

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**CORAM: S. K. MOHANTY, WHOLE TIME MEMBER****ORDER**

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

In respect of:

S. No.	Name of the Noticee	PAN
1	M/s. Way2Gains and its Proprietor Mr. Rajeev Kumar Tiwari	ATUPR0113L
2	M/s. Capital Mirror and its Proprietor Mr. Saurabh Samir	GAUPS3690J
3	M/s. Astro Capital Solutions and its Proprietor Mr. Ankit Kumar Upadhayay	AHNPU3089M

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee nos. and collectively as “Noticees”, unless the context specifies otherwise)

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received some complaints against M/s. Way2Gains, M/s. Capital Mirror and M/s. Astro Capital Solutions alleging their engagement in unregistered investment advisory activities and failure to provide services after receipt of money from their clients. Accordingly, SEBI conducted a preliminary examination into the activities being carried out by M/s. Way2Gains and its Proprietor Mr. Rajeev Kumar Tiwari (hereinafter referred to as “**W2G/ Noticee no. 1**”), M/s. Capital Mirror and its Proprietor Mr. Saurabh Samir (hereinafter referred to as

“Capital Mirror/ Noticee no. 2”) and M/s. Astro Capital Solutions and its Proprietor Mr. Ankit Kumar Upadhayay (hereinafter referred to as **“ACS/Noticee no. 3”**).

2. During the examinations, SEBI visited the website of W2G (which was active) and archives of the websites of Capital Mirror and ACS (as the websites were not functional then) and sought relevant information from the *Noticees* including the list of investment activities undertaken by them, details of packages/schemes offered, details of the clients serviced and total fees charged from them, etc. *Noticee no. 1* despite seeking time to file the said details vide its letter dated September 26, 2018, did not submit any information. *Noticee no. 2* vide letter dated September 28, 2018 has claimed that Capital Mirror had wound up six months ago hence, they are unable to provide any information. *Noticee no. 3* vide letter dated September 20, 2018 has submitted that he (the Proprietor) has appeared for the qualifying certificate examination as required under the Rules and Regulations of SEBI and would apply for registration with SEBI after receiving his exam results. He has also furnished certain information sought by SEBI viz: - copies of bank statements and payment gateway account statements. Subsequently, SEBI conducted a site visit at the addresses of the *Noticees* to gather information about the activities being undertaken by the *Noticees* during which, some more information was also obtained from the banks wherein the *Noticees* had accounts.
3. The examination so undertaken by SEBI revealed that all the *Noticees* were *prima-facie* engaged in providing investment advisory activities and additionally, *Noticee no. 1*, i.e. W2G was also *prima-facie* offering portfolio management services. It was observed that the aforesaid investment advisory and portfolio management services were being provided without obtaining registration from SEBI, in violation of provisions of SEBI Act, 1992

(hereinafter referred to as “**SEBI Act**”) and SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”) and SEBI (Portfolio Managers) Regulations, 1993 (hereinafter referred to as “**PM Regulations**”).

4. Accordingly, in order to prevent the *Noticees* from continuing with the un-authorised usage of the funds of their clients under the garb of providing the above noted illegal investment advisory/portfolio management services and considering the peril of possible diversion of the hard earned money of the investors by these three unregistered operators, an *Interim Order* dated March 29, 2019 (hereinafter referred to as “**IO**”) was passed, issuing the following directions to the *Noticees* and banks :-

- a. *cease and desist from acting as an investment advisor or portfolio manager and cease to solicit or undertake such activity or any other activities in the Securities Market, directly or indirectly, in any matter whatsoever until further orders;*
- b. *not access the Securities Market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders;*
- c. *not divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders;*
- d. *immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc. in relation to their investment advisory activity or any other unregistered activity in the Securities Market until further orders.*
- e. *Banks including Axis Bank, ICICI Bank Ltd. and HDFC Bank Ltd. wherein M/s.Way2gains and its Proprietor viz., Mr. Rajeev Kumar Tiwari (ATUPR0113L); M/s. Capital Mirror and its Proprietor viz., Mr. Saurabh Samir (GAUPS3690J); and M/s. Astro Capital Solutions and its Proprietor viz., Mr. Ankit Kumar Upadhayay (AHNPU3089M) are holding bank accounts, are*

directed not to allow any debits / withdrawals and credits from the said accounts, without the permission of SEBI. The Banks are also directed to ensure that all the above directions are strictly enforced.

5. The IO also called upon the *Noticees* to show cause as to why the investment plans and various schemes floated by them shall not be held as "*investment advisory services*" or "*portfolio management services*" in terms of the IA and PM Regulations of SEBI and why appropriate directions including direction to continue the prohibition on them from buying, selling or dealing in Securities Market and to refund the amounts collected from various investors under different schemes shall not be issued against them.
6. In response to the above stated IO cum SCN, the *Noticees* through their written replies, have made almost similar submissions. Further, all the *Noticees* were granted an opportunity of Personal Hearing before me on March 4, 2020 in response to which the *Noticees* through their common Authorised Representative attended the said hearing. During the hearing, the Authorised Representative presented oral arguments on the lines of their written replies and admitted that all the three *Noticees* were providing stock tips to their clients, however emphasised that they did not intend to cause any loss to their clients. She further stated that W2G had not engaged itself in providing portfolio management services as has been alleged. After hearing the arguments on behalf of the *Noticees*, the Authorised Representative was asked to furnish the following information in support of the submissions so advanced by her during the Personal Hearing:
 - a) Details of names, addresses and phone numbers of investors and clients along with money or fees paid by them supported by bank statements and other proof.

- b) Copies of IT Returns, balance Sheets, P&L A/c along with bank statements (with revenue receipts highlighted for the relevant period).
 - c) To file affidavits affirming that they have redressed all the investor complaints along with statements of confirmations from the respective investors/complainants about redressal of their complaints.
7. I note that the *Noticees* were granted three weeks to furnish the aforesaid information and affidavits however, they have not submitted the same. The *Noticees* were therefore reminded vide email dated April 20, 2020 to submit the said information within next 10 days failing which the matter would be proceeded on the basis of materials available on record. In response, Mr. Rajeev Tiwari, Proprietor of W2G has submitted that they could not compile the required details from various sources due to COVID-19 pandemic and lockdown in the country and has requested for a further time of 30 days after lock down eases, in order to submit all the information and documents. The *Noticees* were however advised vide email dated April 23, 2020 to submit the information within next two weeks considering that substantial time has already elapsed since the Personal Hearing that was held on March 4, 2020 during which the *Noticees* were advised to submit the above stated information.
8. Mr. Rajeev Tiwari vide email dated May 7, 2020 has stressed that they have not been able to compile the requisite information due to lockdown despite their best efforts and has made the following submissions about his business: -
- a) The complaints raised against the *Noticees* have been verified and amounts have been refunded to the clients. Number of complaints received against them are less than 5 in number, since inception to closure.

- b) His proprietorship firm is a registered tax payer under GST, Income Tax and have paid all applicable taxes.
 - c) Expenses for running the proprietorship viz: - salary, rent, etc. have been paid and the expenses account more than 95% of receipts from customers and employment generation for a number of people have helped their dependents for survival.
 - d) Engaged a consultant for obtaining SEBI registration in April 2018 and have accepted the fact that advisory services were provided and after receiving the SCN, all operations have been shut down.
9. I find that till the date of passing this order, the *Noticees* have generally remained non-compliant and have not furnished the requisite information which are so relevant to adjudge the case on merit. I am not able to find any merit in the explanations offered by Mr. Rajeev Tiwari for not providing the information sought from him as well as from the other two *Noticees* during the Personal Hearing which was held 4 months ago on March 4, 2020, i.e. much before the lockdown was imposed. The information sought by me during the Personal Hearing mainly consists of details of clients and bank account statements/balance sheets/IT returns of the *Noticees* etc., which must be maintained in electronic form and should be readily available with the Proprietors. The business entities are proprietorship entities and documents pertaining to such entities are bound to be under personal possession of the Proprietors themselves. However, the *Noticees* (who were the Proprietors) have not been able to provide the requisite information by taking the plea of lockdown, nor have they demonstrated any efforts having been made by them to obtain those information. The *Noticees* were allowed three weeks to furnish the above mentioned information/details on the day of Personal Hearing which means, they were required to submit the aforesaid

information latest by March 25, 2020. I note that the first Covid-19 lockdown in the country started from midnight of March 24 till April 14, 2020. So, practically nothing prevented the *Noticees* to furnish the information as called from them within the time period given to them on the date of Personal Hearing. Moreover, till March 25, 2020, i.e. end of three weeks from the date of hearing, none of the *Noticees* had sent me any request for granting some more time for furnishing those information, which implies that they faced no challenges to submit the information within the stipulated time. Therefore, the *Noticees* cannot now take Covid-19 related lockdown as a ground for not being able to provide me with the information that were sought from them after conclusion of Personal Hearing as far back as on March 04, 2020. The *Noticees* have not shown having made any sincere effort to produce that specific information sought from them which would have been useful to me to appreciate their sincerity as well as difficulties if any, in furnishing all the information. Under the circumstances, I am of the strong view that the *Noticees* have no intention to share any information with me which were sought from them during the Personal Hearing and Mr. Rajeev Tiwari has pleaded for more time only as a dilatory tactic, while the other two *Noticees* have not even responded to my request for information in any manner. I am therefore proceeding with disposal of the matter based on the explanations offered and arguments advanced by the *Noticees* through their Personal Hearing as well as written replies, which have been perused apart from considering the contents of the IO cum SCN served on the *Noticees*.

ISSUES FOR CONSIDERATION AND FINDINGS:

10. After having examined the IO cum SCN dated March 29, 2019, replies received from *Noticees* and all other relevant material available on record, in my view the pertinent issues that require consideration in this matter are as under:

A. Whether the Noticees viz:- W2G, Capital Mirror and ACS and their Proprietors were engaged in providing unregistered investment advisory activities in violation of Section 12(1) of the SEBI Act and Regulation 3(1) of IA Regulations?

B. Whether W2G and its Proprietor were engaged in providing portfolio management services without obtaining registration from SEBI in violation of Section 12(1) of the SEBI Act and Regulation 3 of PM Regulations?

A. Whether the Noticees viz:- W2G, Capital Mirror and ACS and their Proprietors were engaged in providing unregistered investment advisory activities in violation of Section 12(1) of the SEBI Act and Regulation 3(1) of IA Regulations?

11. Before I proceed to examine the afore stated issues and decide as to whether on the facts of the matter, the violations as alleged against the Noticees in the IO cum SCN stand established or not, it would be proper to re-visit hereunder, the relevant provisions of SEBI Act, IA and PM Regulations alleged to have been violated by the Noticees in the instant matter and the same are reproduced as under:

SEBI Act

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:

SEBI (Investment Advisers) Regulations, 2013

2(1)(l) “investment advice” means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning:

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations.

2(1)(m) “investment adviser” means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called.

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.....

SEBI (Portfolio Managers) Regulations, 1993

2 (ca) “portfolio” means the total holdings of securities belonging to any person.

2 (cb) “portfolio manager” means any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.

3. Registration as portfolio manager

No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations.....

12. I note from the records that in the websites of W2G and Capital Mirror (viz:- <http://www.way2gains.com/> and <http://www.capitalmirror.com/>) the contents under the section “About us” are almost identical. The relevant details extracted from those identical contents from both the two websites referred to above are as follows:

(a) W2G/Capital Mirror is an authentic address for **advisory and research** about investments in Indian Stocks and Commodities Markets.

(b) W2G/Capital Mirror provides live Indian **Stock Market recommendations** on mobile phone and on yahoo messenger.

- (c) W2G/ Capital Mirror is one of the **leading tips providers** in India. They have a specialized team of Stock Market analyst who study market daily, in-fact minute after minute. They don't mind whether market is bullish or bearish as they know how to deal with both of these in best way.
- (d) As W2G/ Capital Mirror has a team of best analysts, so they want people to invest money in Indian market that too with minimum risk. They are here to help to earn more money in short time by investing or trading in market with their best gathered information from their expert's. Their flexi packages have so much choice to choose from, as per one's requirement.
- (e) W2G/ Capital Mirror is a **consultancy firm** related to Stock Market for buying and selling of financial instruments. They are providing Stock Market tips regarding cash, F&O, Nifty, options segments in NSE and BSE. Commodities trading tips are provided under MCX and NCDEX.
- (f) Their purpose is to give high returns even in volatile market conditions. They have a **wide range of services and plans** so as to meet one's exact requirements as per the need of investors, day traders and stock brokers. So far as the success ratio of their tips is concerned, it is always maintained above 85% in **regular packages** and in Premium services they are able to maintain accuracy of 95% on regular basis.
- (g) Their in-house team of technical analysts are experienced and highly qualified to handle all the challenges of Stock Market.
- (h) W2G/ Capital Mirror provides:
- i. Daily trading view in pre-market sessions
 - ii. Live Stock Market tips and commodity tips.
 - iii. Highly accurate share tips and commodity tips.
 - iv. Minimum accuracy of 85% is maintained.
 - v. Complete online chat support, telephonic support and SMS support.
 - vi. A quality experience to cherish.

13. Similarly, the contents of the website of ACS (<http://astrocapitalsolutions.com>) under the head “About us” mentioned that ACS is a **consultancy firm** related to Stock Market for buying and selling of financial instruments and that they are providing Stock Market tips and Commodity Market tips.
14. The aforesaid contents of the websites of the *Noticees* are self-evident of the fact that W2G and Capital Mirror were providing live Indian Stock Market recommendations on mobile phones and on yahoo messenger and have a specialized team of Stock Market analysts for rendering advices to investors. It is further observed that the *Noticees* have offered sufficient materials on their websites to induce or entice innocent investors to invest money in Indian Stock Market with their help, that too with a promise of minimum risk and maximum success (success rate of 85% and 95% as noted above) and promising to help the investors to earn more money in a short time by investing or trading in the market with the best guidance of their experts and research analysts, as proclaimed boldly in the websites of W2G and Capital Mirror. Similarly, ACS has blatantly admitted about its business of providing consultancy on buying and selling of financial instruments including investment tips related to Stock Markets and Commodity Markets.
15. As observed from the above stated open announcements made by the *Noticees* in their respective websites, there is no dispute that the three *Noticees* have declared themselves to be consultancy firms providing services related to buying and selling of financial instruments in the Stock Market and were engaged in activities of providing Stock Market tips to their clients regarding investment in Cash, F&O, Nifty and options segments in NSE and BSE as well as tips for trading in commodities Derivatives in MCX and NCDEX. The *Noticees* have also offered flexi packages to suit each client’s requirement and have claimed to ‘give high returns even in volatile market conditions and that as far as the success ratio of their tips is concerned, it is always

maintained above 85% in regular packages and in Premium services they are able to maintain accuracy of 95% on regular basis'. Further, the information extracted from the websites of the Noticees reveal the details of different kinds of advisory packages provided by W2G, Capital Mirror and ACS and the fees charged for those respective packages of services, which are listed out as under:

Table -1 – Advisory Packages offered by W2G (in INR)

Services	Monthly	Quarterly	Half yearly	Yearly
HNI Equity	30,000	68,000	120,000	180,000
HNI Commodity	55,000	125,000	190,000	280,000
Stock cash (Intraday)	-	13,700	21,200	34,800
Stock cash (delivery)	-	12,800	19,600	32,500
Stock Future	-	15,600	28,200	42,700
Equity Combo	-	25,000	40,000	55,000
Nifty	-	11,300	19,800	27,500
Nifty Option	-	14,500	23,800	38,300
Bullion	-	16,800	28,300	43,200
Base Metal	-	15,500	26,300	40,000
Energy	-	15,500	26,300	40,000
Bullion & base metal	-	21,200	34,800	51,300
Base metal & Energy	-	19,800	32,500	48,700
Bullion & Energy	-	21,200	34,800	51,300
Commodity Combo	-	28,000	43,000	60,000
Agri Tips	-	16,200	35,600	55,100
Premium Equity (Intraday)	15,200	41,800	75,300	108,700
Bullion Premium	27,000	55,000	85,000	125,000

Table -2 – Advisory Packages offered by Capital Mirror (in INR)

Type of Service	Monthly				Quarterly				Half yearly				Yearly			
	HNI	Normal	Premium	Super Premium	HNI	Normal	Premium	Super Premium	HNI	Normal	Premium	Super Premium	HNI	Normal	Premium	Super Premium
Base Metals	22,800	6,700	10,100	13,800	45,800	13,300	20,800	35,800	68,800	20,300	32,800	53,800	91,800	28,100	45,000	71,800
Bullions	24,800	7,100	10,800	17,800	49,800	14,300	21,800	49,800	74,800	21,500	32,800	53,800	99,800	32,100	48,800	71,800
Delivery	-	5,100	7,800	-	-	10,300	17,800	-	-	16,100	23,800	-	-	21,500	31,800	-
Energy	24,800	7,100	10,800	24,800	49,800	14,200	21,800	49,800	74,800	21,500	32,800	74,800	99,800	32,100	48,900	99,800
Equity Combo	59,800	13,500	20,800	39,800	119,800	27,100	41,800	79,800	179,800	40,700	62,800	119,800	239,800	54,700	83,800	159,800
MCX Combo	69,800	14,300	27,800	69,800	139,800	28,700	51,900	139,800	209,800	43,100	77,800	209,800	279,800	57,500	103,000	279,800
NCDEX	-	16,100	22,800	39,800	-	32,300	45,800	79,800	-	48,500	68,900	119,800	-	64,700	91,800	159,800
Nifty Future	20,800	6,100	8,800	14,800	41,800	12,300	17,800	29,800	628,000	18,500	28,100	44,800	838,000	25,300	38,800	59,800
Nifty Options	21,800	6,700	10,100	15,800	43,800	13,500	20,300	31,800	658,000	20,300	30,500	47,800	87,800	28,100	40,700	63,800
Stock Cash	24,900	7,100	10,800	17,800	49,900	14,300	21,800	35,800	76,900	21,500	32,800	53,800	100,000	32,100	44,800	71,800
Stock Future	24,800	7,100	10,800	17,800	24,800	14,300	21,800	35,800	748,000	21,500	32,800	53,800	99,800	32,100	44,800	71,800
Stock Options	22,800	7,400	11,100	16,800	45,800	14,900	22,300	33,800	68,800	22,400	33,500	50,800	91,800	29,900	44,700	67,800

Table -3 – Advisory Packages offered by ACS (in INR)

Type of Service	Normal Services				Premium Services			
	Monthly	Quarterly	Half yearly	Yearly	Monthly	Quarterly	Half yearly	Yearly
Base Metals	6,700	13,300	20,300	28,100	10,100	20,800	32,800	45,000
Bullions	7,100	14,300	21,500	32,100	10,800	21,800	32,800	48,800
Delivery	5,100	10,300	16,100	21,500	7,800	17,800	23,800	31,800
Energy	7,100	14,200	21,500	32,100	10,800	21,800	32,800	48,900
Equity Combo	13,500	27,100	40,700	54,700	20,800	41,800	62,800	83,800
MCX Combo	14,300	28,700	43,100	57,500	27,800	51,900	77,800	103,000
NCDEX	16,100	32,300	48,500	64,700	22,800	45,800	68,900	91,800
Nifty Future	6,100	12,300	18,500	25,300	8,800	17,800	28,100	38,800
Nifty Options	6,700	13,500	20,300	28,100	10,100	20,300	30,500	40,700
Stock Cash	7,100	14,300	21,500	32,100	10,800	21,800	32,800	44,800
Stock Future	7,100	14,300	21,500	32,100	10,800	21,800	32,800	44,800
Stock Options	7,400	14,900	22,400	29,900	11,100	22,300	33,500	44,700

16. From a combined and comprehensive reading of the periodic fee structures prescribed for different services/products and segments of Stock/Commodity Markets, as have been reproduced in the above cited three tables, on the basis of information culled out from the websites of the *Noticees*, it is abundantly clear that the *Noticees* were *prima facie* operating

as investment advisory firms who were providing various services to their clients/investors for buying and selling of financial instruments in the Stock Market and Commodity Markets, including providing tips to their clients through mobile calls, yahoo messenger and email etc. Further, the *Noticees* also offered expectations of high returns to their clients even in volatile market conditions to help them earn money with minimum risk within a short span of time. Keeping the aforesaid in view, it is clear that the services being provided by *Noticees* were clearly in conformity with the Regulations 2(1)(l) of the IA Regulations, such as ‘providing advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products.....whether written, oral or through any other means of communication for the benefit of the client.’ The above observation is further reinforced by the fact that *Noticees* have not disputed that the nature of services provided by them fell within the ambit of Regulations 2(1)(l) of the SEBI IA Regulations, nor have they controverted the above findings with any material support to prove to the contrary. Therefore, the information at my disposal as discussed above, unambiguously suggest that *Noticees* were patently engaged in providing subscription/fees based investment advisory services to clients (as per the fee structures listed on their websites).

17. It is also observed from the websites of the *Noticees* that they have listed out different payment mechanisms and details of bank accounts through which payment can be made by clients for availing the above advisory services of the *Noticees*. Further, it is noted from the submissions of the complainants and from the explanation offered by the *Noticees* that payment gateways have been used by the *Noticees* to accept payment from clients against the rendering of the above stock advisory services. On perusal of the bank statements and payment gateways’ account statements as available on record, it is observed that the bank

account transactions show a total of approx. INR 1,35,05,061, INR 1,04,61,737 and INR 66,94,918 worth of credit entries respectively in the bank accounts of W2G, Capital Mirror and ACS during the period from 2016-2018. Details of the said financial transactions are highlighted below:

Table-4- Details of bank account credits of W2G, Capital Mirror and ACS

Account Name	PAN	Account Number/ Bank/ IFSC	Transaction Period	Total Credits**(INR)
Capital Mirror	GAUPS3690J	50200020891941/ HDFC Bank/ HDFC0000885	12-08-2016 to 28-10-2018	20,73,325
Capital Mirror	GAUPS3690J	000205501133/ ICICI Bank/ ICIC0000002	20-07-2016 to 25-09-2018	83,88,412
			Total	1,04,61,737
ACS	AHNPU3089M	50200030147931/ HDFC Bank/ HDFC0000885	22-03-2018 to 20-09-2018	1,61,500
ACS	AHNPU3089M	004705500933/ ICICI Bank/ ICIC0000047	01-10-2017 to 25-09-2018	65,33,418
			Total	66,94,918
W2G	ATUPR0113L	50200010203128/ HDFC Bank/ HDFC0000885	01-01-2016 to 05-07-2018	15,40,030
W2G	ATUPR0113L	915020014235448/ Axis Bank/UTIB0001513	01-01-2016 to 09-07-2018	32,64,555
W2G	ATUPR0113L	000205501218/ ICICI Bank/ ICIC0000002	13-04-2017 to 08-07-2018	87,00,476
			Total	1,35,05,061
			Grand Total	3,06,61,716

18. I further note that approx. INR 1,60,81,084, INR 1,61,20,529 and INR 1,01,66,337 worth of transactions have happened through the payment gateway accounts (such as Payumoney and Easebuzz) of W2G, Capital Mirror and ACS respectively. Details of the said transactions are provided below:

Table-5- Details of payment gateway transactions of W2G, Capital Mirror and ACS

Entity Name	Payment Gateway	Linked Bank Account Number Bank IFSC Code	Transaction Period	No of Transactions	Aggregate Transaction Amount	Aggregate Settlement/ Payout Amount**(INR)
Capital Mirror	Payumoney	50200020891941 HDFC Bank HDFC0000885	17-01-2017 to 29.03.2018	1,372	1,29,50,747	1,26,46,653
Capital Mirror	Easebuzz	000205501133 ICICI Bank ICIC0000002	26-09-2018 to 11-01- 2018	195	35,50,754	34,73,876
ACS	Easebuzz	004705500933 ICICI Bank ICIC0000047	13-02-2018 to 24-09-2018	782	1,03,89,443	1,01,66,337
W2G	Payumoney	50200010203128 HDFC Bank HDFC0000885	08-03-2016 to 17-10-2018	1,558	1,64,71,343	1,60,81,084
			Total	3,907	4,33,62,287	4,23,67,950
** Settlement/Payout amount is the amount received in the linked bank account after deducting applicable charges by payment gateway.						

19. In addition, it is observed that the Proprietors of W2G and Capital Mirror have bank accounts in their individual names in which, there have been regular inflows of funds. Details of the same are as under: -

Table-6 -Details of personal bank accounts of the Proprietors of the Noticees

Account Name/ Entity	Account No./Bank/ IFSC	Transaction Period	Total Credits (INR)
Saurabh Samir (Capital Mirror)	50100073606513/ HDFC Bank/ HDFC0000885	30-07-2015 to 08-08-2018	39,45,176
Saurabh Samir (Capital Mirror)	231701502302/ ICICI Bank/ ICIC0002317	11-04-2014 to 29-09-2018	1,00,34,485
Rajeev Kumar Tiwari (W2G)	50100048827221/ HDFC Bank/ HDFC0000885	01-01-2016 to 05-07-2018	30,61,632
		Total	1,70,41,293

20. It is observed that the HDFC Bank Account No. 50100048827221 of Mr. Rajeev Kumar Tiwari (Proprietor of W2G) had regular credits of funds and the narration for many of these deposits entries in the bank statement contained terms like “*Stock, Shares, way2trades, trading amount, stock tips, trade, investment, portfolio management, stocks, advisory charges, profit sharing*” etc. Similarly, HDFC Bank Account No. 50100073606513 of Mr. Saurabh Samir (Proprietor of Capital Mirror) had regular credit entries of funds, and the narration for many of these transactions carried terms like *Calls, share market fees, share market deal, share market investment, subscription, options, fees, investment fee, equity, stock, trade, trading* etc. In the same way the ICICI Bank account No. 231701502302 of Mr. Saurabh Samir also had regular credit entries, and the narration for many of these deposit entries of funds in the said account had terms like “*consultancy charges, trade, Trial, Equity Tips, tips reg, trading tips fee, Premium trade amount, Tips premium, Share, Registration, Investment, Investment Fee, Subscription, Trade purpose, Trade Advisory, tip, Advise, Stock Advisor, Trading tips, Trading advice, Trade advice, Stock advisory, Trade Charges, Share trading, trading*”, etc. A comprehensive appraisal of the declarations made in the websites, the afore cited tables indicating various kinds of services provided by the *Noticee* firms with fee structure for respective category of services and the regular inflow of funds received from their clients as represented by the credit entries in the bank accounts of the *Noticee* Firms and the accounts of the Proprietors of W2G and Capital Mirror (bearing the afore stated narrations in the entries in the bank statements), make it explicitly clear that the *Noticees* were rendering various investment related services falling under the purview of Regulations 2(1)(l) of the IA Regulations and have also received considerations in lieu of providing those services.

21. As per Regulation 2(1)(m) of the IA Regulations, an investment adviser means “*any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called.*” In the context of this regulation, the activities of *Noticees* and the services provided by the *Noticees* to their clients for a consideration/fees as highlighted above, befittingly show that the *Noticees* have acted as investment advisers by providing investment advices and stock tips/recommendations and have admittedly received consideration through their bank accounts/ payments gateways as have been illustrated in previous paragraphs, for which no registration was obtained by the *Noticees* from SEBI as mandated under Section 12 (1) of SEBI Act read with the IA Regulations. Accordingly, it is held beyond doubt that the *Noticees* were engaged in the activities of unauthorised investment advisory without obtaining necessary registrations from SEBI.

22. At this point, it will be relevant to summarise the replies/submissions made by the *Noticees* as under:

Reply of W2G dated April 22, 2019

- a) The *Noticee* denies any family relationship with the other *Noticees* and states that the other *Noticees* were his employees till they gained experience and started their own proprietorship firms and the amounts in question exchanged with them were towards honorarium to the employees.
- b) Mr. Saurabh Samir started his own business and hence, did not want to incur expenses on rent, therefore he was allowed to use the office premises of W2G.
- c) He had submitted reply to SEBI letters along with relevant documents vide letter dated November 15, 2018.

- d) The business of the firm is to give calls on equity shares, commodities and derivatives. He had a team of 60 employees who called the clients to explain them about the products and services and offer them services on trial for 2 days, after which interested clients could subscribe to the full services.
- e) Fee was usually charged at flat rates from the clients depending on the package, however, some clients insisted on paying the fees based on the profits earned by them on the calls. However, he had no access to client trades or bank accounts, therefore denied providing any portfolio management services as he never placed trades on behalf of clients or managed their portfolio. Rather, he himself has not traded on the stock-exchange.
- f) Clients pay fees through direct credit into banks or through payment gateways and narration for these entries are recorded by the clients on whom he has no control.
- g) He has resolved the complaint received by SEBI against him and claims to have not received any more complaints.
- h) Not all credits in the bank account pertain to fees from clients as some are also non-business credits from friends and family.
- i) He was unaware of the necessity for seeking registration with SEBI for giving calls on securities to clients, however after becoming aware of the registration requirements, he engaged a consultant for obtaining registration but was informed that he lacked the required qualifications, during which period, he received the SEBI notice.
- j) He has stopped the business after receiving SEBI letters in September, 2018 and has paid salaries to employees on time as well as income tax, hence requested to not issue any direction of refund of the fees collected from investors and further requested to unfreeze the bank accounts for his day to day expenses.

Reply of Capital Mirror dated April 22, 2019

- a) Fees were paid by clients through bank accounts and payment gateways on monthly, half-yearly or yearly basis.

- b) They were not aware of the need for obtaining SEBI registration for providing calls on securities, however after becoming aware, he tried to enrol for NISM exam in march 2018 and as he did not fulfil the qualification requirement, he closed the proprietorship since April 2018. However, as clients were happy with his services and had bank account details, they deposited funds into the bank accounts even after April 2018 to avail further services.
- c) They have refunded the amount to complainant and there are no further complaints against them.
- d) They have provided only subscription based services and not engaged in any portfolio management services.
- e) There were also non-business credits in the bank accounts and requested for unfreezing personal savings bank account.

ACS reply dated April 19, 2019

- a) He (Proprietor) was working in W2G, after which he started ACS in December 2017 and admits to carrying on the business of providing Stock Market tips in return for payment from clients through bank transfers and payments gateways.
- b) He denies having provided any portfolio management services.
- c) He was unaware of the need for obtaining registration for providing calls on securities to clients and even the words used by him in KYCs were based on explanations given by officers and options available on the forms.
- d) He has stopped soliciting new clients since September 2018.

23. After careful perusal of the written replies filed by the *Noticees* as highlighted above, I find that all the *Noticees* have made almost similar submissions. The *Noticees* have admitted to providing calls on securities and have given trading tips and recommendations to investors for trading in Stock Market against payment of fees, however, have claimed that they were unaware of the statutory requirement of obtaining registration under the SEBI Regulations

prior to providing such investment advisory services. However, such an absurd plea of ignorance of law cannot be extended to the *Noticees* who, being self-styled experts of Stock Markets, were supposed to be knowledgeable about all the nitty-gritty of the Securities Market including the regulatory provisions governing the Securities Market. Hence, the *Noticees* cannot take shelter under such a ludicrous excuse to validate their unregistered/unauthorised activities. It is imperative for any person intending to render advice on dealing in Securities Market to be reasonably aware of the basic regulatory framework of the Securities Market and the essential requirements for functioning as an intermediary in the Securities Market. Moreover, it is a commonly known fact, even to a layman in India, that the fundamental pre- requisite for starting a business is to have necessary registration/permission or licence to carry on the said business activity. Even if they were not aware about SEBI and its regulatory powers, it should have naturally occurred to the *Noticees* that they have to obtain a permission/registration or a licence from some competent authority before commencing their advisory business and accordingly, ought to have looked for the appropriate regulatory requirement prior to starting such a business. Had they thought about the same and applied their common sense to the subject, they would have certainly approached SEBI with their application for registration after complying with the prescribed eligibility criteria, before setting up the advisory business.

24. I have also gone through the submissions of Mr. Rajeev Tiwari (Proprietor of W2G) and Mr. Saurabh Samir (Proprietor of Capital Mirror) stating that they had made efforts to apply for SEBI registration after becoming aware of the registration requirements, however subsequently came to know that they did not possess the relevant qualifications. I find that these submissions of the above two *Noticees* do not help them in any manner to dilute the

violations already committed by them. Mr. Rajeev Tiwari has enclosed the copy of an engagement letter containing quotation of charges demanded by a consultant hired by him to help him with the SEBI registration, while Mr. Saurabh Samir has enclosed a mail containing his NISM account registration details to demonstrate that they were trying for obtaining registration after discovering the statutory lapses on their part. However, furnishing these information will be of no help to them to seek exoneration from the allegations made in the IO cum SCN as these information cannot go to the root of the allegations and eliminate the alleged activities of unauthorised investment advisory already indulged in by them. *Noticees* have rather categorically admitted that they were involved in those activities of rendering investment advisory and for the same, they did not possess the requisite qualification nor the requisite certificate of registration under the relevant provisions of law. In the Securities Market, registration of investment advisors is mandatory under law in order to regulate the conduct of the investment advisors so as to protect the interest of the investors from any unwarranted malpractices/wrong doings by such investment advisors. Therefore, the whole regulatory object would become redundant if someone continues to render investment advices to the innocent investors in an unauthorised manner without any regulatory oversight.

25. I also note that the *Noticees* have accepted to have solicited payments from their clients through bank accounts and payment gateways. However, the *Noticees* have claimed that all the amounts credited in their bank accounts and received through payment gateway transactions as highlighted in the IO cum SCN do not pertain to their investment advisory activities and that some of the deposits pertain to receipts from other personal sources. However, I note that the *Noticees* have not produced any documents to substantiate their

claim. *Noticees* have also not submitted any details about their mutual business severances and the consequent *inter se* transfer of funds amongst them after they parted their ways to carry on business separately. The *Noticees* were specifically asked during the Personal Hearing to provide details of money/funds received from their clients along with the copies of their balance sheets, P&L A/c, details of clients and bank accounts statements highlighting revenue receipts etc., to help me to ascertain and segregate the actual amount of funds received by them in their accounts in lieu of their investment advisory services, from their other personal receipts, however, the said information has not been furnished for consideration. In view of the failure of the *Noticees* to provide the said information and taking into account the packages/fees listed out for various types of services on their websites coupled with the credit entries in their bank accounts and payments gateways as detailed out in preceding paragraphs along with the narrations accompanying such credits entries in the personal bank accounts of the Proprietors, I am constrained to hold that the amounts as alleged in the IO are nothing but the amounts received by the *Noticees*, only by rendering unauthorised investment advisory services to investors in Stock Market. Accordingly, the sum total of all the transactions/ credit entries aggregating to approx. INR 9,00,70,959/- found in the bank accounts & payment gateways of all the three *Noticees* are held to have been paid by the clients into the accounts of Notices through different channels in lieu of investment advisory services received by them. The details of such credits/payments received by the three *Noticee* firms and their respective Proprietors are summarized as under:

Table -7-Details of amounts collected from clients

Entity	Entity's Bank Account	Payment Gateway	Proprietor's Bank Account	Total (Amount (INR))
Capital Mirror	1,04,61,737	1,61,20,529	1,39,79,661	4,05,61,927
ACS	66,94,918	1,01,66,337	0	1,68,61,255
W2G	1,35,05,061	1,60,81,084	30,61,632	3,26,47,777
			Total	9,00,70,959

26. It is also evident from the KYC documents of the *Noticees*, that the nature of business of W2G, Capital Mirror and ACS are stated to be fund management/stock advisory, tips provider/stock consultant /investment advisory services etc. The IO cum SCN has also alleged that W2G, Capital Mirror and ACS are connected through common address, fund transfers and family relationship. In this regard, I note that though the *Noticees* have denied family ties with each other, it stands admitted by all the *Noticees* that Mr. Saurabh Samir (Capital Mirror) and Mr. Ankit Upadhyay (ACS) were former employees of W2G who, after gaining experience in investment advisory business while working as an employee of W2G, have started their own independent proprietorship firms. The fund transfers amongst them (as alleged in the IO) are claimed to be payments made by Mr. Rajeev Tiwari as honorarium to his former employees. Mr. Rajeev Tiwari has also admitted to have permitted Mr. Saurabh Samir to use the office premises of W2G when Mr. Saurabh started his separate business as he did not want to incur expenses on rent. I also note that as per the bank account statements, Mr. Rajeev Kumar Tiwari, Proprietor of W2G and Mr. Ankit Kumar Upadhyay, Proprietor of ACS shared a common address i.e. *No. 305, Sri Sai Enclave Apartment, 7th Main, 19th A Cross, NS Palya, BTM Layout, 2nd Stage, Bangalore 560 076.*

27. To sum up the aforesaid contentions of the *Notices*, since the Proprietors of *Notices* no. 2 & 3 have claimed to have severed their ties with *Noticee* no. 1 and have started their respective separate investment advisory business, it would not be proper to club and treat all three of them together as a one entity. However, the submissions so advanced by the *Notices* don't inspire any confidence. It is beyond one's comprehension as to how a business entity can allow its former employees (Mr. Saurabh Samir of Capital Mirror) to run & operate an identical competing business in its own premises thereby willingly taking the risk of losing his own business turnovers to the said former employee and that too, without charging any rent from him. Similarly, Mr. Rajeev Kumar Tiwari, Proprietor of W2G and his another former employee Mr. Ankit Kumar Upadhyay, Proprietor of ACS shared same residential address in their KYC documents which demonstrates their close nexus with each other, both on professional and personal fronts. Further, the *Notices* have not produced any supporting evidence to substantiate their explanation that the transfer of funds amongst them were actually remittances of honorarium. In the absence of any verifiable evidence or credible explanation from the Proprietor of W2G to justify the rationale behind allowing its former employee (*Noticee* no. 2) to set up identical competing business within his premises without charging any rent and also allowing another former employee (*Noticee* no.3) to use his residential address as his residential address in his KYC documents, it can be reasonably concluded that all the three *Notices* are not only connected with each other *inter alia* by professional nexus, fund transfers and sharing common address but also by way of pursuing identical business at the same premises, which also explains the uncanny similarities observed in the contents of the three websites belonging to the three *Notices*. Therefore, just because the three *Notices* were apparently pursuing their business under three separate trade names, the overwhelming nature of the similarities

and commonness that they shared with each other while providing investment advisory services grossly defeats their arguments for being treated separately as three independent entities with regard to accounting for their business proceeds.

28. In view of my detailed observations in the preceding paragraphs, I find that the activities pursued by the three *Noticees* without obtaining any registration from SEBI, such as giving trading tips, stock specific recommendations, etc. to the investors against payment of fees, clearly establish that they were engaged in providing illegal unregistered investment advisory services and therefore, the above activities of investment advisory was glaringly in violation of Section 12(1) of SEBI Act and Regulation 3(1) of the IA Regulations.

B. Whether W2G and its Proprietor were providing portfolio management services without obtaining registration from SEBI in violation of Section 12(1) of the SEBI Act and Regulation 3 of PM Regulations?

29. I have perused the definition of portfolio manager as provided in regulation 2(cb) of the PM Regulations, which states that Portfolio Manager means “*any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the clients, as the case may be*” and the definition of ‘portfolio’ in regulation 2 (ca) denotes the total holdings of securities belonging to any person.

30. It is observed that the KYC documents of W2G with respect to its Axis Bank Account state the nature of its business as ‘*Management or Business Consultant Service and Asset management including portfolio management and fund management*’. Further, as pointed

out earlier, the HDFC bank account of Mr. Rajeev Kumar Tiwari, Proprietor of W2G had several credit transactions bearing entry narrations such as “*portfolio management*” and “*profit sharing*” which *prima-facie* indicate that W2G was also offering portfolio management services apart from investment advisory services against which the Proprietor has received money in his HDFC bank account. In this regard, I note that although W2G has not disputed carrying on investment advisory activities, its Proprietor has contended that he had no control or access to the client’s portfolio of securities or funds or to the bank accounts or demat accounts of the clients and has not traded on behalf of any of the clients hence, has strongly denied having rendered any portfolio management services. It has also been submitted that the narrations accompanying the credit entries in the bank account of W2G were as per the deposit slips filled up by the clients (while depositing money) over whom he had no control.

31. I find adequate strength in the contentions of the W2G and its Proprietor. Although *portfolio management services* has been mentioned in the KYC documents submitted to the Axis Bank while opening of an account and some of the credit entries in the HDFC bank account of the *Noticee* bear a corresponding narration of ‘portfolio management’ in the bank statement, unless we find any instances/illustrations or agreements or any other contractual document with supporting materials showing that the *Noticee* was indeed managing the portfolio of securities on behalf of any of its clients in any manner, these declarations and entries *per se* may not be able to substantiate the allegation that the *Noticee* was actually engaged in the business of portfolio management services (PMS). I find no other material on record to substantiate that W2G was actually engaged in providing portfolio management services. The perusal of website of W2G also clearly shows that it

was engaged in investment advisory activities for which detailed fee structure has been disseminated in the website, however, it does not indicate any form of portfolio management services being rendered by the said firm nor the details of any such schemes (discretionary and non-discretionary) relating to managing the portfolio of securities or managing the funds for clients, documentation, procedures to be followed by clients etc have been displayed in the website of the said firm. In view of the absence of any corroborative evidence to demonstrate that the *Noticee* was actually undertaking PMS activities, based on the materials available on record, in my view the charge that M/s.Way2gains and its Proprietor viz., Mr. Rajeev Kumar Tiwari were engaged in offering unregistered portfolio management services shall not be maintainable.

32. Having found that the charge against the three *Noticees* for indulging in unauthorised investment advisory activities without obtaining necessary registration from SEBI is established, it is a sacrosanct duty of SEBI to curb such unauthorised activities with a firm hand and also to take other necessary steps in the interest of investors of Securities Market. It has to be borne in mind that the protection of the integrity and interest of Securities Market are one of cardinal legislative mandates behind establishment of SEBI as a regulator of Securities Market. At this point I would prefer to refer to the observations made by the apex court while examining the fraud committed by a listed company by not disclosing the material information and concealing the same from the investors in the matter of *N. Narayanan v. Adjudicating Officer, SEBI*, (2013) 12 SCC 152. In that case, the Hon'ble Supreme Court while emphasizing on the role of SEBI as a regulator of Securities Market for protecting the interest of investors, have observed that:

“35. Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve market integrity and to prevent Market abuse. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the Securities Market, so as to promote orderly, healthy growth of Securities Market and to promote investors protection. Securities Market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. Market abuse impairs economic growth and erodes investor’s confidence.....”

33. The views expressed above have been reiterated by the Hon’ble Supreme Court, in the matter of **SEBI v. Rakhi Trading Pvt. Ltd.**, (2018) 13 SCC 753 wherein the Hon’ble Supreme Court has appreciated that fairness, integrity and transparency are the hallmarks of the Stock Market in India which cannot be a platform for any fraudulent or unfair trade practice. The Hon’ble Apex Court have observed that *“The SEBI Act, 1992 was enacted to protect the interest of the investors in securities. Protection of interest of investors should necessarily include prevention of misuse of the market.”*

34. I find that all the *Noticees*, by engaging in providing investment advisory activities without obtaining necessary registration from SEBI have resorted to an unfair and fraudulent practice in Securities Market and the said act and conduct of *Noticees* are clearly in violation of Section 12(1) of SEBI Act and Regulation 3(1) of IA Regulations.

35. I have also taken into consideration the submissions of the *Noticees* that they have subsequently resolved the complaints received by SEBI against them. The *Noticees* have also submitted that they have paid income tax and other taxes timely and have stopped their unauthorised business subsequently as they did not intend to cause any loss to the investors.

In my view, the aforesaid acts and submissions, no matter how positive they are, would not absolve the *Notices* of the illegalities and breaches of SEBI (Investment Advisers) Regulations committed by them by indulging in investment advisory services without possessing requisite qualifications and without obtaining necessary registration from SEBI and thereby violating the sanctity of principles of accountability and transparency enshrined for the Securities Market.

DIRECTIONS:

36. In view of the above discussions and my concluding observations, considering the entire facts of the case which are essential to meet the ends of justice, I find it imperative to exercise powers conferred upon me under Sections 11(1), 11(4), 11B and 11D read with Section 19 of the Securities and Exchange Board of India Act, 1992, in order to protect the interest of investors and the integrity of the Securities Market and accordingly hereby issue the following directions:

- a) The *Notices* no. 1, 2 and 3 and their respective Proprietors shall refund within a period of three (03) months from the date of this order, the money received/collected from their clients/investors in the form of fees against the unregistered investment advisory activities undertaken by the respective *Noticee* (as per the calculation made in table -7 under para 25) and any other fees collected from their clients.
- b) The *Notices* no. 1, 2 and 3 and their respective Proprietors 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. The above mentioned public notice shall be issued within one (01) month of this Order.

- c) The *Notices no. 1, 2 and 3* and their respective Proprietors shall within a period of one (01) month provide inventory of all the assets, moveable or immovable owned, registered and/or possessed by the *Notices* and their respective Proprietors. *Notices* and their respective Proprietors shall not divert any funds raised from the investors and shall not alienate or dispose of, create charge on or sell any of the assets owned, registered and /or possessed by the respective *Notices* and/or their respective Proprietors including 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.
- d) 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. 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 respective *Noticee*, as directed in this order, from the bank accounts of the respective *Noticee*, wherein debit has been frozen by virtue of IO dated March 29, 2019 and for this purpose the Banks may call for the details of clients/investors or any other documents for their satisfaction with respect to the authenticity of the payees.
- e) After completing the aforesaid repayments/refunds to the clients, *Notices no. 1, 2 and 3* and their respective Proprietors shall complete the process of repayment/refunds to all the clients and file a report of completion of repayment

with SEBI by addressing their communication to the Division Chief, Division of Regulatory Action-4, Enforcement Department-1, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of five (05) months from the date of this order. The report of repayment shall be duly certified by an independent Chartered Accountant licensed by the Institute of Chartered Accountants of India (ICAI).

- f) The *Noticees no. 1, 2 and 3* and their respective Proprietors 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 two (02) years from the date of this order or till the expiry of two (02) years from the date of completion of refunds to investors as directed in paragraph 36(a) of this Order, whichever is later. It is clarified that during the period of restraint, the existing holding of securities of the *Noticees* including units of mutual funds, shall remain frozen and can be utilized only for the repayment/ refund of fee to the client as directed above.
- g) During the aforesaid period of debarment or prohibition, the Proprietors of the *Noticees no. 1, 2 and 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 two (02) years from the date of this order or till the expiry of two (02) years from the date of completion of refunds to investors as directed in paragraph 36(a) of this Order, whichever is later.

- h) The *Notices no. 1, 2 and 3* and their respective Proprietor shall ensure withdrawal and removal of all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc., in relation to their investment advisory activity or any other unregistered activity in the Securities Market and further ensure that no impression is created in any manner about undertaking or continuation of any activities in the Securities Market without obtaining a certificate of registration from SEBI.
- i) The above direction for refunds/repayment to clients does not preclude the clients/investors to pursue the other legal remedies available to them under any other law against the *Notices* for refund of money or deficiency in service.

37. The Order shall come into force with the immediate effect.

38. A copy of this order shall be forwarded to the *Notices*, all the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

DATE: JULY 30, 2020

PLACE: MUMBAI

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA