non-genuine, deceptive or fraudulent acts. Under Regulation 15 (1) of IA Regulations, an IA shall act in a fiduciary capacity towards its clients. In order to maintain fiduciary relationship, one of the essential elements is to strictly adhere to the Code of Conduct for an investment adviser prescribed under the IA Regulations, relevant provisions whereof are reproduced below:

"CODE OF CONDUCT FOR INVESTMENT ADVISER

1. Honesty and fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2. Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

...

4. Information about clients

An investment adviser shall seek from its clients, information about their financial situation, investment experience and investment objectives relevant to the services to be provided and maintain confidentiality of such information.

5. Information to its clients

An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.

6. Fair and reasonable charges

An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board, if any. The investment adviser shall ensure that fees charged to the clients is fair and reasonable.

37. Looking at the activities and manner of operation of Tradebizz in the present case, which have been discussed in detail in the preceding paragraphs, I am of the *prima facie* view that Tradebizz has failed to abide by the code of conduct on all counts mentioned above.
38. It is observed that the website of the IA is functioning and it is one of the medium via which new / prospective clients may subscribe to the services of the IA. As discussed in preceding paragraphs, the conduct of the IA has been *prima facie* found to be fraudulent in nature and is also in violation of IA Regulations, thus, it is imperative that the new / prospective clients are safeguarded from the activities of IA which are *prima facie* not as per the provisions of applicable laws.
39. As a regulator of the capital markets, SEBI has the duty to safeguard the interests of investors and protect the integrity of the securities market. Since the conduct of Tradebizz mentioned above does not *prima facie* appear to be in the interest of investors and the securities market, necessary action has to be taken against it immediately, else it may lead to loss of investors' trust in the securities market. Considering the facts and circumstances of this case and such a fraudulent scheme, plan, device and artifice as *prima facie* found in this case, I am convinced that this is a

fit case where effective and expeditious preventive and remedial action is required to be taken by way of *ad interim ex -parte* order to protect the interests of investors and preserve the safety and integrity of the securities market. Such action needs to be taken not only to prevent any further harm to the existing investors but also to new / prospective investors.

40. It is observed from the IA's website that it receives / collects money from its clients via PayUmoney, CCAVENUE, ATOM, ICICI Bank account no. 004105014602 and HDFC Bank account no. 50200025542116. It is noted from the email dated June 24, 2019 of the IA that the total fees collected by Tradebizz from its clients till June 12, 2019 is Rs. 13,54,37,734/- (Rupees Thirteen Crore Fifty Four Lakh Thirty Seven Thousand Seven Hundred Thirty Four only). As noted earlier, in the present case, *prima facie* violations of securities laws have been noticed on the basis of the examination carried out by SEBI. Thus, it is noted that an amount of Rs. 13,54,37,734/- has been collected by Tradebizz *prima facie* through fee for fraudulent investment advisory activity.
41. It is pertinent to mention that numerous complaints have been filed against Tradebizz alleging perpetration of fraud on the clients and in almost all the complaints, the complainants have claimed refund of the money given by them to Tradebizz. In the event, upon conclusion of the extant proceedings, it is found that the money was taken by Tradebizz from the clients in *prima facie* violation of the applicable law and the claims of the clients are found to be genuine, Tradebizz would be liable to refund the money collected by it from the clients subject to the adjudication of the allegations on merits. While the current proceedings are ongoing there is a possibility that Tradebizz may divert the money collected from the clients as the IA has not fully cooperated with SEBI's examination. I, therefore find that pending conclusion of the extant proceedings, in view of the alleged liabilities and the *prima facie* evidence against Tradebizz, it is also essential to take urgent steps to prevent Tradebizz from alienating

any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous.

42. It has already *prima facie* been found that many of Tradebizz's clients have been sold services promising assured profit and unrealistic returns irrespective of their financial situation, investment objective and risk profiling. The selling of such plans goes against the customized advice which would be required based on the investors' risk profile. This requirement of risk profiling goes to the very root of suitability of investment advice as clients are required to get the investment advice based on their risk profile. Exposing the existing clients to such advice, which has no co-relation to their risk profile, is against the interest of those investors. Thus, in order to prevent the existing as well as the prospective clients from getting such advice which has no co-relation to their risk profile, urgent steps need to be taken against Tradebizz. Further, as discussed hereinabove, the very nature of the investment advisory activity being practised by Tradebizz has been found to be *prima facie* fraudulent and in violation of the provisions of PFUTP Regulations and IA Regulations. In view thereof, allowing Tradebizz to continue its services to its clients, regardless of whether they have complained against Tradebizz or not, would tantamount to allowing the *prima facie* fraudulent investment advisory activity to continue, which will be inimical to the interests of clients and will also be in contravention of what has been envisaged under the IA Regulations. Considering the above, in my view, the balance of convenience lies against Tradebizz and immediate steps need to be taken against Tradebizz to protect the investors / clients from freshly subscribing to or continuing to get such *prima facie* fraudulent investment advisory service by Tradebizz.

EXAMINATION OF COMPLAINTS AND RECORDS OF CONVERSATIONS BETWEEN TRADEBIZZ'S REPRESENTATIVES AND CLIENTS

43. In addition to the emails, whatsapp communications and trade details examined above, SEBI also examined the complaints and records of telephonic conversation between the clients / complainants and the employees / representatives of Tradebizz.

The complaints and records of telephonic conversations, though have not been relied upon to arrive at the aforesaid *prima facie* findings against the IA, nevertheless have been reproduced below to have a holistic picture of the actions of IA.

Promise of assured profit / unrealistic return to its clients:

44. On an examination of complaints, it was observed that Tradebizz has been promising assured profit / unrealistic returns on the investment made by the clients and luring them to avail its services. The high returns are promised based on the advice/ tips/ calls given by the IA and in some instances, trading done by the IA on behalf of its clients. Some of the instances are reproduced below.

Client Name	Assured Profit / Unrealistic Returns (in Rs)	Service Fee (in Rs)
Girish Kumar Sharma	1200000	2,70,000
Meena Dimple Paul	300000	91,000
Raghavendra C N	400000	91,000
Nishikanta Sahoo	9,00,000 to 11,00,000	2,80,000

45. Extract of the relevant portion of the complaints and telephonic conversation is reproduced below which clearly shows that the clients have been promised assured returns by Tradebizz Research.

45.1. Telephone/Mobile communication of Tradebizz employee with Raghavendra CN:

On August 13, 2018: Tradebizz employee Mr. Ravi said “*Profit minimum 5 to 6000 hoga*”.

On October 30, 2018: Tradebizz employee Mr. Ravi said “*In next 18 months you will get minimum 4 to 5 lac rupees profit with these services, I am giving you assurance*”.

45.2. Complaint of Shri Girish Kumar Sharma received in SCORES on April 13, 2018 wherein the complainant has stated that till date *Tradebizz has made him a loss of Rs.8.50 Lacs just within 45 days by giving fictitious promise of making profit of Rs.12*

lac after he opted for their service by paying Rs.2.70 lacs. All the savings of him of 10 years have been lost by Tradebizz by taking riskiest positions in F&O segment by using User ID and Password obtained from complainant.

45.3. Complaint of Ms Meena Dimple Paul received in SCORES on March 14, 2018 wherein complainant has stated that *"Tradebizz Research had been contacting me every day to buy their services of intraday and F&O tips and earn more than Rs.10000/- in every trading. Tradebizz suggested me to open demat a/c with Zerodha to earn Rs.2 Lac to Rs.3 Lac per month against Rs.1 Lac investment and demanded Rs.91000/- as service charges for 3 months."*

45.4. Complaint of Shri Raghavendra C N received in SCORES on October 20, 2018 wherein complainant has stated that *"Tradebizz called him and explained about their service of Rs.91000/- in which he has to put Rs.30000/- in his Demat a/c as capital and needs to give User ID and Password to them. They will trade on his behalf and give Rs.4 Lac within 3 months. After making partial payment of Rs.25000/- towards their services they started sending SMS of Future Basic Tips and denied further services as committed since only partial payment made."*

45.5. Complaint of Shri Nishikanta Sahoo wherein he has stated that one of the employees of Tradebizz told him that if he subscribed to its service by paying Rs. 2,80,000/- then one of the senior employee of Tradebizz namely, Shri Bishal Saxena will ensure profit of Rs. 9,00,000/- to Rs. 11,00,000/- within 45 days with 110% guarantee.

46. In view of the above, I *prima facie* observe that there is further corroboration that Tradebizz has been making promise of assured return. Considering the investment amount and the tenure of investment, the returns assured are *prima facie* unrealistic and misleading. Such promise has been *prima facie* made to lure the investors to deal in securities by subscribing to its services / products. The said act of the IA is *prima*

facie in violation of provisions of Regulations 4(1) and 4(2)(k) read with Regulations 2(1)(c)(1) (2) and (8) of PFUTP Regulations. Moreover, by not disclosing the material information that the investments made by the clients is subject to market risk which may result in them incurring loss, *prima facie* shows that the IA has not been honest and taken due care in its dealings in the best interest of its clients. Thus, it appears that the IA has failed to act in a fiduciary capacity towards its clients, which has led to the violations of Regulation 15(1), Clauses 1 and 2 of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations.

Tradebizz has not been fair in its dealing with the clients

47. It is observed from the complaint of Shri Sumit Das that an amount of Rs.1,16,950/- has been recovered in the name of Govt. Tax and subsequently, the IA has issued him invoice mentioning the amount as fees for “cash service” for 3 months. Thus, *prima facie*, it appears that the IA was not acting honestly and in the best interest of the client by not making adequate disclosures of relevant material information as without disclosing upfront, the IA was charging additional fees in the name of Govt. Tax which has *prima facie* led to the violation of Clauses 1, 2, 5 and 6 of Code of Conduct as specified in Schedule III read with Regulation 15 (9) of IA Regulations. Further, the act of the IA *prima facie* shows that the IA has failed in its responsibility to act in a fiduciary capacity towards its client which is entrusted upon the IA under Regulation 15 (1) of IA Regulations.

Traded on behalf of clients

48. It is observed from the call records provided by Shri Angel Kaushish and complaint of Shri Shivaji Ramdas Kakade that *prima facie* Tradebizz has traded on behalf of them.

48.1. Shri Angel Kaushish

Shri Angel Kaushish has trading account with stock broker RKS Securities India P. Ltd. As per call recordings submitted by him, Ms Nikita Thakur, a representative of Tradebizz admitted that her colleague and another representative of Tradebizz,

Shri Wasim, have executed trades in his trading account and she will also execute the trades. Thus, *prima facie* it appears that trades were executed by Tradebizz on behalf of the client.

48.2. Shivaji Ramdas Kakade

He has stated in his email dated August 8, 2019 to SEBI that he had given his trading account's password to Tradebizz. From the analysis of trade details provided by his broker Zerodha, it is seen that from August 20, 2018 till December 13, 2018 most of the trades have been executed through online mode from the location Indore Madhya Pradesh (IP address is 183:182:85:110) where the Tradebizz's office is located whereas, the location of client is Beed (Maharashtra). Thus, *prima facie* it appears that trades were executed by Tradebizz on behalf of him.

49. The above actions of IA, as discussed earlier, has *prima facie* led to the violation of Regulation 15(1), Clauses 1 and 4 of Code of Conduct as specified under Third Schedule read with Regulation 15(9) of IA Regulations.

50. It is observed from the aforesaid conduct of the IA that the same is *prima facie* not in the interest of investors and securities market. SEBI being the regulatory body has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. IA Regulations have been formulated with the main objective of regulating such activities to safeguard the interests of investors. IA Regulations *inter alia* seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice and conduct by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market. In the instant case, as discussed in preceding paragraphs, the conduct / actions of the IA are *prima facie* in contravention

of provisions of PFUTP Regulations and IA Regulations. Thus, in order to prevent existing clients as well as prospective clients, from the activities of the IA which are *prima facie*, fraudulent and in violation of IA Regulations, immediate steps need to be taken against the IA.

51. Further, one of the directions that can be passed against the IA, subject to the adjudication of the allegation on the merits in the final order, under Sections 11(1) and 11B of SEBI Act is that of direction to refund the money collected by it from its clients. With the initiation of quasi-judicial proceedings, it is possible that the IA may divert the money collected from its clients. The same may result in defeating the effective implementation of the direction of refund, if any to be passed after deciding the matter on merits. Non-interference by the Regulator at this stage would therefore result in irreparable injury to interests of the securities market and the investors. It therefore becomes necessary for SEBI to take urgent steps of freezing the bank accounts of the IA.

Order

52. In view of the foregoing, pending conclusion of enquiry, in order to protect the interests of the investors and the integrity of securities market, I, in exercise of the powers conferred upon me under Sections 11, 11B and 11D read with Section 19 of the SEBI Act, direct Shri Santosh Singh Parihar, proprietor of Tradebizz Research (PAN: BEKPP6860A) as under :

52.1. Shri Santosh Singh Parihar, proprietor of Tradebizz Research, is restrained from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, in any manner whatsoever or on behalf of any of his clients through their accounts, till further directions.

52.2. Shri Santosh Singh Parihar, proprietor of Tradebizz Research shall cease and desist from undertaking any activity in the securities market including the activity

of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, in any manner whatsoever till further directions .

52.3. He is directed to provide a full inventory of all assets held in his name or his proprietary firm's name i.e., Tradebizz Research, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.

52.4. He is directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets, held in his name or his proprietary firm's name i.e., Tradebizz Research, including money lying in bank accounts except with the prior permission of SEBI.

52.5. The Depositories are directed to ensure that till further directions no debits are made in the demat accounts, of Shri Santosh Singh Parihar, proprietor of Tradebizz Research held jointly or solely.

52.6. The Banks including ICICI Bank Ltd. and HDFC Bank Ltd. where Shri Santosh Singh Parihar and or his proprietary firm, Tradebizz Research is holding bank accounts, jointly or severally, are directed to ensure that till further directions, no debits are made in the said bank accounts without the permission of SEBI. The Banks are directed to ensure that all the above directions are strictly enforced.

52.7. The Registrar and Transfer Agents are also directed to ensure that till further directions the securities / units held in the name of Shri Santosh Singh Parihar, jointly or severally, are not transferred / redeemed.

53. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Shri Santosh Singh Parihar, proprietor of Tradebizz Research in accordance with law.

54. This Order shall be treated as a show cause notice and Shri Santosh Singh Parihar, proprietor of Tradebizz Research may show cause as to why appropriate directions,

under Sections 11, 11B and 11D of the SEBI Act and IA Regulations including directions to continue the prohibition on him from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period. Further why any direction to refund the amount collected from the investors/clients for his various schemes under Sections 11(1) and 11B of SEBI Act should not be issued against him.

55. The *prima facie* observations contained in this Order are made on the basis of the material available on record. In this context, Shri Santosh Singh Parihar, proprietor of Tradebizz Research, may within 21 days from the date of receipt of this Order, file his reply, if any, to this Order and may also indicate whether he desires to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.

56. The above directions shall take effect immediately and shall be in force until further orders.

DATE: August 22, 2019

PLACE: MUMBAI

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA