

WTM/AB/SRO/SRO/8281/2020-21

**SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER**

Under Sections 11, 11B and 11D of the Securities and Exchange Board of India Act, 1992 read with Regulation 11(1) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Mr. Rishabh Jain	AFKPJ6640Q
2.	Mr. Ubaidur Rahman	AAZPU0395D
3.	Mr. G. Kadar Hussain	AQLPK1093L

– In the matter of Unregistered Investment Advisory through websites.

The aforesaid entities are hereinafter referred to individually by their respective names/Noticee numbers and collectively as “the Noticees”.

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) passed an *ad interim ex-parte* order cum show cause notice dated March 20, 2019 (hereinafter referred to as “**SCN**”) against the Noticees. The brief facts leading to passing of the aforesaid interim order, as narrated in the SCN are as under:

- (i) SEBI had received an email dated December 18, 2015 from the National Stock Exchange of India Limited (hereinafter referred to as “**NSE**”) forwarding the details of a website viz. www.trade4target.com alleging

unregistered Investment Advisory service through the said website in which stock options and commodity tips were provided.

- (ii) Upon examination of the information presented on the website, it was revealed that the website www.trade4target.com was claimed to be a website of a company named - “Technospirit Consulting Pvt. Ltd”. However, the Company / LLP Master available on Ministry of Corporate Affairs’ website did not show any company with the said name. Though, a company with a similar looking name i.e. Technospirit Consultancy Private Limited exists but the details thereof did not match the details mentioned on the website www.trade4target.com. Thus, prima facie, it was revealed that the website www.trade4target.com contained false details. The website also mentioned performance track record and testimonials, possibly with a view to lure investors to pay subscription fee for the advisory/stock tips products offered through the website. The website also contained a link over a SEBI logo with the word ‘approved’ below it, which contained the scanned copy of SEBI registration certificate issued to one Mr. Abhinav Gulecha. When a question was asked from Mr. Abhinav Gulecha in respect of the websites owned by him, Mr. Gulecha vide email dated January 18, 2018 informed SEBI that the only website owned and administered by him for investment advisory activities is www.sohamfp.com. Thus, prima facie, the particulars relating to registration with SEBI appearing on www.trade4target.com appeared to be false.
- (iii) Examination further revealed that the website (www.trade4target.com) was using payment gateway offered by PayU Payments Private Ltd (hereinafter referred as “**PayUmoney**”), an online payment gateway for receiving subscription fees from clients. In order to identify the true beneficiary of this website, information was sought from PayUmoney vide email dated May 12, 2016. PayUmoney vide email dated August 11, 2016 furnished the KYC documents, transaction details along with the details of the name of the beneficiary i.e. Mr. Rishabh Jain (Noticee no. 1) residing

at D-5/9, D Block, Model Town III, Delhi – 100009 and having a Bank account - Canara Bank a/c no. 2021214000006.

- (iv) In the meantime, SEBI had received complaints against certain other websites viz. www.niftysureshot.com and www.optiontips.in, which were allegedly offering unregistered investment advisory services. The details of bank accounts linked to www.niftysureshot.com (i.e. HDFC a/c no. 01232320001233) and www.optiontips.in (i.e. Axis bank a/c 109010100381215) revealed that the beneficiaries of these websites are Mr. Ubaidur Rahman (Noticee no. 2) and Mr. Kadar Hussain (Noticee no. 3), respectively, who are located at Madurai, Tamil Nadu. On examination of bank a/c statements of Mr. Ubaidur Rahman and Mr. Kadar Hussain, it was observed that there were multiple transfers of money to Mr. Rishabh Jain (Noticee no.1), who was alleged to be offering unregistered investment advisory through the website www.trade4target.com.
- (v) Further, it was also observed that the websites www.niftysureshot.com and www.optiontips.in on their respective payment page had a PayUmoney link for making online payments. On enquiry with PayUmoney regarding online payment links available on these websites, PayUmoney vide its email dated February 02, 2017 informed SEBI that the beneficiary of these websites is Mr. Rishabh Jain, and furnished copy of the agreement between PayUmoney and Mr. Rishabh Jain. It was alleged from the agreement that Mr. Rishabh Jain (the sole proprietor of 'Cavenue') entered into an agreement with PayUmoney for enabling receipt of online payments through the following websites:
- (a) www.trade4target.com
 - (b) www.niftysureshot.com
 - (c) www.mcxbhavishya.com
 - (d) www.callput.in
 - (e) www.newsbasedtips.com
 - (f) www.futuresandoption.com
 - (g) www.optiontips.in

- (h) www.commoditytips.in
 - (i) www.sharetipslive.com
 - (j) www.thepremiumstocks.com
- (vi) SEBI's letters sent to Mr. Rishabh Jain for the purpose of enquiry were returned undelivered with the remark 'there is no such person at this address'. However, a field visit conducted by SEBI revealed that Mr. Rishabh Jain was actually staying at the address available on the records and was running a pharmaceutical business. The letters sent to Mr. Ubaidur Rahman and Mr. Kadar Hussain on their addresses on record were delivered but no response was received from them.
- (vii) In order to get confirmation about the nature of transactions carried out by/through www.trade4target.com and www.niftysureshot.com, emails were sent to subscribers (clients/investors) whose email IDs were provided by PayUmoney. It was learnt from the replies received that many subscribers had confirmed availing services of www.trade4target.com/www.niftysureshot.com. They further informed that no agreement was signed by them with the websites' owners / officials as they only paid subscription amount through PayUmoney payment gateway to avail services under different packages. It was also informed that results displayed on the websites were found to be contradictory to the market, and many of them did not receive any tips through SMS/email and hence were cheated.
- (viii) It was observed from the transaction details merchant/owner information of abovementioned websites furnished by PayUmoney that the beneficiary of the following websites had been changed from Mr. Rishabh Jain to Mr. Ubaidur Rahman during January 2017:
- (i) www.trade4target.com
 - (ii) www.niftysureshot.com
 - (iii) www.optiontips.in
 - (iv) www.callput.in

- (ix) In addition to the above websites, Mr. Ubaidur Rahman was also alleged to be the beneficiary of www.sureoptiontip.in as per the PayUmoney records. It is noted from the reply of Canara bank (while forwarding KYC records of Mr. Rishabh Jain's Canara bank a/c no. 2021214000006 - his beneficiary a/c with PayUmoney) that the said bank account was closed on January 09, 2017 i.e. around the same time as that of change of beneficiary of above mentioned websites from Mr. Rishabh Jain to Mr. Ubaidur Rahman.
- (x) SEBI also received a complaint from Capmetrics Investment Advisers Pvt. Ltd that its SEBI Registration number as an Investment Adviser viz. INA000000672 has been illegally used by the website - www.tfttips.com and it has lodged a complaint with the Police Cybercrime investigation cell. Upon examining the website www.tfttips.com, it was revealed that it is having similar webpages as www.trade4target.com. Further, on the "contact us" page of www.tfttips.com, it is mentioned that "tfttips.com is SEBI registered organisation managed by Traders Welfare Association of India", and SEBI Logo is also being used. Further contact number - 9990601179, which was used by www.trade4target.com, is also reflected in the website of www.tfttips.com. Capmetrics had also informed SEBI that the police had found the involvement of two individuals viz. Mr. Kadar Hussain and Mr. Ravisingh Mahipal Chauhan in relation to www.tfttips.com. The website www.tfttips.com is inactive at present and PAN or beneficiary bank a/c details of Mr. Ravisingh Mahipal Chauhan are not available to gather information against him. However, the other person i.e. Mr. Kadar Hussain, was alleged to be the beneficiary of one of the abovementioned unregistered investment advisory website viz. www.optiontips.in as noted earlier.
- (xi) SEBI also received complaints from an investor against www.callputoption.in alleging that it claimed to be a SEBI registered advisory firm, and he was offered portfolio management services for a fee

of Rs. 25,000/-. However, it is alleged that no service was provided after making the payment of Rs. 25,000/- into the SBI a/c no. 37246295241. It was seen that the said SBI Bank a/c no. 37246295241 was held in the name 'Call Put Options' and belonged to Mr. Ubaidur Rahman. The PayUmoney link found on the website www.callputoption.in was also linked to above mentioned SBI a/c. Based on the transaction details furnished by PayUmoney, www.callput.in / www.callputoption.in are found to be the active websites run by Mr. Rishabh Jain, Mr. Ubaidur Rahman and Mr. Kadar Hussain (the Noticees). While checking the web presence of the Noticees, it was found from a complaint against www.optiontradingtips.com on the online complaint portal www.grahaksuraksha.com/ that the aforementioned same SBI a/c was used to receive subscriptions for the advisory packages offered through the site.

- (xii) Based on the information available on the unregistered investment advisory websites and complaints received by SEBI against such websites, it was prima facie found that the Noticees create unregistered investment advisory websites periodically and lure investors by promising assured monthly income with unbelievable returns of 300-800% on buying and selling of securities based on the tips provided by them. Once the subscription is received, the Noticees either give stock tips for few days to the subscribers and then stop entertaining their calls, or avoid the calls of the subscribers entirely without giving any stock tips. The Noticees claim in their websites that they are SEBI registered Advisory firm without obtaining the SEBI registration as an Investment Adviser under SEBI (Investment Advisers) Regulations 2013.
- (xiii) The Noticees used terms such as 'zero loss', 'jackpot', 'rumour based', 'sureshot', etc. in the names of the packages offered in their websites and promised accuracy between 90% to 99%. The features and pricing of the packages offered presently on www.callputoption.in are given below:

STOCK OPTION (ZERO LOSS) JACKPOT PACKAGE • Earn Monthly Minimum 800-900% Profits. • Daily get only 1 Stock Option Sure shot Intraday Tips. • 99% Accurate Recommendation in Stock Option. • One Entry and One Exit Message with each Tips. • 100% Intraday Option Tips, No Carry over in any condition. • Minimum Capital Required Rs 30000 & Recommended Capital Rs 60000-75000 as per Past Performance. • Only Stock option with Good Volume Tips are Provided. • Trade in Stock Option with Special Zero Loss Strategy. • One to One Customer Support & Satisfaction Personalized on Phone. • All Tips During Live Market 9:30 a.m. to 3:30 p.m. • Advanced SMS Software Platform for Instant SMS Delivery in any part of Country. • Special Whatsapp Message will be provided	Nifty Option (Zero loss) Jackpot Package • Earn Monthly above 300% Profits. • Daily get only 1 Nifty Option Jackpot Intraday Tips. • 95% Accurate Recommendation in Nifty Option Call & Puts. • One Entry and One Exit Message with each Tips. • 100% Intraday Option Tips, No Carry over in any condition. • Minimum Capital Required Rs 10000 & Recommended Capital Rs 20000-25000 as per Past Performance. • Proper In strike Nifty option with Good Volume Tips are Provided. • Trade in Option with Special Zero Loss Strategy. • One to One Customer Support & Satisfaction Personalized on Phone. • All Tips During Live Market 9:30 a.m. to 3:30 p.m. • Advanced SMS Software Platform for Instant SMS Delivery in any part of Country. • Special Whatsapp Message will be provided
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(xiv) The pricing of the above packages are as under:

Duration	Stock Option (Zero loss) Jackpot Package/ Nifty Option (Zero loss) Jackpot Package (in Rs.)	Combo of Stock & Nifty Option (Zero loss) Jackpot packages (in Rs.)
1 month	7,500	12,000
3 months	18,000	34,000
6 months	32,500	60,000
12 months	58,500	1,00,000

(xv) To support their claim of assured returns, it was observed that the performance page of the websites are updated with fictitious stock tips

showing unreasonable profits. For instance the tip dated 02/07/2018 – “BUY INFY 1340CE @ 36” has been mentioned without any expiry date, and thus appears to be prima facie fictitious. The performance of Stock Option (Zero Loss) Jackpot Package for July 2018 as mentioned in callput.in/callputoption.in has been given in detail in the SCN.

(xvi) A summary of certain complaints received from clients against the websites highlighting the nature of the grievances raised by the complainants is as tabulated below:

Details of the complainant	Complaint against	Details of the SCORES complaint
SEBIE/MP17/0000267/1 Amit Kulkarni from Sangli, Maharashtra Date: February 24, 2017	callput.in	<i>I have paid Rs.15000 towards charges for providing quality tips to earn Rs 1 lakh per month. I am receiving their tips but many of these are not quality hence I went into huge loss. I tried to contact them but now they are not receiving my phones. I request you to kindly help to get my charges back at least. I am not demanding loss amount from them which was done due to their advices. Request your intervention in this matter.</i>
SEBIE/UP16/0000035/1 ABHISHEK RASTOGI from RAMPUR, Uttar Pradesh - 244901 Date: January 09, 2016	niftysureshot.com	<i>Through this mail I wish to complain regarding my Research Analyst who show different service on their website and give different service to me and there make me pool 2 times till now and when I call to company from my registered m no i.e. 8377944629 they not pick my phone n they charge money of Rs 27,500 I have supporting document also because of this company I suffer big loss</i>
SEBIE/MH15/0003106/1 Gaurav Kukreti from Nangloi, NATIONAL CAPITAL TERRITORY OF DELHI Date: May 22, 2015	niftysureshot.com	<i>I have taken the paid service from niftysureshot.com by calling their customer service number picked by sandeep jain. He took the payment himself from me. Yesterday when I checked their website they updated a call</i>

		<i>in their performance report that was not given in the SMS and also the loss making call from a day before was not in the performance report. They are doing business unethically. I called them repeatedly for 3 days but no one picks up the phone and no reply through an email for the emails that are being sent to them through me. I have highly dissatisfied with their service. Please resolve the issue as soon as possible.</i>
SEBIE/MP17/0000619/1 Dinesh Gole from Kalyan west, Mumbai	Optiontips.in	<i>I have deposited Rs.15000/- through Debit Card into account of Option tips.in on 16.04.2017 for getting stock option tips daily. But got only 3 wrong tips. After that I demands my money back as the advice provided by company is not profitable at all. And the man, to whom I have dealt Mr. Amit is now not attending my phone or not responding to my messages. I have not received my money back in spite of regular follow-up.</i>
SEBIE/TN16/0000584/1 Srijith from Bangalore, Karnataka Date: October 21, 2016	trade4target.com	<i>Registered with them for options trading calls and after 2 to 3 calls they stopped giving calls after enquiry they said calls are not generated but after some days when I checked past performance data they have updated some fake calls when I tried to enquire about this they stopped attending my calls also. Request you to pls stop this kind of advisory firms who are there only to cheat innocent people. Thank you</i>
SEBIE/TN16/0000140/1 Chandra Mouli from Pune, Maharashtra Date: March 10, 2016	trade4target.com	<i>Sir, I am taking stock market advise from trade4target.com. They are not giving proper calls, but in their performance report, they are showing that, they get good profits. These guys are cheating small investors like me. Please take action against them. One classic</i>

		<i>example: They have given SMS for Tata Motors 320PE on 2nd march which was failed to reach target. But in their performance report, they are showing that they got profit.</i>
SEBIE/TN15/0000847/1 Jagan from Salem, Tamil Nadu Date: October 03, 2015	trade4target.com	<i>Tips - calls giving companies fraudulently promising accuracy and cheating the retail investors has to be stopped by SEBI. Trade4Target.com - has mentioned SEBI approved/Certified in their website. On what capacity such websites are allowed to give tips/calls to the people or it is a SEBI certified/approved company to give calls? Request to verify and take necessary action. Yours Truly, Jagan Krishnasamy</i>
SEBIE/MH16/0002159/1 Rahul Jadhao from Nagpur, Maharashtra Date: April 02, 2016	trade4target.com	<i>Complaint against trade4target forged with me. I subscribe for three month service at Rs 15000 but they give me only one month so many time i call him but they dint received and after receive he said me your service is expire. I asked about refund my money but they didn't my money back. I hope you will help me for my money return.</i>
SEBIE/MH15/0002968/1 Pattabhi Ramakrishna Peddi from Hyderabad, Telangana Date: May 15, 2015	trade4target.com	<i>I have paid Rs.5000/- on 10/4/15 for trading tips in nifty options. Even though call not received by me but there is showing their past performance sheet in their website.</i>
SEBIE/MH15/0000170/1 Veluri Kamalakara Reddy from Vijayawada, Andhra Pradesh Date: January 09, 2015	trade4target.com	<i>This site has lured me into Subscribing their services Nifty&Banknifty Jackpot Calls by paying Rs.13,500 through Internet Banking enabled through their site. They are supposed to send me daily 2 SMS advising the trades in Nifty and 6 calls in a month. Three days passed there is no turn up from them. Their customer care number on the site, no one attends. One number is not</i>

		<i>existing. Please bring this cheater into books and arrange for refund of my amount.</i>
SEBIE/MH-14/0009645/1 Ravi from Chennai, Tamil Nadu Date: November 12, 2014	trade4target.com	<i>I subscribed for Option jumper jock pot, the call is not in option format & no updates some times on stop loss triggered calls. Daily he is sending our subscribed clients earned 20000 subscribe and earn 600-700% Capital 50k required.</i>
SEBIE/MH14/0008866/1 Vivek Singhal from Modinagar, Uttar Pradesh Date: October 20, 2014	trade4target.com	<i>this is the most fraud advisor I ever seen in this market, he make manipulated performance sheet with huge profit which attracted people to pay the most costly advisor fee & he in reply gave u huge loss .his entry & target given on SMS are totally different as on performance sheet ex on 29 SEP he gave call to buy Tata Motors 510ce at CMP which is 21.5 I bought it & it becomes 14 but he in sheet show enter at 17 book profit at 22 . I call him on phone but that bastard not answering my call</i>
SEBIE/HY16/0000084/1 Narender Kumar from Jhajjar, Haryana Date: March 03, 2016	trade4target.com	<i>Sir, I have subscribed for TFT option Bumper jackpot service from Trade4target.com on 26.2.2016 & have deposited 15000/ via PayUmoney having Payment ID: 94729188 Merchant Order ID: TRADE160226124338 (Proof attached).But till now I have not got single call or message from the company on the name of service. Furthermore, they are not responding on calls. Sir, I have been cheated & this company is a big fraud company. I request you to please take a strict action against this company & make them to refund my money.</i>
SEBIE/GJ16/0000889/1 Faizan Imam from Bangalore,	trade4target.com	<i>Every day I receive 5-10 messages from this company promising as much as</i>

Karnataka Date: March 22, 2016		<i>10000% returns on F&O / commodity / penny stocks. They promise operator based call. When I called them to remove my number from their list they argued and abused that I have registered on their website. Sample SMS: Today we have a option trade of Rs. 5 with the target of 42 to 45 profit Rs 25 to 27 Lac in 2 Lac capital operator base work 110% confirm call 09586032943</i>
SEBIE/AP15/0000380/1 & SEBIE/KN15/0000631/1 R Divyanjali from Vijayawada Andhra Pradesh Date: November 24, 2015	trade4target.com	<i>trade4target.com is maintaining fake track sheet due to which I had lost 82000/- and also 25 working days. After giving that complaint I came to know that trade4target is not a SEBI registered co but showing its logo as SEBI registered. You can find it on www.trade4target.com site. Please verify and do the needful</i>

- (xvii) It was also observed that the Noticees are running a website in the name www.tradingtipscomplaints.com, which is portrayed as the portal to get the refund of capital lost on trading tips and subscription money paid to trading tips providers. However, on perusal of the entries on www.tradingtipscomplaints.com, it was prima facie found that the website is managed for the purpose of promoting websites owned by the Noticees. It appears that the Noticees themselves post positive reviews and testimonials of getting unbelievable returns from the unregistered investment advisory websites on www.tradingtipscomplaints.com to promote subscriptions. During examination it was observed that the website being promoted then on www.tradingtipscomplaints.com was www.callputoption.in and the complaint received against www.callputoption.in revealed that the SBI bank a/c no. 37246295241 which is linked to the website held in the name 'Call Put Options' belonged to Mr. Ubaidur Rahman. Further, the address of the owner viz. B-10 Varapradha, Andalpuram, Madurai – 625003 ascertained from the website hosting information matches with the address of Mr. Ubaidur Rahman.

(xviii) The summary of subscriptions received by Mr. Rishabh Jain and Mr. Ubaidur Rahman, as observed from PayUmoney records are given below:

Summary of subscriptions received by Mr. Rishabh Jain:

Name of the website	No. of Transactions	Amount Collected (Rs.)	Transaction period
www.callput.in	329	26,51,018	July 03, 2015 to January 02, 2017
www.commoditytips.in	1	10	NA
www.futuresandoption.com	1	10	NA
www.mcxbhavishya.com	1	10	NA
www.newsbasedtips.com	3	35,010	July 09, 2016 and July 11, 2016
www.niftysureshot.com	248	32,40,137	September 26, 2015 to July 24, 2017
www.optiontips.in	40	3,14,010	January 17, 2016 to August 27, 2016
www.sharetipslive.com	1	10	NA
www.thepremiumstocks.com	1	10	NA
www.trade4target.com	716	93,39,770	August 14, 2015 to April 25, 2017
Total	1341	1,55,79,995	

Summary of subscriptions received by Mr. Ubaidur Rahman:

Name of the website	No. of Transactions	Amount Collected (Rs.)	Transaction period
www.callput.in and www.callputoption.in	3141	2,80,05,202	January 06, 2017 to August 07, 2018
www.niftysureshot.com	123	1,51,938	January 05, 2017 to January 25, 2018
www.optiontips.in	3	17,010	August 10, 2016 and September 01, 2016
www.sureoptiontip.in	28	2,20,259	January 28, 2017 to March 16, 2018

www.trade4target.com	526	59,51,727	January 06, 2017 to January 28, 2018
Total	3821	3,43,46,136	

- (xix) It is observed from the bank a/c statements of Mr. Ubaidur Rahman held in the name of Nifty Sureshot Service and Call put Options with HDFC bank and SBI, respectively that the Noticees also received subscriptions directly into their bank a/cs apart from the payment gateway provided on the websites. Therefore, total money collected in the pretext of providing investment advisory could be much higher than the amount mentioned in the table above.
- (xx) Though the beneficiary of the websites through PayUmoney had changed over time from Mr. Rishabh Jain to Mr. Ubaidur Rahman, the nexus between the entities was established from several transactions of transfer of money to Mr. Rishabh Jain's HDFC bank a/c no. 50100119594188 from Mr. Ubaidur Rahman, HDFC a/c no. 01232320001233 (held in the name of Niftysureshot service, the bank a/c designated with PayUmoney for receiving payments from the websites). Further, the bank details mentioned www.trade4target.com accessed through www.archive.org (an online repository of websites and files) contains the following bank a/c details of both Mr. Rishabh Jain and Mr. Ubaidur Rahman suggesting that they are the beneficiaries of the said website:

A/c name: G. Ubaidur Rahman A/c no. 601301153247 Bank name: ICICI Bank	Account Name: Mr. Rishabh Jain A/c no. 04571000030350 Bank Name: HDFC Bank
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- (xxi) Thus, it was prima facie observed that Mr. Rishabh Jain continued to benefit from the subscriptions received through the above mentioned unregistered investment advisory websites.
- (xxii) Although the name of Mr. Kadar Hussain does not appear in the records of PayUmoney for association with any of the unregistered investment

advisory websites, the details of his Axis bank a/c 109010100381215, HDFC Bank a/c no. 24091930000923 and ICICI Bank a/c no. 601701016415 were mentioned on the payment page of one of the websites viz. www.optiontips. The linked bank a/c statements had transactions indicating receipt of subscription for investment advisory as seen from the remarks viz. optiontips, stock option etc. and few fund transfers were also seen between him and Mr. Ubaidur Rahman/Mr. Rishabh Jain. The above mentioned three bank accounts of Mr. Kadar Hussain was displayed on the website www.optiontips.in till August 2016. The detail of credits into the three bank a/cs mentioned on the website during April 2013 (i.e. when the IA Regulations came into effect) to August 2016 is as under:

S. No.	Account held with	Amount Credited (In Rs.)
1	Axis Bank	98,14,404
2	HDFC Bank	30,09,244
3	ICICI Bank	3,79,18,525
	Total	5,07,42,173

(xxiii) Further, as per the KYC records obtained from Axis Bank a/c no. 109010100381215 of Mr. Kadar Hussain, it was found that Mr. Kadar Hussain is the brother of Mr. Ubaidur Rahman, one of the Noticees. Additionally, as per the information received from M/s Capmetrics Investment Advisers Pvt. Ltd (CIAPL), a SEBI registered Investment Adviser, in the name of Mr. Kadar Hussain appeared in the police investigation into their complaint against www.tfttips.com which offered investment advisory services using the SEBI registration no. of CIAPL

2. Therefore, it was alleged in the SCN that the Noticees were *prima facie* running a pre-meditated device, plan or scheme where under, the gullible investors would be lured by the unrealistic profit commitments on the websites and then money would be extracted from them in the name of subscription fee and later, the persons operating the websites would vanish. Thus, it was alleged that the Noticees have *prima facie* violated Section 12(1) of Securities and Exchange

Board of India Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”) read with Regulation 3 (1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”) and Section 12A (a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3 (b), (c) and (d) and 4(1) and 4(2) (k) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) for acting as unregistered investment advisers and fraudulently promising unrealistic assured returns on investments.

3. As per SCN, the total alleged money collected by the Noticees, *prima facie*, through subscription fee for unregistered investment advisory activity on the websites was in excess of Rs. 10 crore. Further, a number of complaints have been filed against the websites floated by the Noticees alleging perpetration of fraud and in many complaints, the complainants have claimed refund of the money paid by them towards subscription on the websites. Accordingly, in view of the above, an interim order dated March 20, 2019, under Section 11, 11B and 11D read with Section 19 of the SEBI Act, 1992 was issued against the Noticees with the following directions:

(i) *Mr. Rishabh Jain, Mr. Ubaidur Rahman and Mr. G. Kadar Hussain are directed to:-*

- a. not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, till further orders;*
- b. cease and desist from acting as an investment advisor 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. immediately withdraw and remove all websites, advertisements, representations, literatures, brochures, materials, publications, documents, communications, etc. in relation to their investment advisory activity or any other unregistered activity in the securities market till further orders.*

- (ii) *Mr. Rishabh Jain, Mr. Ubaidur Rahman and Mr. G. Kadar Hussain are directed to provide a full inventory of all assets held in their names, 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.*
- (iii) *Mr. Rishabh Jain, Mr. Ubaidur Rahman and Mr. G. Kadar Hussain 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 their names, including moneys lying in bank accounts except with the prior permission of SEBI.*
- (iv) *The depositories are directed to ensure that till further directions no debits are made in the demat accounts of Mr. Rishabh Jain, Mr. Ubaidur Rahman and Mr. G. Kadar Hussain held jointly or severally.*
- (v) *The banks are directed to ensure that till further directions, no debits are made in the bank accounts held by Mr. Rishabh Jain, Mr. Ubaidur Rahman and Mr. G. Kadar Hussain jointly or severally or in the names of the following websites:*
- *www.trade4target.com*
 - *www.niftysureshot.com*
 - *www.mcxbhavishya.com*
 - *www.callput.in*
 - *www.newsbasedtips.com*
 - *www.futuresandoption.com*
 - *www.optiontips.in*
 - *www.commoditytips.in*
 - *www.sharetipslive.com*
 - *www.thepremiumstocks.com*
 - *www.callputoption.in*
 - *www.tradingtipscomplaints.com*
- (vi) *The Registrar and Transfer Agents are also directed to ensure that till further directions the securities held in the names of Mr. Rishabh Jain, Mr.*

Ubaidur Rahman and Mr. G. Kadar Hussain, jointly or severally, are not transferred.

4. Vide the *ex-parte ad interim* order, the aforesaid entities were also called upon to show cause as to why suitable directions under Sections 11, 11B and 11D of the SEBI Act, 1992 and the relevant SEBI Rules/Regulations should not be issued against them, 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 for violation of the aforesaid provisions of the SEBI Act, 1992, PFUTP Regulations and IA Regulations. Further, Noticees were also called upon to show cause as to why any direction to refund the amounts collected from the investors/clients through various websites / schemes should not be issued against them under Sections 11(1) and 11B of SEBI Act, 1992.

Replies, Inspection, Hearing and Written submissions:

5. Pursuant to the *ad interim ex-parte* order cum show cause notice dated March 20, 2019 being served upon the Noticees, Noticee no. 1 had vide letter dated May 14, 2019, filed an application for settlement of the proceedings under the SEBI (Settlement Proceedings) Regulations, 2018. Subsequently, the Noticee no. 1 vide letter dated October 23, 2019, withdrew his settlement application.
6. Noticee no. 1 then vide his letter dated December 13, 2019 sought for inspection of documents. Accordingly, the Noticee no. 1 was provided with the inspection of the documents on January 10, 2020. Further, another inspection as sought by Noticee no. 1 vide letter dated January 31, 2020 was granted to him on February 07, 2020. Noticee no. 1 filed his reply to the SCN vide his letter dated March 02, 2020. Noticees no. 2 and 3 filed their replies to the SCN vide their respective letters both dated January 30, 2020. Opportunities of personal hearing were provided to the Noticees on February 04, 2020. On the said date of hearing, a representative appeared on behalf of the Noticees no. 2 and 3, made submissions including making allegations against Noticee no. 1 and filed letter dated February 04, 2020. Noticee no. 1 did not appear for the hearing on

February 04, 2020 and had sought adjournment for seeking inspection of documents, which as noted above, was granted to him on February 07, 2020. Another opportunity of personal hearing was granted to Noticee no. 1 on March 02, 2020. On the said date of hearing, the Noticee appeared with his advocate and made submissions and allegations against Noticee no. 2 and 3. Since, it was noted that Noticee no. 1 on the one side and Noticee no. 2 and 3 on the other side made allegation against each other, the Noticee no. 1 was provided with a copy of the replies of Noticee no. 2 and 3 and Noticees no. 2 and 3 were also provided with a copy of the replies of Noticee no. 1, for their respective submissions. Thereafter, Noticees no. 2 and 3 filed their respective replies dated March 17, 2020 to the reply of Noticee no. 1. Noticee no. 1 also vide his letter dated June 15, 2020, filed his rejoinder to the replies of Noticee no. 2 and 3.

7. Thereafter, vide email dated June 16, 2020, the representative of Noticee no. 2 informed SEBI that the Noticee no. 2 had passed away on June 16, 2020, and submitted a copy of the death certificate of Noticee no. 2 on June 30, 2020. Further, Mr. N. Rajkumar, the representative of Noticee no. 2 and 3, after conclusion of hearing in the matter, has sent multiple emails including email dated July 21, 2020, wherein he has *inter alia* requested for passing of final order in the matter.

8. The brief of various submissions made by the Noticees in the replies/written submissions and during the hearing, is as under:

(i) **Noticee no. 1 (Rishabh Jain)** vide letters dated March 02, 2020 and June 15, 2020 *inter alia* submitted the following:

a. The Noticee is a business man engaged in his family's business of Pharmaceuticals and Nutraceuticals distribution in Delhi and holds a Master's Degree in Business Administration from Jagan Institute of Management Studies, Delhi. After his post-graduation, in the year 2008, he and his friend Mr. Devraj Vyas registered a Partnership Firm and engaged in trading in equity shares and other securities. However, due to

lack of adequate technical knowledge, the Noticee incurred losses and in order to recover these losses, he sought stock tips online and in that process, came across a website named www.tradelessbutwise.com. The Noticee followed some of the stock tips provided through the said website and recovered some of the losses incurred by him. In the course of this, the Noticee came into contact with Mr. G. Kadar Hussain (Noticee no. 3), who was the contact person in respect of the aforesaid website. He asked the Noticee to deposit a subscription fee of Rs. 12,000/- to the account of Mr. G. Ubaidur Rahman (Noticee no. 2) (Rs. 7,500/-) and to the account of Trade Less But Wise Global (Rs. 4500/-) and to send proof of the deposit to a mobile number, which was indicated on the website and to email the same to rahman111@yahoo.co.in. The Noticee did so and encouraged by the recovery of losses and by the small profit made by him, the Noticee continued to subscribe to the stock tips provided through www.tradelessbutwise.com.

b. In and around 2010, Noticee no. 3 offered the Noticee an employment opportunity at Trade Less but Wise Global to the Noticee. Noticee no. 3 represented to the Noticee that they needed people like him to expand their business in North India since he was not very fluent in the hindi language. Noticee no. 3 clarified to the Noticee that he would only be involved in the backend process and operational work and not in formulating stock tips or investment advice. It is pertinent to note that Noticee no. 2 and 3 shared their personal mobile numbers with subscribers and dealt with them personally. The Noticee was directed to handle domains like www.trade4target.com. Thus during the period 2010 to 2013, the Noticee was an employee of Trade Less but Wise Global, which was promoted and run by Noticee no. 2 and 3. The Noticee merely followed the instructions given by Noticee no. 2 and 3 and never generated Investment Advice by himself.

c. In the month of January 2013, the IA Regulations were notified. Since Regulation 3(1) of IA Regulations provided that 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, the Noticee informed Noticee 2 and 3 that he could not continue working with Trade Less But Wise Global unless they obtained registration from SEBI as an Investment Adviser. The Noticee himself tried to clear the examination conducted by the National Institute of Securities Market (NISM) to apply for registration, however he failed to do so. Noticees 2 and 3 assured the Noticee that they will obtain registration as Investment Adviser and persuaded him to continue working for Trades Less But Wise Global.

- d. In and around February 2015, Noticee no. 3 informed the Noticee that they had registered themselves with SEBI as an Investment Adviser and that they would redevelop the new website as per the guidelines issued by SEBI. Noticee no. 3 also informed the Noticee that they had appointed Amudhalakshmi Systems Private Limited as their website designer. From 2010 to May 2015, when the Noticee was employed with Trade Less but Wise Global, which was run by Noticees 2 and 3, the Noticee was never involved in the process of designing or floating any websites and he did not receive any money from subscriber to the website of the said company or from investors. In fact, all payments to vendors and service providers of Trade Less but Wise Global were made by Noticees no. 2 and 3 from their personal accounts.*
- e. Thereafter, in and around May 2015 when the Noticee once again inquired about the certificate of registration as an Investment Adviser, Noticee no. 3 shared a copy of a Certificate of Registration of one Mr. Abhinav Gulecha and informed the Noticee that Mr. Gulecha was a very close friend of his brother i.e. Noticee no. 2 and that Mr. Gulecha had agreed to work with them as a Registered Investment Adviser in the sole proprietorship concern of Noticee no. 2 i.e. "Trade4target". A copy of the email dated May 22, 2015 received from Noticee no. 3 is submitted. Relying upon the assurance and representation of Noticees no. 2 and 3 under the bona fide belief that Noticees no. 2 and 3 had obtained a Certificate of Registration*

from SEBI, the Noticee agreed to work with them in Trade4target. Copy of the entrepreneurs Memorandum for setting up Micro, small or medium Enterprise issued by Department of Industries and Commerce, Government of Tamil Nadu shows that the firm trade4target was the proprietary firm of Noticee no. 2.

- f. Noticees no. 2 and 3 informed the Noticee that they needed a payment gateway for clients to make payments since their existing payment gateway had been closed because of KYC issues. They requested the Noticee to register a payment gateway in the name of his proprietary firm and to provide them with a link to the same. Accordingly, the Noticee started a Sole Proprietorship concern named "Cavenue", opened a bank account with Canara Bank bearing no. 2021201010679 and applied for a payment gateway with PayUmoney. The payment gateway was activated in and around the second week of May 2015. Thereafter, the Noticee provided Noticees no. 2 and 3 with the link to the payment gateway. The said link was to be displayed on the website of trade4target i.e. www.trade4target.com and on websites of other firms of Noticees 2 and 3.
- g. The Noticee submits that though the payment gateway was registered under his name and the subscription amount deposited by the investors was credited in the Cavenue Bank Account through the PayUmoney gateway, he was never at liberty to utilize the money so received since the said arrangement was made by him as an employee of Trade4target. Noticee no. 2 and 3 laid down various terms and conditions upon the Noticee to work as an employee under them. A copy of the email dated July 20, 2016 is submitted, wherein various terms and conditions were specified by Noticee no. 2 and 3 to be followed by the Noticee like daily status report, payment against google adwords services to be done in a time bound manner and to immediately report to Noticee no. 2 and 3 if the password of the PayUmoney account or the Canara Bank ATM card was changed. Further, at the instructions of the Noticees 2 and 3, the Noticee sent the ATM card received by the Noticee upon opening of the Cavenue

Bank Account to notices 2 and 3 at their address in Madurai, Tamil Nadu and the subscription amounts which were deposited by the investors in the Cavenue Bank Account were directly withdrawn by Noticees no, 2 and 3 through ATMs at Madurai.

- h. From the above, the Noticee submits that Noticee no. 2 and 3 were managing, handling, supervising the whole investment advisory business by giving investment advice to subscribers of various websites set up, designed and operated by them and that the Noticee was their employee. That the Noticee did not have access to the subscription money received from investors. The Noticee only received a salary which was transferred to his HDFC Bank Account no. 50100119594188. The Noticee accepted and continued his employment with Trade4target under the bonafide belief that Mr. Abhinav Gulecha had joined the company as a Registered Investment Adviser and that they were thus compliant with the IA Regulations. The Noticee also believed that the stock tips and investment advice given to subscribers were genuine, since he himself had benefitted from the stock tips given by Noticees 2 and 3 through www.tradelessbutwise.com.*
- i. In and around December 16, 2016 the Noticee received a letter from SEBI dated December 13, 2016 after which the Noticee realized that Noticee no. 2 and 3 had not been honest with him; therefore, he decided to close his PayUmoney account and remove the payment gateway link from the websites. Noticee no. 2 and 3 then decided to open a new payment gateway and link one of their bank account to the same. After December 2016, he never received any money directly from the investors and was only working as an operations manager for trade4target till around March 2019. In view of the above, the Noticee submits that the finding that he acted along with Noticees 2 and 3 to provide investment advice to investors and that he was involved in a fraudulent scheme is erroneous, false, baseless and unsubstantiated. The Noticee prays that he may be given the benefit of doubt and discharged from the present proceedings.*

- j. The Noticee submits that to the best of his knowledge and understanding as an employee of Noticee no. 2 and 3, there were no written agreement signed with the investors. However, before subscribing to the plans available on the websites, investors accepted the terms and conditions displayed on the websites and therefore, that the terms and conditions of the use of the website and investment advisory services provided therein were known to investors and accepted by them.*
- k. The Noticee submits that he is not aware of the website names www.tfttips.com or the company named Capmetrics Investment Advisers Pvt. Ltd. The Noticee submits that he was only aware of the few websites which were owned by Noticee no. 2 and 3 on which the Noticee was directed to upload his payment gateway; he was not aware of other websites through which Noticees 2 and 3 provided investment advice.*
- l. With regard to para 13 and 14 of the interim order, the Noticee submits that he was never aware of the name and contents of the website called www.tfttips.com. The Noticee does not know Mr. Ravisingh Mahipal Chauhan. However, the mobile number mentioned in para 13 of the order belongs to Noticee no. 3 as the same was also used by him to communicate with the Noticee.*
- m. With regard to para 15, the Noticee submits that he never owned or operated the websites names www.callput.in or www.callputoption.in. The Noticee submits that these websites were owned and managed by Noticees 2 and 3 as is evident from emails dated September 05, 2014 and August 25, 2014 received from the website designer to Noticee no. 2 and 3. This email contains a copy of the invoice for development of websites and renewal of the websites which were addressed to Noticee no. 2 and 3. To the best of the Noticee's knowledge, the contents of the website names www.callputoption.in mentioned in the order was created and uploaded by Noticee no. 2 and 3. The Noticee always believed that the stock tips sent*

by Noticee no. 2 and 3 were genuine and were based upon the recommendation of Mr. Gulecha, the registered investment advisor.

- n. With regard to para 21 of the interim order, the Noticee has submitted that all the websites were owned and operated by Noticee no. 2 and 3 and the Noticee merely acted as an employee of their proprietary concerns. That he was under a bona fide belief that the investment advice provided through the said websites were genuine. The Noticee further submits that he never received any complaint directly from the investors and that he was never informed by Noticee no. 2 and 3 about the complaints which were received from the investors, the Noticee never had a reason to doubt that the websites owned and managed by the Noticee no. 2 and 3 were fraudulent.
- o. With regard to para 24 of the interim order, the Noticee submitted that the website www.tradingtipscomplaints.com was not owned or managed by him and that he had no connection with the SBI bank account no. 37246295241.
- p. With reference to para 25 of the interim order, the Noticee submitted that he opened the bank account in the name of his firm Cavenue with Canara Bank and PayUmoney payment gateway on the instructions of Noticees 2 and 3 and the link to the payment gateway was uploaded on the websites by Noticees no. 2 and 3. From that date and till December 2016/January 2017 when the Noticee closed the payment gateway and closed the Cavenue account, there was an inflow of a total sum of Rs. 1,50,86,430/- into his account. Out of the said amounts, the Noticee incurred the following expenses/outflows upon the instructions of Noticee no. 2 and 3.

Particulars	Amount (Rs.)
Total expenses towards management of websites being salary to employees, Google adwords, SMS cost, Times Money, Billdesk, Bank and ATM charges, other expenses etc.	37,19,871/-
Total amount withdrawn by/transferred to Noticee no. 2 and 3	72,05,817/-

Commission charged by PayUmoney	4,51,220/-
Total	1,13,76,908/-

- q. The Noticee has submitted that he received a sum of Rs. 42,03,087/- from May 2015 to January 2017 and a total sum of Rs. 13,83,692 from Noticee no. 2 as salary and incentives over a period of nearly 4 years. The Noticee submits that the Cavenue account was not under his control and he operated the same only as per the instructions of Noticees no. 2 and 3.
- r. With reference to para 27 and 28, the Noticee submitted that as and when he received the letter dated December 13, 2016 from SEBI and realized that Noticee no. 2 and 3 were not being completely honest with him, the Noticee closed the Cavenue Bank Account on January 09, 2017. Thereafter, upon the request of Noticee no. 2 and 3, the Noticee continued to work with them as an employee and thus used to receive payment from them in form of salary. Further, the Noticee submits that the details accessed through online repository of websites and files i.e. www.archive.org were never provided to the Noticee for inspection and thus cannot be relied upon. The Noticee submits that he never received any funds from the investors directly in his personal bank account no. 04571000030350 with HDFC Bank as falsely alleged or otherwise and therefore, did not benefit from the subscription as falsely alleged. It is pertinent to note that the said bank account number was displayed on the website in the year 2009 i.e. 4 years before the IA Regulations were notified. Therefore, any inference that the Noticee violated any provision of the law which is made on the basis of the said display of the said bank account details on the websites owned by Noticees 2 and 3 is erroneous, misplaced and false.
- s. The Noticee has submitted that he has never met Mr. Kadar Hussain (Noticee no. 3) or Mr. Ubaidur Rahman (Noticee no. 2), but was aware that both of them are related to each other. Further that he cannot comment upon the quantum of funds received by the said persons through various websites owned and operated by Noticee no. 2 and 3.

Reply to Noticee no. 2 and 3's replies:

- t. The Noticee submitted that the website www.tradelessbutwise.com was set up and operational well before the Noticee became a subscriber to the services offered through the said website in 2008. Therefore, the contention of Mr. G. Kadar Hussan and Mr. G. Ubaidur Rahman that they were not sufficiently educated to launch and operate websites or provide investment advice is apparently and evidently false and misleading.*
- u. It is clear from Annexure A to the Noticees reply dated March 02, 2020 that the Noticee had paid money to Noticee no. 2 and to the account of Trade Less But Wise Global and sent confirmation of payment to the email address of Noticee no. 2. Therefore, the contention that Noticee no. 2 and 3 were the Noticee's employee is false and misleading. Furthermore, as is evident from the email dated July 20, 2016 signed by Noticee no. 3, it is Trade4target who employed the Noticee and not the other way around as falsely alleged or otherwise; that too after submitting the ATM card with limit of Rs. 50,000/-. In this regard, the Noticee also places a copy of an email dated June 26, 2016 which refers to the earlier relationship of the Noticee with Trade4target as an employee and terminating the said relationship. It may be noted that after the said email, the Noticee no. 2 and 3 once again approached the Noticee and employed him subject to the conditions set out in the email dated July 20, 2016.*
- v. With regard to the purported email from info@amrithaa.com to a person called Rafeeth Ali received by the latter on February 03, 2020 at 5:25 pm, the Noticee submits that:*
 - a. No details or particulars are provided in the said email regarding when and what instructions were provided by the Noticee to Mr. Subramanian of Amudhalakshmi Systems Private Limited in respect of 11 websites mentioned.*

- b. No details or particulars or copies of any agreement between the Noticee and the said Amudhalakshmi Systems Private Limited have been produced along with the said email or otherwise. The Noticee denies that he was authorized to instruct the said Amudhalakshmi Systems Private Limited or their representative regarding the 11 websites mentioned in the said email or that he in fact did so.*
- c. That the invoices in respect of development of the said 11 websites were raised by Amudhalakshmi Systems Private Limited to Trade4target (which was owned by Noticees no. 2 and 3) at their Madurai address and not to the Noticee.*
- w. The Noticee denied that he represented or convinced Noticee no. 2 and 3 that he was authorized by SEBI to do business or that he showed Noticee no. 2 and 3 any certificate in his name or in the name of any other person as falsely alleged or otherwise. Furthermore, by email dated May 22, 2015 it was Noticee no. 2 who sent a copy of the certificate of Mr. Abhinav Gulecha and informed the Noticee that Mr. Gulecha would work with them.*
- x. With regard to the bank account with Canara Bank, the Noticee denies that he forced the said Noticee no. 2 and 3 to open bank accounts or that their bank accounts were operated by the Noticee as falsely alleged or otherwise. The Noticee further denies that he misused the KYC of Noticee no. 2 and 3 to open accounts and the payment gateway with PayUmoney as falsely alleged.*
- y. The Noticee submitted that Noticee no. 2 and 3 have possession of the chequebook and a signed blank cheque leaf of the account of Cavenues, which was the proprietary account of the Noticee and this clearly confirms the Noticees submission in his reply dated March 02, 2020 that the amounts from the account were withdrawn by the Noticee no. 2 and 3 at Madurai from the said account. The Noticee submits that it is evident from the mail dated July 20, 2016 signed by Noticee no. 3 that Trade4target*

employed the Noticee only after submitting the ATM card with limit of Rs. 50,000/- and permitting access to the said bank account.

- z. The submissions of Noticee no. 2 and 3 regarding their losses etc. are not supported by any documentary or other evidence and can only be termed as conjectures intended to prejudice SEBI.*
- aa. With regard to the invoices raised by Google India Pvt. Ltd for Google Adwords submitted along with the written submissions dated February 04, 2020, the Noticee submits that:*
 - a. In an around 2010, Noticee no. 3 offered the Noticee and employment opportunity at Trade Less But Wise Global. Noticee no. 3 represented to the Noticee that they needed people like him to expand their business in North India since he was not very fluent in the hindi language. Noticee no. 3 clarified to the Noticee that he would only be involved in the backend process and operational work and not in formulating stock tips or investment advice. That Noticee no. 2 and 3 shares their personal mobile numbers with subscribers and dealt with them personally.*
 - b. The Noticee was directed to handle domain like www.trade4target.com, www.niftysureshot.com and www.callput.in. Thus during the period 2010 to 2013, the Noticee was an employee at Trade Less But Wise Global, which was promoted and run by Noticee no. 2 and 3. He merely followed the instructions given by Noticees no. 2 and 3 and never generated Investment advice by himself. It was as part of these duties that he was indicated as the contact person for the invoices raised by Google.*
 - c. The said invoices do not show that the Noticee was the proprietor of Trade4target.com. On the other hand, copy of the entrepreneurs Memorandum for setting up Micro, small or medium enterprise issued by Department of Industries and Commerce, Govt. of Tamil Nadu*

which shows that the firm trade4target was the proprietary firm of Noticee no. 2.

bb. Thus the contention of Noticees 2 and 3 that the invoices for Google Ad words shows the Noticee to be the mastermind and sole operator of trades4target is erroneous, false and misleading. Further, that the invoices are all of the years from the year 2011 onwards and not prior thereto i.e. the name of the Noticee as the contract person appeared in the invoices after he joined the company as an employee in 2010.

cc. The Noticee has also submitted that the Noticees 2 and 3 have accepted and not disputed the allegations in the ad interim Ex parte order of March 20, 2019 regarding the police investigations against Capmetrics Investment Advisers and against them on the complaint filed by an Investor the payment received by Noticee no. 2 and 3 from PayUmoney and Noticee no. 2 in his bank account.

(ii) Noticees no. 2 (Ubaidur Rahman) and Noticee no. 3 (G. Kadar Hussain) vide their respective letters dated January 30, 2020, February 04, 2020 and March 17, 2020 *inter alia* submitted common submissions as under:

a. The Noticee no. 2 studied only upto 11th standard (Ubaidur) and Noticee no. 3 studied only upto 10th standard only.

b. Noticee no. 1 had contacted the Noticees no. 2 and 3 only through Yahoo messenger mail which was updated to Noticees no. 2 and 3 by their relatives only. Noticees no. 2 and 3 submit that they had never met Rishab Jain in person. Based on the advice of Noticee no. 1, they had acted only as Employees of Noticee no. 1.

c. Taking advantage of our uneducated status and ignorance, Noticee no. 1 had taken criminal advantage of Noticees no. 2 and 3 and had misused their address proofs and forced them to open bank accounts and their

accounts were fully operated by Noticee no. 1 and even the statements of Bank accounts were received by him only and to open the bank account Noticee no. 1 has misused their KYC to open the accounts and online payment gateway “PayUmoney”. Noticees no. 2 and 3 have submitted that they also personally do not have the knowledge of operating the mails and even this letter mail to SEBI were sent by their well-wishers only with their consent.

- d. Noticees no. 2 and 3 have submitted that they do not have the knowledge to launch website also and the concerned websites were created only by Noticee no. 1 and with great difficulty, they were able to understand and find out the person who had launched the websites in their names instructed by Noticee no. 1. That the website person's name is Subramaniyan and his address is 9/6, Mahadevan Street, West Mambalam, Chennai – 600033 and his mobile number is 9841426825 and his website address is www.amrithaa.com.
- e. That Noticee no. 1 had falsely and fakely and fraudulently convinced Noticees no. 2 and 3 stating he has been authorized by SEBI to do the business and fraudulently he had convinced them showing the SEBI Registration certificate of somebody else.
- f. After receiving the SEBI-Ad interim exparte order WTM/MPB/IMD/SRO/29/2019 on March 29, 2019. After implementation of the above order, the entire family life day to day life had become miserable and their family including their children are suffering without food and not attending school also unable to pay the school fee and whatever the little money they had from their daily life is gone and they are on the streets and their situation is almost on the condition of ending themselves.
- g. Noticees no. 2 and 3 never had any malafide and malicious intention and it is only their ignorance which had been taken advantage by Noticee no. 1 by his convincing talks through mobile which was a fraud.

Reply to Noticee no. 1's Reply:

- h. Noticee no. 1 had also made google advertising from August 08, 2009 paying his own money of Rs. 80 lakhs. Where he had clearly mentioned himself as owner of Noticee no. 1 only. Google advertisement was made by Noticees no. 1 only.*
- i. Noticees no. 2 and 3 have submitted that the Noticee no. 1 had been promoting the website of www.trade4target.com from the date of August 08, 2009 to January 01, 2015 in his name "Rishabh Jain" with his own clear address and he has falsely registered Trade4target in the Department of Industry and Commerce fraudulently in the name of G. Ubaidur Rahman which clearly confirms that Noticee no. 1's criminal activity and criminal intention.*
- j. The website www.trade4target.com and other website were developed and launched by Noticee no. 1 only and it was confirmed by website designer also.*
- k. The confirmations of website designer that the orders for launching the website were placed by Noticee no. 1 only and the copies of google advertisement made by Noticee no. 1 with his name and address of Delhi already submitted at the time of February 04, 2020 hearing at SEBI.*
- l. Page 13 to 32 clearly shows the various certificates from Government obtained in the name of Udaidur Rahman in the year 2012 without their consent or knowledge obviously misusing KYC taken from Udaidur Rahman by Noticee no. 1. Also Trade4target was fraudulently registered on February 17, 2012 with the Department of Industry and Commerce in the name of G. Udaidur Rahman by Noticee no. 1.*

m. Canara Bank Delhi statements enclosed by Noticee no. 1 are only of Noticee no. 1 and Noticees no. 2 and 3 are no way involved or connected or related or linked with those Bank accounts fraudulently operated by Noticee no. 1.

n. In the para 34 Noticee no. 1 had mentioned he had never met Noticees no. 2 and 3 and that is the only truth and he had misused his staffs Noticees no. 2 and 3 being their invisible boss the Noticee no. 1.

Consideration of submissions and findings:

9. I have perused the SCN dated March 20, 2019, the replies filed by the Noticees and submissions made during the course of personal hearing and rejoinders filed thereafter. The issue for consideration in these proceedings is whether the Noticees have acted as unregistered investment advisers and thus indulged in fraudulent activities in violation of the SEBI Act, 1992, PFUTP Regulations and IA Regulations or not.
10. Before considering the above issue and dealing with the various contentions raised by the Noticees, the relevant provisions of law which are necessary to advert to are extracted hereunder:

Relevant extract of provisions of SEBI Act, 1992:

Registration of stock brokers, sub-brokers, share transfer agents, etc. 12(1) 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:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a 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 immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such

establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.

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

12A. No person shall directly or indirectly –

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

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

(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 recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;”

Relevant extract of provisions of IA Regulations:

Application for grant of certificate.

3.(1) 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:

Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under sub-regulation (2) within the said period of six months, till the disposal of such application.

Relevant extract of provisions of PFUTP Regulations:

“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 thereunder;

(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 thereunder.

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

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(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;”

11. SCN in the matter was issued as the Noticees were *inter alia* found to be rendering investment advisory services through their 15 websites, without a registration from SEBI as an investment advisor in terms of the provisions of SEBI Act, 1992 and IA Regulations. For rendering such investment advice, Noticees used to charge fees from the investors, which was required by the Noticees to be paid by the investor by using a payment gateway linked to the account of the Noticees or directly to the bank accounts of the Noticees, the details of which were also provided on the websites. The SCN alleges that once the fees/subscription from the investors was received, the Noticees would either give stock tips for few days to the subscribers and then stop entertaining their calls, or avoid the calls of the investors. Thus, the activities of the Noticees were also found to be in violation of the provisions of the PFUTP Regulations. The SCN also notes that various complaints have been made by the investors, in this regard.

12. In response to the charges levelled in the SCN, in their replies, written submissions and submissions made during the personal hearing, the Noticees have not contested the allegation of providing investment advisory activities, as

made in the SCN. They have also not disputed the fees received from the investors and credited to their respective bank accounts, as alleged in the SCN. The Noticees have however contended that they were the employee of the other Noticee, i.e. Noticee no. 1 has contended that he is not responsible for the unregistered investment advisory activities rendered, as he was merely an employee of the Noticee no. 2 and 3, who were the real owners of these websites, on the other hand Noticee no. 2 and 3 have contended that they are not responsible for the unregistered investment advisory activities rendered, as they were merely the employees of Noticee no. 1, who was the real owner of these websites.

13. I note that Noticee no. 2 and 3 vide their replies dated January 30, 2020, February 04, 2020 and March 17, 2020 have *inter alia* claimed that they were merely employees of Noticee no. 1 who took advantage of them and forced them to open bank accounts and payment gateway with PayUmoney and that Noticee no. 1 had fraudulently convinced them that he had been authorised by SEBI to do business as an investment advisor. However, in support of the said claim, Noticee no. 2 and 3 has not furnished any evidence.

14. Likewise, I note that Noticee no. 1 vide his replies dated March 02, 2020 and June 15, 2020, has also *inter alia* claimed that he was merely the employee of Noticee no. 2 and 3 and that he started a Sole Proprietorship concern named "Cavenue", opened a bank account with Canara Bank and applied for a payment gateway with PayUmoney in the name of his firm, upon the request of Noticees no. 2 and 3, who had misled him that they were SEBI registered investment advisors. Further, Noticee no. 1 has claimed that he worked under certain terms and conditions as given to him by Noticee no. 3 vide an email dated July 20, 2016. From a perusal of the said email, firstly, I find that these terms and conditions are unclear and also refers to some oral terms which are not mentioned in the said email, thus, making the whole terms and conditions ambiguous. Secondly, it is noted that body of the said email contains the name of Noticee no. 3 as the signatory and referring himself as "your partner", however, this email has been sent from email ID i.e. trade4target@gmail.com to the same email ID i.e. trade4target@gmail.com. Thus, sender and recipient of

said email cannot be verified and consequently, the alleged terms and conditions referred therein cannot be relied on to sustain the claim that Noticee no. 1 was an employee of Noticee no. 2 and 3, in the facts and circumstances of case where Noticee no. 1 had started sole proprietorship firm, opened a bank account and entered into an agreement for payment gateway, etc., for receiving the subscription fees from investors. For sustaining the claim of employment and to show employer and employee relationship proofs such as appointment letter, salary slip, document containing terms and conditions of employment and job description, their respective bank statements showing monthly credit of salary received, etc. are generally required which are not produced. On the contrary, I note that as detailed in para 20 below, Noticee no. 1 received Rs. 1,55,79,995/-, Noticee no. 2 received Rs. 3,43,46,136/- and Noticee no. 3 received Rs. 5,07,42,172/-, as subscription fees from the investors. It shows that Noticees were sharing profits/fees from its unregistered investment advisor activities.

15. I note that in case of any business in the nature of sole proprietorship firm or partnership firm, the proprietor or the active partner who is involved in the day to day affairs of the firm is held responsible for the activities of the firm.

16. From the allegations made in the SCN, it is noted that PayUmoney had submitted the list of the following websites for which the Noticees were beneficiaries.

- (i) www.trade4target.com
- (ii) www.niftysureshot.com
- (iii) www.mcxbhavishya.com
- (iv) www.callput.in
- (v) www.newsbasedtips.com
- (vi) www.futuresandoption.com
- (vii) www.optiontips.in
- (viii) www.commoditytips.in
- (ix) www.sharetipslive.com
- (x) www.thepremiumstocks.com
- (xi) www.callputoption.in

(xii) www.tradingtipscomplaints.com

(xiii) www.sureoptiontip.in

17. The SCN also alleges that a complaint against www.optiontradingtips.com was found on the online complaint portal www.grahaksuraksha.com stating that the SBI a/c no. 37246295241 belonging to Noticee no. 2 was also used to receive subscriptions for the advisory packages offered through the said website. Further, the SCN alleges that M/s Capmetrics Investment Advisers Pvt. Ltd., a SEBI registered Investment Adviser, had informed SEBI that the name of Mr. Kadar Hussain (Noticee no. 3) appeared in the police investigation into their complaint against www.tfttips.com which offered investment advisory services using the SEBI registration number of M/s Capmetrics Investment Advisers Pvt. Ltd. Thus, in all, as per SCN, Noticees were rendering unregistered investment advisory through the above 15 websites and were collecting fees from the investors. I note that none of the Noticees have denied the said allegation.

18. The SCN alleges that the Noticees have floated another website with the name www.tradingtipscomplaints.com which was being used as a complaint portal for hosting complaints of the investors against websites providing stock tips, however, this website was also being used to advertise and promote some of the aforesaid 15 websites of the Noticees. I observe that the address of the owner of the website www.tradingtipscomplaints.com viz. B-10 Varapradha, Andalpuram, Madurai – 625003 ascertained from the website hosting information, matches with the address of Noticee no. 2. Thus, the allegation made in the SCN that the website belongs to Noticee no. 2 is correct. I note that the Noticees have not denied the said allegation.

19. In view of the above, I find that the Noticees created unregistered investment advisory websites periodically and lured investors by promising assured monthly income with unbelievable returns of 300-800% on buying and selling of securities based on the tips provided by them. Once the subscription was received, the Noticees either gave stock tips for few days to the subscribers and then stopped entertaining their calls, or avoided the calls of the subscribers entirely without giving any stock tips. Further, the Noticees claim in their

websites that they are SEBI registered Advisory firm without obtaining the SEBI registration as an Investment Adviser under the IA Regulations and have fraudulently put the Registered Certificate of some other registered Investment Advisor on their websites.

20. In this regard, the summary of subscriptions received by Noticee no. 1 and Noticee no. 2 as observed from the PayUmoney records are as given below:

(i) Summary of subscriptions received by Mr. Rishabh Jain (Noticee no. 1):

Name of the website	No. of Transactions	Amount Collected (Rs.)	Transaction period
www.callput.in	329	26,51,018	July 03, 2015 to January 02, 2017
www.commoditytips.in	1	10	NA
www.futuresandoption.com	1	10	NA
www.mcxbhavishya.com	1	10	NA
www.newsbasedtips.com	3	35,010	July 09, 2016 and July 11, 2016
www.niftysureshot.com	248	32,40,137	September 26, 2015 to July 24, 2017
www.optiontips.in	40	3,14,010	January 17, 2016 to August 27, 2016
www.sharetipslive.com	1	10	NA
www.thepremiumstocks.com	1	10	NA
www.trade4target.com	716	93,39,770	August 14, 2015 to April 25, 2017
Total	1341	1,55,79,995	

(ii) Summary of subscriptions received by Mr. Ubaidur Rahman (Noticee no. 2):

Name of the website	No. of Transactions	Amount Collected (Rs.)	Transaction period
www.callput.in and www.callputoption.in	3141	2,80,05,202	January 06, 2017 to August 07, 2018
www.niftysureshot.com	123	1,51,938	January 05, 2017 to January 25, 2018

www.optiontips.in	3	17,010	August 10, 2016 and September 01, 2016
www.sureoptiontip.in	28	2,20,259	January 28, 2017 to March 16, 2018
www.trade4target.com	526	59,51,727	January 06, 2017 to January 28, 2018
Total	3821	3,43,46,136	

21. The SCN alleges that in addition to receiving subscription fees through PayUmoney link, the Noticee no. 2 had also received subscription fees directly into his bank accounts held with HDFC bank (i.e. HDFC a/c no. 01232320001233) and SBI (i.e. SBI Bank a/c no. 37246295241). Therefore, I find that the total money collected in the pretext of providing investment advisory could be much higher than the amount mentioned in the above tables.

22. With regard to Noticee no. 3, the SCN alleges that although the name of Mr. Kadar Hussain (Noticee no. 3) does not appear in the records of PayUmoney for association with any of the unregistered investment advisory websites, the details of his Axis bank a/c no. 109010100381215, HDFC Bank a/c no. 24091930000923 and ICICI Bank a/c no. 601701016415 were mentioned on the payment page of one of the websites viz. www.optiontips. The linked bank account statements had transactions indicating receipt of subscription for investment advisory as seen from the remarks viz. optiontips, stock option etc. and few fund transfers were also seen between him with Noticees no. 1 and 2. I note that the above mentioned three bank accounts of Noticee no. 3 were displayed on the website www.optiontips.in till August 2016. The detail of credits into the three bank accounts mentioned on the website during April 2013 (i.e. when the IA Regulations came into effect) to August 2016, which has not been denied by Noticee no. 3, is as under:

S. No.	Account held with	Amount Credited (In Rs.)
1	Axis Bank A/c No. 109010100381215 IFSC Code: UTIB0000109	98,14,404
2	HDFC Bank	30,09,244

	A/c No. 24091930000923 IFSC Code: HDFC0002409	
3	ICICI Bank A/c No. 601701016415 IFSC Code: ICIC0006017	3,79,18,525
	Total	5,07,42,173

23. I note that even though the Noticees have claimed that they were simply employees and not beneficiaries of the various accounts pertaining to the websites as alleged in the SCN, none of the Noticees have specifically denied that the said bank accounts belong to them/operated by them and nor have they specified which are their personal accounts and which are the accounts that were used for collecting subscription money from the investors. Further, none of the Noticees have denied the unrealistic assured returns on investments from the subscription plans/packages available on the websites or the subscription fees/amounts received/collected by them as alleged in the SCN. I observe that they have merely denied their role and involvement as the main perpetrators in the fraudulent activity and have not denied that the various accounts belong/pertain to them as alleged in the SCN. Post the passing of the interim order dated March 20, 2018, directing *inter alia* the freezing of all their bank accounts, it would be expected that the Noticees would have specified which are actually their personal bank accounts given that they have claimed that certain bank accounts have been opened without their consent and was not operated by them. However, no such details or submissions have been made in any of their replies by the Noticees. Hence, the preponderance of probabilities would suggest that the Noticees have carried out unregistered investment advisory activities and do not want to part with the said bank accounts as the said bank accounts with the subscription fee/money collected from the investors in fact belongs to them.

24. In view of the above, I find that the Noticees have engaged in and carried out unregistered investment advisory activities through various websites without getting registered with SEBI and have knowingly misled and deceived investors by misrepresenting that that the websites floated by them were “approved” by

SEBI and that they were registered Investment Advisors. Further, I find that they have misled the investors by fraudulently using the Registered Certificate of another SEBI registered Investment Advisor and by disseminating false information on their websites. The websites through which the Noticees carried out unregistered investment advisory activities are as under:

- (i) www.trade4target.com
- (ii) www.niftysureshot.com
- (iii) www.mcxbhavishya.com
- (iv) www.callput.in
- (v) www.newsbasedtips.com
- (vi) www.futuresandoption.com
- (vii) www.optiontips.in
- (viii) www.commoditytips.in
- (ix) www.sharetipslive.com
- (x) www.thepremiumstocks.com
- (xi) www.callputoption.in
- (xii) www.tradingtipscomplaints.com
- (xiii) www.sureoptiontip.in
- (xiv) www.optiontradingtips.com
- (xv) www.tfttips.com

25. I find that through the above websites, the Noticees have falsely promised unrealistic assured returns on investments to investors and have fraudulently extracted money from the investors in the name of subscription fee by misrepresenting themselves as registered investment advisors, which is evident from the various complaints received against the websites run by the Noticees. In view of the aforesaid findings, I find that the Noticees have violated Section 12(1) of SEBI Act, 1992 read with Regulation 3 (1) of the IA Regulations and Section 12A (a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3 (b), (c) and (d) and 4(1) and 4(2) (k) of the PFUTP Regulations.

26. The Noticees have collected subscription fees from various investors as detailed in the findings in paras 20 to 22, above. Accordingly, since the Noticees have been found to have violated the provisions of the SEBI Act, IA Regulations and PFUTP Regulations, I find that the said collection of subscription money has been unlawfully collected from the investors. In this regard, I note that the total amount paid by the complainants as fee for the advisory services provided by the websites viz. trade4target.com, niftysureshot.com, etc. identified from SCORES complaints is Rs. 1,06,000. However, as noted in the foregoing paras, from the records provided by PayUmoney, the amount received towards subscriptions (on different websites) by Mr. Rishabh Jain (Noticee no. 1) is Rs. 1,55,79,995/- (from 1341 subscribers) and by Mr. Ubaidur Rahman (Noticee no. 2) is Rs. 3,43,46,136/- (from 3821 subscribers). As regards Mr. Kadar Hussain (Noticee no. 3), in the three bank accounts belonging to him which appeared on the website www.optiontips, there were credits of a total amount of Rs. 5,07,42,172/-. Thus, I note that money in excess of Rs. 10 crore has been collected by the Noticees through subscription fee for unregistered investment advisory activity on the websites. However, as noted above, it is seen from the bank account statements of Noticee no. 2 held with HDFC bank and SBI, respectively, that the Noticee no. 2 also received subscriptions directly into his bank accounts apart from the payment gateway provided on the websites. Therefore, total money collected in the pretext of providing investment advisory could be much higher than the amount mentioned above. As found in the aforesaid paras, Noticees no. 1, 2 and 3 have been found to have violated provisions of the SEBI Act, 1992, IA Regulations and PFUTP Regulations and have illegally collected subscription fees/amounts from investors/clients by violating the provisions of these securities laws. Therefore, in my view, the Noticees are liable to refund the subscription fees/amounts collected by them from the investors/clients through the various websites enumerated in para 24 above.

27. I note that vide letter email dated June 16, 2020, the representative of Noticee no. 2 informed SEBI that the Noticee no. 2 had passed away on June 16, 2020 and submitted a copy of the death certificate of Ubaidur Rahman (Noticee no. 2)

issued on June 29, 2020 by the Department of Municipal Administration and Water Supply, Madurai Corporation, to SEBI on June 30, 2020. I note that Noticee no. 2 had filed his reply in the present proceedings on January 30, 2020, February 04, 2020 and March 17, 2020 and also availed opportunity of personal hearing on February 04, 2020 through his authorised representative. In this regard, Section 28B of the SEBI Act, 1992, reads as under:

“28B. (1) Where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as the deceased:

Provided that, in case of any penalty payable under this Act, a legal representative shall be liable only in case the penalty has been imposed before the death of the deceased person.

(2) For the purposes of sub-section (1),—

(a) any proceeding for disgorgement, refund or an action for recovery before the Recovery Officer under this Act, except a proceeding for levy of penalty, initiated against the deceased before his death, shall be deemed to have been initiated against the legal representative, and may be continued against the legal representative from the stage at which it stood on the date of the death of the deceased and all the provisions of this Act shall apply accordingly;

(b) any proceeding for disgorgement, refund or an action for recovery before the Recovery Officer under this Act, except a proceeding for levy of penalty, which could have been initiated against the deceased if he had survived, may be initiated against the legal representative and all the provisions of this Act shall apply accordingly.

(3) Every legal representative shall be personally liable for any sum payable by him in his capacity as legal representative if, while his liability for such sum remains undischarged, he creates a charge on or disposes of or parts with any assets of the estate of the deceased, which are in, or may come into, his possession, but such liability shall be limited to the value of the asset so charged, disposed of or parted with.

(4) The liability of a legal representative under this section shall be limited to the extent to which the estate of the deceased is capable of meeting the liability.

Explanation.—For the purposes of this section “legal representative” means a person who in law represents the estate of a deceased person, and includes any person who intermeddles with the estate of the deceased and where a party sues or is sued in a representative character, the person on whom the estate devolves on the death of the party so suing or sued.”

28. The death of Noticee no. 2 has occurred after the initiation of present proceedings which inter alia contemplated refund of fees collected by the

Noticees including Noticee no. 2. In the foregoing paras, Noticee no. 2 has been found to be liable to refund the fees collected from the investors through unregistered investment advisory activities carried in the fraudulent manner by the Noticees. In view of this, I find that the legal representatives of Noticee no. 2 are liable to refund of fees to the investors, in terms of provisions of Section 28B of the SEBI Act, 1992.

29. As noted above, there have been various complaints against the Noticees for collecting subscription money/fees from the investors without taking registration and without following the IA Regulations and fraudulently using registration certificate of another SEBI registered IA. Therefore, having regard to all the aforesaid facts and circumstances including the nature of violations and conduct of the Noticees, I find that issue of directions under Sections 11, 11B and 11D of the SEBI Act, 1992, are called for in the present matter.

DIRECTIONS:

30. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11, 11B and 11D read with of Section 19 of the SEBI Act, 1992 and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, hereby directs that:

- (i) Rishabh Jain (Noticee no. 1), legal representative(s) of Ubaidur Rahman (Noticee no. 2) and G. Kadar Hussain (Noticee no. 3), shall forthwith, jointly and severally, refund the money received from the clients/investors, as fees/profit sharing/compensation or in any other form, in respect of their unregistered investment advisory activities.
- (ii) Rishabh Jain (Noticee no. 1), legal representative(s) of Ubaidur Rahman (Noticee no. 2) and G. Kadar Hussain (Noticee no. 3) shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact persons such

as names, addresses and contact details, within 15 days of coming into force of this Order.

- (iii) The repayments to the clients/investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments.
- (iv) Rishabh Jain (Noticee no. 1), legal representative(s) of Ubaidur Rahman (Noticee no. 2) and G. Kadar Hussain (Noticee no. 3) are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/investors who were availing the investment advisory services from the Noticees, as directed in this order, from the bank accounts of the Noticees, wherein debit has been frozen by virtue of interim order dated March 20, 2019,
- (v) After completing the aforesaid repayments, Rishabh Jain (Noticee no. 1), legal representative(s) of Ubaidur Rahman (Noticee no. 2) and G. Kadar Hussain (Noticee no. 3) shall file a report of such completion with SEBI addressed to the Division Chief, CIS Division, Investment Management Department, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of three months from the coming into force of this order, duly certified by an independent Chartered Accountant licensed by the Institute of Chartered Accountants of India (ICAI).
 - a. In case of failure of Rishabh Jain (Noticee no. 1), legal representative(s) of Ubaidur Rahman (Noticee no. 2) and G. Kadar Hussain (Noticee no. 3) to comply with the aforesaid directions, SEBI, on the expiry of three months period from the

date of coming into force of this Order, may recover such amounts, from Rishabh Jain (Noticee no. 1), legal representative(s) of Ubaidur Rahman (Noticee no. 2) and G. Kadar Hussain (Noticee no. 3), in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws.

b. The above directions for refund with regard to the legal representative of Ubaidur Rahman (Noticee no. 2) shall be in accordance with Section 28B of the SEBI Act, 1992.

c. The above direction for refund does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service.

(vi) Rishabh Jain (Noticee no. 1) and G. Kadar Hussain (Noticee no. 3) are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 3 (three) years from the date of this order or till the expiry of 3 (three) years from the date of completion of refunds to investors as directed in paragraph 30(i) of this Order, whichever is later.

(vii) Rishabh Jain (Noticee no. 1) and G. Kadar Hussain (Noticee no. 3) are also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in the capacity of Director/Promoter/Senior Management for a period of 3 (three) years from the date of this order or till the expiry of 3 (three) years from the date of completion of refunds to investors as directed in paragraph 30(i) of this Order, whichever is later.

- (viii) Rishabh Jain (Noticee no. 1) and G. Kadar Hussain (Noticee no. 3) shall not undertake, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws, after the expiry of the period of debarment as mentioned in paragraph 30(vi).

31. This Order comes into force immediately, however, due to prevailing pandemic situation because of COVID-19 and consequential lockdown imposed till July 31, 2020, directions given in para 30 except directions given in sub-paras 30 (vi) and (vii), shall come into force on August 01, 2020 or at the end of the lockdown period, if it is further extended beyond July 31, 2020.

32. A copy of this order shall also be sent to all the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Place: Mumbai

Date: July 21, 2020

Sd/

ANANTA BARUA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA