

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

INTERIM EX PARTE ORDER

**Under Sections 11, 11(4), 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;**

**Securities and Exchange Board of India (Investment Advisers) Regulations, 2013
and**

Securities and Exchange Board of India (Research Analyst) Regulations, 2014

In respect of:

Sr. No.	Name of the Entities	PAN
1	Core Investment and its Proprietor Mr. Deepak Bamne	BULPB6375B
2	Core Group and its Proprietor Mr. Matwar Mehra	BGXPM4854N

In the matter of Core Investment

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) has received a complaint against Core Investment alleging that the complainant is not getting pay out of the funds invested by him. The complainant claimed that payments were done for purchase of equity shares viz., Vedanta Limited, Niit Technologies Ltd., Just Dial, National Thermal Power Corporation Ltd., Bharat Petroleum Corporation Limited, Cadila Healthcare Ltd., Godrej Industries Ltd., Ceat Ltd, Asian Paints, Bata India, Star, Bajaj Finance Ltd., Exide Industries Ltd., Infosys Ltd., Lupin and Sun Pharma.

SEBI's EXAMINATION

2. In view of the complaint received, SEBI conducted a preliminary inquiry and the following website of Core Investment, www.coreinvestment.in was perused to gather information. As on November 21, 2019, the aforesaid website is active. However, it was observed at the time of examination that the content of the website changes frequently. For instance, at the time of SEBI's examination the Head Office of Core Investment was shown as: 4th floor, Jhaveri Complex, no 28/239/23, M.G. Road, Thrissur – 680001. However, currently the Head Office of the address is shown as follows: 93, First Floor, Reddiyar Building, Mavelipuram, Kakkanad, Kochi- 682035.
3. SEBI attempted site inspection of Core Investment's Head Office situated at Jhaveri Complex, M.G. Road, Thrissur. The address nor the building could be traced and the phone numbers (0487-2569980/81/82/83..../92 [12 Lines]), could not be reached. The website www.coreinvestment.in claims that Core Investment has following SEBI Registrations:
 - 3.1. Member as NSE, SEBI Reg. No. INB/F/E 130653839
 - 3.2. Member as BSE SEBI Reg. No. INB/F 012653684
 - 3.3. Registered with MCX in 2005
 - 3.4. Took registration for Portfolio Management in 2007Further, it has reached 50,000 plus clients and 2000 plus AP. Currently, its website is showing, it's SEBI Registration No. as INZ000791939.
4. SEBI's examination, further found as follows:
 - 4.1. Core Investment on its website (<http://coreinvestment.in/>) indicated that it is providing the following services:
 - 4.1.1. Portfolio Management
 - 4.1.2. Investment Advisory
 - 4.1.3. Research
 - 4.2. The website also provides information that they offer products and services relating to equity, commodity, IPO and NRI Investment.

4.3. The particulars of the bank accounts as mentioned on the website shows that Axis Bank Ltd. account no. 917020053535718 is in the name of Core Investment (Sole Proprietor – Mr. Deepak Bamne) while Yes bank Ltd. account no. 076261900002325 is in the name of Core Group (Sole Proprietor – Mr. Matwar Mehra).

CONSIDERATION and PRIMA FACIE FINDINGS

5. I have perused the materials available on record such as investor complaint, information available on the website (past and current information) and information obtained from various Banks, Stock Exchanges and Depositories. A preliminary examination of the material available on record was made in order to verify whether Core Investment and Core Group (hereinafter collectively referred to as “**Noticees**”) have offered Portfolio Management Services and Investment Advisory Services and have collected money from various investors without registration from SEBI. In this context, *prima facie*, the following issues arise for determination in the instant matter:

5.1. Whether the Noticees have represented themselves as registered intermediary to the general public in order to induce them to deal in the securities market?

5.2. If answers to aforesaid issue is in affirmative, whether the Noticees have, prima facie, violated any provisions of securities laws?

5.3. If answer to issue no. 2 is in affirmative, whether urgent directions, if any should be issued against the concerned Noticees?

Issue No. 1: Whether the Noticees have represented themselves as registered intermediary to the general public in order to induce them to deal in the securities market?

6. It is noted from the website of the Noticees that they are offering various services in securities market including Portfolio Management Services, Broking in equities and derivatives.

7. On a perusal of the material available on record, I note as follows:

7.1. The website shows that Noticees claim registration with NSE, BSE, MCX and also claim to have registration for portfolio management since 2007. A search was

performed on the registration numbers as mentioned on the website under the “intermediary status” as available on SEBI website. The same yielded no result. It *prima facie* indicates that the Noticees are not registered with SEBI.

7.2. A sample of description of Noticees services in the securities market, in the domain of Portfolio Management Services, currently displayed on their website (<http://coreinvestment.in/services/portfolio-management-services-pms/>) under the heading portfolio management services states as follows:

“Market Pulse Trade offers professional Portfolio Management Services (PMS) to HNIs who seek customized solutions to realize their investment goals. PMS is a customised offering, providing a range of investment options best suited for you in the current market scenario. Our Portfolio Managers are equipped to create an investment portfolio across various investment avenues like Equities, Fixed Deposits, Bonds etc. to meet your unique needs.”

The website further goes on to list the benefits of portfolio management services, the Market Pulse Trade advantage and “unparalleled service” offered by Core Investment. Similar description of other services in the field of broking in equities and derivatives, commodities, NRI investment, FPI Investments etc. is currently available on their website. The aforesaid *prima facie* shows that the Noticees are advertising / putting the information in the public domain through their website that they are offering multiple services in the securities market.

7.3. On a further perusal of the website, it was observed that the pricing options in the web page indicates three packages and an investment option. The details are as follows:-

<u>Bonus on Investment</u> • %2 to 5 of every deposit • Invest 25,000 & Get 800 • Invest 50,000 & Get 1600 • Invest 1,00,000 & Get 3000 • Invest 1,50,000 & Get 7000	<u>PREMIUM Advance Brokerage</u> • INR 5,000 for 3 Months • Flat brokerage 800/CR • 3 Months Core Tips • Back office Support • SMS Alert
<u>PRO Advance Brokerage</u> • INR 10,000 for 6 Months • Flat brokerage 800/CR • 6 Months Core Tips	<u>PLATINUM Advance Brokerage</u> • INR 15,000 for 14 Months • Flat brokerage 800/CR • 14 Months Core Tips

• Back office Support • SMS Alert	• Back office Support • SMS Alert
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7.4. The welcome letter sent to the complainant by Core Investment states as follows:

“Our goal is to provide you with best Services and Technology based Trading platforms and prompt services. We strive for complete satisfaction and if you have any query regarding our product, please free to contact us. Please carefully review this welcome letter. It provides information How to access our team.” The welcome letter goes on to list various email ids related to its services including client id and password, brokerage and limit. The welcome letter *prima facie* shows that the Noticees were successful in luring investor to subscribe to one of their services that they represent to offer in securities market i.e. broking services.

7.5. From the emails sent by Core Investment to the complainant during the period May 23, 2018 to June 28, 2018, it is noted that the complainant has traded in Vedanta Ltd., Niit Technologies Ltd., Just Dial, National Thermal Power Corporation Ltd., Bharat Petroleum Corporation Ltd., Cadila Healthcare Ltd., Godrej Industries Ltd., Ceat Ltd, Asian Paints, Bata India, Exide Industries Ltd., Lupin and Sun Pharma. A sample email dated June 18, 2018 sent to the Complainant stating that the following trade has been undertaken on his behalf, is reproduced below;

“Order Number : Order# 171722269611239

Trade Number : Trade# 1002951

Type : sell

Product Name : ASIANPANT

Amount : 1289

Quantity : 1

Lot Size : 600”

It is noted from the trading history of Mr. Deepak Bamne, proprietor of Core Investment for the calendar year 2018 that, he has traded in equity segment of

the market on 9 instances only (6 instances in January, 2018 and 3 instances in July, 2018) and in F&O segment on 21 instances (January 25, 2018 to August 2, 2018). The complainant has transferred funds to Core Investment during the period May 21, 2018 to July 3, 2018. Considering the aforesaid particulars of trade does not have a strike price or contract expiry date, it is *prima facie* observed that Core Investment is communicating, falsely to the complainant that Core Investment has traded in the aforesaid scrip in the equity segment of the market on his behalf when the trades have not been executed at all.

7.6. From the trade report generated by Core Investment in the scrip of Sun Pharma on June 28, 2018 for the complainant, it is noted that these trades have not been undertaken in the first instance. Therefore, on this ground itself, *prima facie* it is observed that the trade report is non genuine as it is a false reflection of trades that have not been executed. The nature of false trade report is further corroborated by the fact that apart from the particulars of trade, it wrongly includes GST Charge and SEBI Tax. An image of the report is given below:

Report							
Client Name :		From Date :		To Date :			
KALU LAL		2018/06/28		2018/06/28			
Symbol	Exp. Date	Traded Qty	Trade Price	Lot Size	Brokreg	Purchase Value	Sell value
SUNPHARMA	28-06-2018	5	579	1100	318.45		3184500
SUNPHARMA	28-06-2018	5	567	1100	311.85	3118500	
Contract Net					630.3	3118500	3184500
Client Net	Incl.Brok :						
	630.3						
	CTT/STT Charges :	315.15					
	Transaction Charges :	204.8475					
	Gst Charge :	150.32655					
	SEBI Tax :	9.4545					
			Net Pay/Recv. :	64689.92145			

It is *prima facie* observed from the aforesaid trade report that the said report contains erroneous items like GST and SEBI Tax and further, the fact that it lacks certain basic information like registration details of the intermediary order no.,

time stamp, trade number, trade time, name of the stock exchange, segment etc. strengthens the corroboration that the trade report is not genuine.

7.7. The KYC of bank accounts mentioned on the website of Core Investment shows that Axis Bank Ltd. account no. 917020053535718 pertains to Core Investment (date of incorporation: November 6, 2017) with its Sole Proprietor as Mr. Deepak Bamne and Yes Bank Ltd. account no. 076261900002325 pertains to Core Group (date of incorporation: February 27, 2018) with its Sole Proprietor as Mr. Matwar Mehra. It is further noted from the KYC documents that Core Investment is shown to be in the business of “wholesaler of cosmetics/ ayurveda products” while Core Group is in IT Consulting. A simple search was performed on the internet and on the MCA website to find out the business of the Noticees. The same did not yield any result. Thus, based on the material available as on record, it cannot be ascertained whether the Noticees run / have commenced the business as stated in the KYC documents of the bank accounts.

7.8. The analysis of bank statements of aforesaid bank accounts presents the following picture:

7.8.1. There are large number of payments through various UPI networks/IMPS or NEFT.

7.8.2. From the narrative of the transactions, it appears that the payments have come from various parts of the country and from various individuals.

7.8.3. The funds so received are taken out of the bank through cash withdrawals through ATMs, Point of Sales etc.

7.8.4. Core Investment has received ₹ 60.22 lakh and approximately ₹ 59.86 lakh has been withdrawn from the account with Axis Bank Ltd. during November 17, 2017 (1st transaction) till July 20, 2018. During March 7, 2018 (1st transaction) to July 18, 2018, Core Group has received ₹16.01 lakh and approximately ₹15.86 lakh has been withdrawn from the account with Yes Bank Ltd.

7.9. The website of Core Investment has an online payment option linked to PayU Money. The particulars of the said online payment method shows that it is in the

name of Core Investment and is linked to the Axis Bank Ltd. account. ₹1,08,400/- was received through it.

7.10. It is noted that Core Investment and Core Group are not registered in any capacity with the Stock Exchanges. Though the proprietors of both Core Investment and Core Group are registered as a client with stock brokers, only Mr. Deepak Bamne, proprietor of Core Investment has traded in his own name on NSE both in cash market (mostly day trading) and F&O. There are few transactions during January 2018 to August 2018.

8. I note from the aforesaid discussions that neither Core Investment and Core Group nor its proprietors are registered with SEBI, Stock Exchanges or Depositories in any capacity. The numerous registration numbers displayed on their website, in the past and currently, are fake. It is *prima facie* observed that Noticees are putting the information in public domain / advertising by using their website about the various services offered by them in securities market. Further, it is also *prima facie* observed that various packages are being offered by the Noticees to avail their services. Currently, their website categorically mentions the advantages of availing their services in various fields of securities market and the “unparalleled service” they offer to their clients in the securities market. Moreover, from the email sent by the Noticees to the complainant, I note that they have communicated to the complainant that after availing Noticees services, the complainant has traded in various securities, which the Noticees have falsely communicated to the complainant as the trades have not been executed on complainant’s behalf. Trade report has also been sent by the Noticees to the complainant. The same *prima facie* is not genuine as no trades have been executed by the Noticees on behalf of the complainant and further, it is also *prima facie* non-genuine as it does not have any information on the registration details of the intermediary and items like ‘SEBI TAX’ appear to be inaccurate description of SEBI turnover fees. It is also noted that there is no basic information like order no., time stamp, trade number, trade time, name of the stock exchange, segment, settlement no., settlement date etc., that are required to be a part of the contract note. It contains erroneous items like GST (should have been SGST and CGST separately) and SEBI TAX (should have been SEBI turnover fees). The conduct of the Noticees to send the

trade report to the complainant, is *prima facie* fraudulent in nature. Furthermore, from the bank statements, it is noted that the Noticees have received around ₹ 76 lakh from various individuals across the country. The said bank accounts were opened shortly after getting business licences from Indore Municipal Corporation by the Noticees and it cannot be ascertained based on the material available on record that the Noticees have commenced the business of wholesale of cosmetic / Ayurveda products and IT Consulting. However, Noticees through their website were representing to offer various services in securities market. The same *prima facie* indicates that the proceeds in the said bank accounts including the credits received from online payment method, PayU Money, were from the operations of Core Investment and Core Group based on the representation made to the public that they are authorised to deal in various fields of securities market. Thus, I *prima facie* find that the Noticees are trying / have induced the public in general to deal in securities by availing their services without holding necessary registrations.

9. It is further noted from the KYC documents of bank accounts that Core Investment is in the business of cosmetics / ayurveda products while Core Group is in the IT consulting industry. A search with the name of the Noticees and their business as stated in KYC documents on the MCA website and generally on the internet, bore no results. However, the Noticees through their website are advertising to the world that they are registered with SEBI and Stock Exchanges in various capacities and are providing various services in the securities market. Therefore, it is *prima facie* held that the Noticees are suggesting to the general public as to a fact which they know is not true i.e. the Noticees know that they are neither registered with SEBI nor Stock Exchanges / Depositories and are also actively concealing the truth i.e. they are not authorized to deal in securities market in any capacity on behalf of investors, so as to lure investors to deal in securities through them.
10. I, further note from the packages offered by the Noticees, it is noted that they are offering tips for investments for a certain duration / time period for a particular fee apart from providing SMS alerts and back office support. Moreover under various services offered by them in securities market, they have claimed to have a team of advisory managers and

research analysts who will assist the clients in taking informed decisions before investing in the securities market. A sample claim as shown under the heading “Equities and Derivatives” is reproduced below:

“Our team of Research Analysts and Advisory Managers guide you with solutions, backed by research, knowledge and expertise on a regular basis. We constantly help you with strategies for equity and derivatives investment, recommendations for trading on futures & options, hedging with Nifty and other products and opportunities of near risk free arbitrage between various segments.

...

Our Edge

- 1. Equity advisory team with trained equity professionals, who act as your Equity Advisor and help you take informed equity and derivatives investment decisions and build a healthy portfolio*
- 2. Research support by a pool of skilled research analysts*
- 3.*
- ”*

Moreover from their “About Us” section on the website following is noted:

“...The Core Investment combination of painstaking, in-depth human analysis and tech-based real-time monitoring and data analytics puts you as an investor at a vantage point to take the most intelligent and wise decisions...”

Under the heading “Our Team”, the Noticees have claimed as follows:

“Core Investment will at all times have a full-fledged team of experts and support personnel, dedicated to meeting customers’ goals and available 24x7 for advice and direction.”

11. It has already been observed in preceding paragraphs that the credit transactions in the bank accounts and through PayU Money, *prima facie* appear to be the proceeds from the business operations of Noticees and considering that Noticees are holding themselves out to offer multiple services in securities market, the said proceeds, *prima facie* can be consideration for their advisory services.
12. I have perused the definition of investment advice under regulation 2(l) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”)

which states as follows: “*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.*”

13. Therefore, I find that the activities of Noticees such as offering tips, holding out to have a team of advisory managers, advertising to assist their clients to take an informed decision by having strategies for investment in equity and derivative segments, etc., *prima facie* on payment of fees, indicates that the Noticees are *prima facie* holding out as providing investment advisory services.

14. I have perused the definition of “research analyst” under regulation 2 (1)(u) of SEBI (Research Analysts) Regulations, 2014 (“hereinafter referred to as **RA Regulations**”) which states as follows: “*research analyst*” means a person who is primarily responsible for,- i. preparation or publication of the content of the research report; or ii. providing research report; or iii. making ‘buy/sell/hold’ recommendation; or iv. giving price target; or v. offering an opinion concerning public offer, with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of ‘research analyst’ and includes any other entities engaged in issuance of research report or research analysis.

Explanation.-The term also includes any associated person who reports directly or indirectly to such a research analyst in connection with activities provided above;”

15. I find that the Noticees have *prima facie* also held out to be Research Analysts by claiming to have a ‘team of Research Analysts’ and to provide ‘Research support by a pool of skilled research analysts’.

16. In view of the aforesaid discussions, I *prima facie* hold that apart from holding out as Investment Adviser and Research Analyst, the Noticees through their website have falsely represented themselves as registered intermediary to the general public who can deal in various fields of securities market viz., Portfolio Management Services, Broking in Equities and Derivatives etc. in order to induce the public to deal in the securities market.

Issue No. – 2: *If answers to the aforesaid issue is in affirmative, whether the Noticees have, prima facie, violated any provisions of securities laws?*

17. As discussed in the preceding paragraphs, the KYC documents reveals that the Noticees are in the business of wholesale of cosmetics / Ayurveda products and IT Consulting but their website indicates otherwise. On their website the Noticees have claimed to be registered intermediary of SEBI and have also claimed to be registered with Stock Exchanges and Depositories in various capacities. They claim to provide “unparalleled service” in various field of securities markets viz., Portfolio Management Services, Broking in Equities and Derivatives, NRI and FPI Investments etc. The analysis of bank accounts mentioned on their website shows that they have received money in various denominations from various individuals all across the country. The proceeds as discussed in preceding paragraphs *prima facie* appears to be consideration for its services that the Noticees claim to provide in securities market. Thus, Core Investment and Core Group and their proprietors’ viz., Mr. Deepak Bamne and Mr. Matwar Mehra by representing to the general public that they are registered with SEBI and Stock Exchanges / Depositories in various capacities, when they actually are not registered intermediaries in securities market and by further concealing the truth that they are not authorized to deal in securities market are defrauding the public by luring / inducing to avail their services to deal in securities. I, therefore *prima facie* find their conduct / act / practice to be in violation of provisions of Section 12A (c) of Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) and regulations 3 (a), (b), (c), (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. The text of the aforesaid provisions is reproduced below:

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

Section 12A: No person shall directly or indirectly:

...

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

Regulation 3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under

18. Further, in order to ensure that no investor is defrauded, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of SEBI Act reads as under:

“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.”

Further, as per regulation 3(1) of the IA Regulations, the registration of the investment advisers is mandatory. It provides that, *“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”*.

Regulation 3(1) of the RA Regulations also provides *“On and from the commencement of these regulations, no person shall act as a research analyst or research entity or hold itself out as a research analyst unless he has obtained a certificate of registration from the Board under these regulations.”*

19. The activities of Noticees, seen in the backdrop of the aforesaid provisions show that the characteristics and features of the business activity carried out by the Noticees, as discussed in the preceding paragraphs, *prima facie* indicates that they have held themselves out as Investment Advisers and Research Analyst. However, no material is available on record to indicate that the Noticees have a certificate of registration as Investment Adviser and Research Analyst. Thus, the activities of Core Investment and Core Group and their proprietors’ viz., Mr. Deepak Bamne and Mr. Matwar Mehra are, *prima facie*, in violation of Section 12(1) of SEBI Act read with regulation 3(1) of the IA Regulations. Similarly, the representation of Core Investment and Core Group and their proprietors’ viz., Mr. Deepak Bamne and Mr. Matwar Mehra, as Research Analysts, are also *prima facie* in violation of Section 12(1) of SEBI Act read with regulation 3(1) of the RA Regulations.
20. SEBI 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. PFUTP Regulations, IA Regulations and RA Regulations have been formulated with the main objective of regulating such activities to safeguard the interests of investors. PFUTP Regulations seeks to curb fraudulent and manipulative activities in the securities market in order to boost investor confidence in the securities market and to provide an environment conducive to increased participation and investment in the securities

market which is vital to the growth and development of the economy. IA Regulations, on the other hand *inter alia*, seek to create a structure within which Investment Advisers will operate and also make them duly accountable for their investment advice 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, the Noticees are soliciting and inducing the investors to deal in securities market by holding themselves out as authorized to deal in various segments of securities and also on the basis of investment advice, stock tips etc., *prima facie*, without having the requisite registration/ certification as mandated under the relevant regulations. Similarly, I also note that the Noticees have held out themselves to be Research Analysts without having the requisite registration as mandated under the RA Regulations. Further, it is noted from material available on record, money has been credited to the bank accounts of the Noticees. This, *prima facie*, indicates that the Noticees are defrauding the investors and are holding themselves out to be Investment Advisers and Research Analysts.

Issue No. 3: If answer to issue no. 2 is in affirmative, whether urgent directions, if any should be issued against them?

21. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent the Noticees from collecting any more funds from the public on the pretext of providing services in the securities market including indulging in unauthorized investment advisory and research analyst activities. The website of the Noticees is active and can be accessed by investors. Therefore, the Noticees can still lure investors to deal through them in the securities market and probability of investors reaching the connected Noticees through the website are still high. Therefore, the threat of investors getting lured towards the unregistered activity of the Noticees in the securities market is still in existence and imminent. The amount of money, *prima facie*, observed to have been collected by the Noticees is approximately ₹ 76 lakh and indicates the magnitude of the prospective threat to the investors. Therefore, even today, investors can become prey to the different packages offered by the Noticees. In light of the same, I

find that there is no other alternative but to take recourse through an interim ex-parte order against the Noticees viz., Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne and Mr. Matwar Mehra for preventing them from collecting funds by defrauding investors and by indulging in unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the law. In order to protect prospective investors from making payment to the bank accounts of the Noticees, credit into bank accounts needs to be stopped.

22. Further, one of the directions that can be passed against the Noticees, subject to the adjudication of the allegation on the merits in the final order, under Sections 11, 11(4) and 11B of SEBI Act is that of direction to refund the money collected by them from their clients. With the initiation of quasi-judicial proceedings, it is possible that the Noticees may divert the money collected from their clients, especially taking into account the numerous withdrawals from the said bank accounts. 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 stopping the debits from the bank accounts of the Noticees.

23. In view of the foregoing, pending conclusion of enquiry, in order to protect the interests of investors and integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4)(b), 11B and 11D read with Section 19 of the SEBI Act hereby issue by way of this *interim ex-parte order*, the following directions:

- a. Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne (PAN: BULPB6375B) and Mr. Matwar Mehra (PAN: BGXPM4854N) and any person while working under it/ them or under its/ their instructions as employee or otherwise, shall cease and desist from holding out registered intermediaries to deal in securities market and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever until further orders;

- b. Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne (PAN: BULPB6375B) and Mr. Matwar Mehra (PAN: BGXPM4854N) and any person while working under it/ them or under its/ their instructions as employee or otherwise, shall cease and desist from holding out / acting as an Investment Advisor and Research Analyst and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever until further orders;
- c. Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne (PAN: BULPB6375B) and Mr. Matwar Mehra (PAN: BGXPM4854N) shall not access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders;
- d. Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne (PAN: BULPB6375B) and Mr. Matwar Mehra (PAN: BGXPM4854N) shall not divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders;
- e. Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne (PAN: BULPB6375B) and Mr. Matwar Mehra (PAN: BGXPM4854N) will immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc., in relation to their services in securities market, investment advisory activity and research analyst activity or any other unregistered activity in the securities market until further orders.
- f. Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne (PAN: BULPB6375B) and Mr. Matwar Mehra (PAN: BGXPM4854N) shall provide a full inventory of all assets held in the name of proprietors i.e., Mr. Deepak Bamne and Mr. Matwar Mehra or their proprietary firm's name i.e., Core Investment and Core Group, 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.

- g. Core Investment and Core Group and their proprietors' viz., Mr. Deepak Bamne (PAN: BULPB6375B) and Mr. Matwar Mehra (PAN: BGXPM4854N) are 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 the name of proprietors i.e., Mr. Deepak Bamne and Mr. Matwar Mehra or their proprietary firm's name i.e., Core Investment and Core Group, including money lying in bank accounts except with the prior permission of SEBI.
 - h. Banks, including, Axis Bank Ltd. and Yes Bank Ltd. wherein Mr. Deepak Bamne and Mr. Matwar Mehra or their proprietary firm's i.e., Core Investment and Core Group are holding bank accounts, are directed not to allow any debits/ withdrawals from and credits to the bank accounts, without the permission of SEBI. The Banks are also directed to ensure that all the above directions are strictly enforced.
 - i. Depositories are directed to ensure that till further directions no debits are made in the demat accounts, of Mr. Deepak Bamne and Mr. Matwar Mehra proprietors of Core Investment and Core Group, held jointly or solely.
 - j. Registrar and Transfer Agents are also directed to ensure that till further directions the securities / units held in the name of Mr. Deepak Bamne and Mr. Matwar Mehra, jointly or severally, are not transferred / redeemed.
24. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Mr. Deepak Bamne and Mr. Matwar Mehra and their proprietary firm's i.e., Core Investment and Core Group in accordance with law.
25. This Order shall be treated as a show cause notice and Core Investment and Core Group and their proprietors viz., Mr. Deepak Bamne and Mr. Matwar Mehra may show cause as to why the various services offered by them in securities market may not be treated as a fraudulent practice / act / conduct, the investment plans floated by them including offering tips, holding out to have a team of advisory managers, advertising to assist their clients to take an informed decision by having strategies for investment in equity and derivative segments should not be held as "*Investment Advisory Services*" in terms of the IA Regulations and holding out to provide research support including guiding the clients

with the help of team of Research Analyst should not be held as "*Research Analyst*" activity and thereby their activity be treated as unregistered activity under relevant SEBI Regulations and why appropriate directions, under Sections 11, 11(4), 11B and 11D of the SEBI Act and relevant SEBI Rules/Regulations including directions to continue the prohibition on them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and why a direction to refund the amount collected from the investors/clients for its various schemes under Sections 11 and 11B of SEBI Act should not be issued against them.

26. The *prima facie* observations contained in this Order are made on the basis of the material available on record. In this context, Core Investment and Core Group and their proprietors viz., Deepak Bamne and Mr. Matwar Mehra may, within 21 days from the date of receipt of this Order, file their reply, if any, to this Order and may also indicate whether they desire 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.

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

28. A copy of this order shall be served upon all the Noticees, Banks, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

Date: November 26, 2019

MADHABI PURI BUCH

Place: Mumbai

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA