

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

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

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

In respect of:

Name of the Entity	PAN
Vinayak Tradelink (Proprietor Mr. Vivek Mahendragiri Ramdati)	BQVPR8043L

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1. SEBI was in receipt of complaint dated September 14, 2020, from Mr. Mehul Vinod Patel (hereinafter referred to as the “**complainant**”) against an entity named Vinayak Tradelink (hereinafter referred to as the “**firm**”), wherein, *inter alia*, he had alleged the following:
 - 1.1. Group claiming to be Vinayak Tradelink from Rajkot approached him for providing F&O calls through their subscription package.
 - 1.2. He subscribed to their package amounting Rs. 5499/- with 2.5 years’ validity.
 - 1.3. They provided their bank account details for payment of fees and gave him calls which resulted in losses.
 2. Thereafter, the matter was taken up for preliminary examination by SEBI.

SEBI's Examination:

3. As the complainant had not provided details of any website of the firm, the internet was searched to find whether the firm has a website in its name; however, no website in the name of Vinayak Tradelink was found.
4. The complainant had provided the following bank details and phone number:

Bank: PNB Bank

Account Name: Vinayak Tradelink

Account No.: 4637002100003176

IFSC: PUNB0463700

Mobile number: +91-9830120784

5. Thereafter, the bank statement, KYC and AOF were sought from Punjab National Bank (PNB) and on perusal of the same, it was observed that the account was in the name of Vinayak Tradelink, with its proprietor Mr. Vivek Mahendragiri Ramdati. As per the intermediary database on SEBI website, it is observed that the firm is not registered with SEBI in any capacity. It is also observed that the proprietor, Mr. Vivek Mahendragiri Ramdati, is also not registered with SEBI, in his individual capacity, as an investment adviser or any other intermediary. Thereafter, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory activities are being carried out by Vinayak Tradelink.

CONSIDERATION & PRIMA FACIE FINDINGS

6. I have perused the material available on record such as information available from the bank account statements, KYC/ AOF documents of Vinayak Tradelink and details of complaints received against it. In this context, *prima facie*, the following issues arise for determination:

6.1. Issue No. 1: Whether Vinayak Tradelink is acting as an investment adviser?

6.2. Issue No. 2: If answer to the aforesaid issue is in affirmative, whether Vinayak Tradelink has, prima facie, violated any provisions of Securities and Exchange Board of India Act, 1992 ("SEBI Act") read with SEBI (Investment Advisers) Regulations, 2013 ("IA Regulations") and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("PFUTP Regulations")?

6.3. Issue No. 3: If answers to Issue Nos. (1) & (2) are affirmative, who are responsible for the violations?

6.4. Issue No. 4: If answer to Issue No. (2) is in affirmative, whether urgent directions, if any, should be issued against those responsible for the violations?

Issue No. 1: Whether Vinayak Tradelink is acting as an investment adviser?

7. As regards the first issue, I note the following from the material available on record:

7.1. The complainant has provided the following message he received after paying Rs. 5499/-:

Dear Customer,

Thank u For Your options Service.

Ur Service is Valid Till 2.5 year from 13.09.2020 to 12.03.2023.

Kindly Trade With TGT N SL.

7.2. The complainant also provided a screenshot of the messages/ tips received from Vinayak Tradelink through WhatsApp, which is as under:

NSE/MCX

Get next day profit 2.30 lakh

Your 101 day free demo finished

Now plz no more free demo

Pay 5,499/- for sms service (from tomorrow 25555/-)

We provide above 95% accuracy

Pay 34444/- for auto trade dmat handle service

Paytm gpay bank credit card available

NSE/MCX

Day update

BN PE 22700 High 744 BUY 300 profit 3.24 lac

Dost free demo over don't waste time

Now last chance

7.3. From the bank account statement, mobile numbers of various people who had transferred funds to Vinayak Tradelink were noticed and on random basis, two such people were contacted over telephone at the time of examination. During enquiry with these people, it was found out that they were clients of Vinayak Tradelink and had received investment advisory services from Vinayak Tradelink. They were asked to provide details of tips/SMS received from Vinayak Tradelink and the following extract was received from them:

Client name	Tips received
Arjunsingh Shankar	<i>PNB Bank Vinayak tradelink Acc : 4637002100003176 IFSC : PUNB0463700</i> <u>10-09-2020</u> <i>If you are interested to robo trade service u can join Plan-1- pay 11999/- for software charge daily (30% sharing on profit) Plan-2 pay 14999/- monthly service.</i>

Client name	Tips received
	60000 investment required Daily 5-10% guarantee profit. <u>14-09-2020</u> OPTION INTRADAY BUY BANKNIFTY 22800 CALL ABV 262 TGT 322/424 SL 192 CMP 245 <u>23-09-2020</u> OPTIDX: BUY BANKNIFTY 21300 CALL AROUND 167 TGT 225, 290 SL 100 (WORK WITH 1 LOT) OPTIDX: CLOSE BANK NIFTY 21300 CALL AROUND 122 MADE HIGH OF 184.65 AS MKT SEEMS TO BE WEAK WAIT FOR 2ND CALL GOOD NEWS TRADERS LAUNCHED OUR NEW DMAT HANDLE ROBO TRADE SERVICE PLAN-1 PAY 79999/- FOR ANNUAL SERVICE CHARGE <u>24-09-2020</u> OPTIDX: BUY BANK NIFTY 20800 CALL AROUND 135 TGT 200, 280 SL 75 (WORK WITH 1 LOT) <u>25-09-2020</u> OPTIDX: BUY BANK NIFTY 21000 CALL ONLY ABOVE 207 TGT 267, 330 SL 140 BUY ABOVE ONLY 207 OPTION NIFTY 10900 PE BUY AT AMP 117 TGT 149 Similar kinds of tips received on 29-09-2020, 30-09-2020, 01-10-2020, 05-10-2020, 06-10-2020, 07-10-2020, 08-10-2020 and 09-10-2020.
Anil Poonia	PNB Bank Vinayak tradelink Acc : 4637002100003176 IFSC : PUNB0463700 Vinayak Tradelink: Payment done sir? Client: Transaction details of payment made 13-09-2020 Transfer to 4597881162096-INB IMPS/P2A/0257146

Client name	Tips received
	58775/XXXXXXXX17 LT1309144821298M R.s 5499/- <u>16-09-2020</u> OPTION INTRADAY: BUY NOFTY 11450 CALL AROUND 102 TGT 124, 160 SL 77 (WORK WITH 1 LOT) OPTION INTRADAY: 1ST TGT HIT IN NIFTY 11450 CALL MADE HIGH OF 124 BOOK FULL PROFIT HELLO DEAR PAID ANYONE JOINING DMAT ACCOUNT HANDLE SERVICE MONTHLY 25% MINIMUM FIX RETURN. ONLY INTERESTED CLIENT CONTACT ME. ALL TRADE BUY SELL FULLY AUTOMATIC ITS ALGO TRADING SOFTWARE. CAPITAL: 50000 CHARGE: 50000 SOFTWARE CHARGE 3500 FOR 1 YEAR <u>18-09-2020</u> OPTIDX: BUY NIFTY 11500 CALL AROUND 138 TGT, 185 SL 115 (WORK WITH 1 LOT) STOP LOSS HIT EXIT ALL <u>21-09-2020</u> OPTIDX: BUY BANKNIFTY 22300 CALL AROUND 170 TGT 235, 290 SL 115 (WORK WITH 1 LOT) OPTIDX: 1ST TGT HIT IN BANKNIFTY 22300 CALL MADE HIGH OF 235 BOOK FULL PROFIT. Same kind of tips received on 24-09-2020, 25-09-2020 and 30-09-2020.

8. The following details can be seen from the AOF/ KYC of the account opened with PNB:

8.1. Nature of Business: Trader

8.2. Nature of Account: Agriculture/ Commodity

- 8.3. Certificate issued by a Chartered Accountant mentions that the firm is engaged in the business of Gold, Silver and Agriculture Commodities.
- 8.4. Certificate issued by Ministry of Micro, Small and Medium Enterprises mentions that major activity of the firm is “Manufacturing” and the industry classification is mentioned as “Crop and animal production, hunting, seed processing for irrigation”.
9. The following information is gathered from the bank account statement (upto 09/12/2020):
- 9.1. A large number of cash deposits have been made into the said account.
- 9.2. The bank statement of Punjab National Bank (PNB) was verified for receipt of funds from the complainant and abovementioned clients and it was observed that funds had been received from these clients into the said bank account. It was also observed that these complainants had made payments in the denominations of Rs. 5499/ 11999/ 14999/- Hence, *prima facie*, it appears that the firm was providing service plans in denominations of Rs. 5499/ 11999/ 14999/-. The date of last such entry is as recent as September 14, 2020.
- 9.3. At this stage there is no sufficient material on record to determine the total amount collected and the same requires further examination for the purpose of ascertainment of the total amount of money collected as fees for the service.
- 9.4. Further, the entity may have received funds from investors/ clients/ subscribers in various other denominations and not just restricted to “Rs. 5499/11999/14999” and hence, the same may not be treated as a precedent.
10. Considering the analysis of the bank statement, KYC/ AOF documents, extracts of the SMS, WhatsApp sent to investors, I, *prima facie*, observe that Vinayak Tradelink has represented that it is an investment advisory firm that provides tips for the stock and

commodity markets. It is, *prima facie*, observed that Vinayak Tradelink is approaching investors through means other than a website, about various services offered by it in the securities market. Further, it is also, *prima facie*, observed that pursuant to payment of subscription fees by investors, Vinayak Tradelink is providing calls/ tips via SMS/ WhatsApp to such clients.

11. Considering the above facts and circumstances, the contents of the messages sent to the complainants after they have subscribed to the packages offered by Vinayak Tradelink, coupled with the direct credit transactions in the bank accounts in various denominations, including those of Rs. 5499/11999/14999/-, as detailed above, *prima facie*, it is inferred that the fees/ funds credited to the bank accounts, were for the purpose of providing the services indicated by Vinayak Tradelink. It can also be seen that it is mentioned in the message sent to the complaint that the service is valid from September 13, 2020, till March 12, 2023, i.e., the firm intends to continue providing the service till then.

12. In this regard, I have perused the definition of Investment Adviser as given in Regulation 2(m) of the IA Regulations, which states that 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”. Further, I have perused Regulation 2(l) of the IA Regulations which defines Investment Advice as “advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.”

13. In light of the aforesaid definitions, it is, *prima facie*, observed from the contents of the messages, that Vinayak Tradelink is engaged in the business of providing investment advice relating to investing in, purchasing, selling or otherwise dealing in securities, to

clients, for consideration, and is also offering various investment packages for subscription and as such, these services fall within the definition of “Investment Advice” under Regulation 2(l) of the IA Regulations. Further, multiple credit entries have been received in the bank accounts, which when seen together with the contents of the messages, leads to, on preponderance of probability basis, a, *prima facie*, conclusion that the credit entries in the bank account are consideration for the investment advice given by Vinayak Tradelink to its clients. Thus, *prima facie*, Vinayak Tradelink is an investment adviser as defined under Regulation 2(m) of the IA Regulations.

14. Therefore, I find that Vinayak Tradelink is engaged in the business of providing investment advice to clients for consideration.

Issue No.2: If answer to the aforesaid issue is in affirmative, whether Vinayak Tradelink has, prima facie, violated any provisions of Securities and Exchange Board of India Act, 1992 (“SEBI Act”) read with SEBI (Investment Advisers) Regulations, 2013 (“IA Regulations”) and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (“PFUTP Regulations”)?

15. In order to ensure that the investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) reads as under:

*“No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, **investment adviser** and **such other intermediary** who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance*

with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act.”

16. Further, as per Regulation 3(1) of the IA Regulations, the registration of the investment advisers is mandatory. It provides that, *“On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations”*.

17. It is noted that Vinayak Tradelink is not registered with SEBI in the capacity of an investment adviser, while the characteristics and features of the business activity carried out by it, as discussed in the preceding issue, *prima facie*, lead to the conclusion that it is acting as an investment adviser. However, no material is available on record to indicate that Vinayak Tradelink or its proprietor, Mr. Vivek Mahendragiri Ramdati, in his individual capacity, have a certificate of registration as an investment adviser. It is also noted that Vinayak Tradelink and its proprietor, Mr. Vivek Mahendragiri Ramdati, in his individual capacity, are not registered with SEBI in any capacity.

18. Thus, in my view, these activities/ representations of Vinayak Tradelink without holding the certificate of registration as an investment adviser are, *prima facie*, in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations.

19. Before proceeding further, I would like to refer to the provisions of Sections 12A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and Regulations 4(1) and 4(2)(k) of the PFUTP Regulations. The text of the aforesaid provisions is reproduced below:

SEBI Act

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

Section 12A: No person shall directly or indirectly:

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

PFUTP Regulations

Regulation 3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

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

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

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

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange

in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following: -

...

(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”.

20. In my view, an unregistered investment adviser like Vinayak Tradelink can put investors at great risk by misleading them. Without having a registered investment adviser certificate, Vinayak Tradelink is engaged in the business of providing investment advice to clients with the objective of making money/ collecting fees through subscriptions. Furthermore, it can be seen from the messages sent to clients that the firm has claimed the following:

“Get next day profit 2.30 lakh”

“We provide above 95% accuracy”

“If you are interested to robo trade service u can join

Plan-1- pay 11999/- for software charge daily (30% sharing on profit)”

“60000 investment required

Daily 5-10% guarantee profit.”

“ANYONE JOINING DMAT ACCOUNT HANDLE SERVICE MONTHLY 25% MINIMUM FIX RETURN.”

21. Thus, by making the aforesaid claims of “*profit*”, “*95% accuracy*”, “*profit sharing*”, “*Daily 5-10% guarantee profit*”, Vinayak Tradelink is, *prima facie*, inducing investors to deal in securities by availing its services. Such *modus operandi* is being continuously used by Vinayak Tradelink, which is evident from the fact that there are continuous credits in its bank accounts.

22. It is observed that the firm’s claim to provide a specific return on client’s investment or to claim guaranteed profit, is, *prima facie*, an active concealment of the material fact that every investment in the market is subject to market risk. Considering the dynamics of the market, the returns from the investment in the market are unpredictable, no matter how much and for how long the investment is made. This act of conveying specific returns or certainty of profit, is, *prima facie*, indulged for the purpose of luring customers in its net and thereby increasing its income. In light of the same, the act of the firm to actively conceal material information, is a non-genuine and a deceptive act and has been, *prima facie*, made with an intent to influence the client to avail its advisory services.

23. The above discussed omission and act of Vinayak Tradelink are, *prima facie*, fraudulent and are covered under the definition of ‘*fraud*’ defined under regulation 2(1)(c) of the PFUTP Regulations which reads as under:

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

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

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

- (3) *an active concealment of a fact by a person having knowledge or belief of the fact;*
- (4) *a promise made without any intention of performing it;*
- (5) *a representation made in a reckless and careless manner whether it be true or false;*
- (6) *any such act or omission as any other law specifically declares to be fraudulent;*
- (7) *deceptive behavior by a person depriving another of informed consent or full participation;*
- (8) *a false statement made without reasonable ground for believing it to be true;*
- (9) *the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.*

And “fraudulent” shall be construed accordingly;

24. It is noted that, *prima facie*, fraudulent activities / conduct / act / practice of Vinayak Tradelink as discussed above are, *prima facie*, in violation of provisions of Sections 12A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and Regulations 4(1) and 4(2)(k) of the PFUTP Regulations.

Issue No.3: If answers to Issue Nos. (1) & (2) are affirmative, who are all responsible for the violations?

25. I note that Mr. Vivek Mahendragiri Ramdati is the sole proprietor of Vinayak Tradelink. I note the legal status of the proprietary firm from the judgment of the Hon’ble Supreme Court of India in *Ashok Transport Agency vs. Awadhesh Kumar & another*, [(1998) 5 SCC 567] that

“... A proprietary concern is only the business name in which the proprietor of the business carries on the business... A suit by or against a proprietary concern is by or against the proprietor of the business...”.

26. Therefore, I find that Mr. Vivek Mahendragiri Ramdati is liable for the acts/ omissions of Vinayak Tradelink.

Issue No. 4: If answer to Issue No. (2) is affirmative, whether urgent directions, if any, should be issued against those responsible for the violations?

27. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The PFUTP Regulations and the IA Regulations have been formulated with the main objective of preventing fraudulent activities and regulating investment advisory activities to safeguard the interests of investors and hence registration of investment advisory activities with SEBI has been made mandatory. The IA Regulations, *inter alia*, seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market. Similarly, the PFUTP Regulations seeks to curb fraudulent and manipulative activities in the securities market in order to boost investor confidence in the securities market and to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy.

28. In the instant case, Vinayak Tradelink is soliciting/ inducing members of the public to deal in securities market on the basis of investment advice, stock tips etc., *prima facie*, without having the requisite registration/certification as mandated under the IA

Regulations. Further, it is noted from material available on record, that money has been credited to the bank accounts even recently during the period of examination. From the details of the complaints and bank account KYC, the following contact numbers are available on record (with their active/ inactive status checked on <https://www.findandtrace.com/>):

Number	Status
+91-9830120784	Active
+91-8980658123	Active

29. Thus, the entity, its bank account and mobile numbers associated with the entity are active and can continue to be used to collect fees from unsuspecting members of the public.

30. Considering the facts and circumstances of the present matter and on the basis of the, *prima facie*, findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Vinayak Tradelink from collecting any more fees from the public and from indulging in fraudulent and unauthorized investment advisory activities. It is noted from material available on record that the last credit transaction in the bank account of Vinayak Tradelink with PNB, in denomination of Rs. 5499/11999/14999/-, is as recent as 14/09/2020. Further, as mentioned above, the telephone number associated with the entity are still active. Therefore, the threat of investors getting lured towards the unregistered services provided by Vinayak Tradelink in the securities market is still in existence and imminent.

31. It is noted that permitting the investors to receive an investment advisory service from an unregistered entity, in effect means, the same is received from an unqualified person without following the safeguards mentioned in the IA Regulations. An investor receiving a service from unregistered investment adviser vis-a-vis an investor who receives such service from a SEBI registered investment adviser stands at a disadvantageous position in respect of his protection as an investor as envisaged

under the IA Regulations. An unregistered investment adviser has not even satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing such services from unregistered entities is detrimental to investors and such unregistered service would result in irreparable damage as the investors' money is invested based on unqualified and un-regulated service. Exposing investors to such service also has the effect of interfering with the development of securities market, as victims of such services tend to lose faith in the securities market. Such an injury/ detriment to the development of the securities market also qualifies as an "irreparable injury". The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

32. Further, if an ex-parte order is not passed, many prospective investors may have to part with large fees and investments resulting into irreparable injury to themselves as discussed earlier. However, if an ex-parte order is passed, what is at stake is the right of the current entity herein vis-a-vis multitude of prospective and current clients of the entity. It may be noted that one of the underlying differences between the ex-parte orders in the case of private suits and ex-parte public enforcement actions, is the identification of the injured party. In private damage suits, the injured individual, as "whole", is identifiable whereas ex-parte public enforcement actions, seeks to protect the floating multitude of investing public by preventing, continuous and imminent violations of the securities laws. Though, it can be argued that a final remedy by way of refund is available, as against the step of passing an ex-parte interim order, the potential deployment of funds by the investors by following the advice from an unqualified person and resultant loss of investor's confidence and reliability of securities market, cannot be retrieved, if, *prima facie*, unregistered investment advice is permitted to be extended to the investors by not passing an *ex-parte-interim order* at this stage. Therefore, I consider the balance of convenience is also not in favor of Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati.

33. Considering the facts and circumstances of the present matter and on the basis of the, *prima facie*, findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Vinayak Tradelink and its Proprietor from collecting any more fees from the public and from indulging in fraudulent and unauthorized investment advisory activities.
34. In light of the same, I find that there is no other alternative but to take recourse through an interim ex-parte order against Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, for preventing them from collecting funds by indulging in fraudulent and unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the law. As the bank accounts and mobile numbers associated with the entity are active, the balance of convenience demands the preventive measure of stopping the collection of money from investors in the bank accounts belonging to Vinayak Tradelink, which can be achieved by an appropriate direction of stopping the credit into these bank accounts. As Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, have already evaded the jurisdiction of SEBI by, *prima facie*, acting as unregistered investment adviser, the balance of convenience also demands that Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, need to be prevented from diverting the funds collected from the investors through the fraudulent and unauthorized investment advisory activity. Accordingly, an appropriate direction stopping the debit from the bank accounts of Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, has been incorporated.
35. With the initiation of quasi-judicial proceedings, it is highly probable that Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, may divert the money collected from the subscribers/ clients. The same may result in defeating the effective implementation of the direction of refund, if any, to be passed after deciding the matter on merits. It therefore becomes necessary for SEBI to take urgent steps to prevent Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, from diverting

the money collected from the subscribers/ clients and it is also essential to take urgent steps to prevent them from alienating any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of Vinayak Tradelink and also the interests of those who may fall prey to the unregistered investment advisory by reaching Vinayak Tradelink through the active mobile numbers associated with it, the balance of convenience lies against Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, and requires immediate action against them including not to divert the money collected from the subscribers/ clients/ investors.

36. I note that at this stage there is not enough information available to determine the total amount credited/ collected in the bank accounts belonging to Vinayak Tradelink through the unregistered investment advisory activities, although, there is, *prima facie*, evidence that its bank accounts are being used for receiving payments from the investors for the same. Hence, SEBI is directed to ascertain the quantum of fee collected in these bank accounts. Thereafter, SEBI shall issue additional Show Cause Notice directing to show cause why the amount collected by Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, as fee for investment advisory services not be refunded to the investors. Appropriate direction in this regard is incorporated.

Order

37. In view of the above, pending further enquiry, I, in exercise of the powers conferred upon me by virtue of Section 19 read with Sections 11, 11(4), 11B(1) and 11D read with Section 19 of the SEBI Act, 1992, hereby issue by way of this *interim ex-parte order*, the following directions:

37.1. *Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati (PAN: BQVPR8043L), are directed to:*

- 37.1.1. *Cease and desist from acting as an investment adviser including the activity of acting and representing through any media (physical or digital) as an investment adviser, directly or indirectly, 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.*
- 37.1.2. *Not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders.*
- 37.1.3. *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 name, including money lying in bank accounts except with the prior permission of SEBI.*
- 37.1.4. *Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., physical or digital in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*
- 37.1.5. *Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
- 37.1.6. *To provide a full inventory of all assets held in their name, 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.*
- 37.1.7. *To submit the number and details of clients who have availed their investment advisory services and to submit details of fees collected from each such client, immediately but not later than 5 working days from the date of receipt of this order.*

37.2. *If Vinayak Tradelink or its Proprietor, Mr. Vivek Mahendragiri Ramdati, have any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of this Order or at the expiry of such contracts, whichever is earlier. Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this Order.*

37.3. *Punjab National Bank, where Vinayak Tradelink is holding bank account with number 4637002100003176, is directed not to allow any debits/ withdrawals from and not to allow any credits to the said account, without the permission of SEBI. Punjab National Bank are directed to ensure that all the above directions are strictly enforced.*

37.4. *The Depositories are directed to ensure, till further directions, that they neither permit any debits nor any credits in the demat accounts held by Mr. Vivek Mahendragiri Ramdati, either jointly or individually.*

37.5. *The Registrar and Transfer Agents are directed to ensure, till further directions, that they neither permit any transfer nor redemption of the securities including Mutual Fund units, held by (a) Vinayak Tradelink and (b) Mr. Vivek Mahendragiri Ramdati, either jointly or individually.*

38. This Order shall also be treated as a Show Cause Notice and Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, are show caused as to why their securities related activities should not be held as "Investment Advisory Services" in terms of the IA Regulations and thereby the activity of Vinayak Tradelink be treated as unregistered activity under the SEBI Act and relevant Regulations. Vinayak

Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, are also show caused as to why the various representations made/ services offered by them in securities market may not be treated as a fraudulent practice/ act/ conduct, in terms of the PFUTP Regulations.

39. Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, are also show caused as to why appropriate directions, under Sections 11, 11(4), 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, including directions for prohibition on them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and directions not to be associated for a particular period with any registered intermediary/ listed company and any public company which intends to raise money from the public in the securities market, in any manner whatsoever, should not be issued against them.
40. SEBI, after ascertaining the quantum of fee collected in the bank accounts of Vinayak Tradelink for refund, shall issue additional Show Cause Notice directing to show cause why the amount collected by Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, as fee for investment advisory services, should not be refunded to the investors/ clients/ subscribers.
41. The *prima facie*, observations contained in this Order are made on the basis of the material available on record. In this context, Vinayak and its Proprietor, Mr. Vivek Mahendragiri Ramdati, may, within 21 days from the date of service of this Order, file reply, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.
42. The above directions shall take effect immediately and shall be in force until further orders.

43. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the aforementioned entity and its Proprietor in accordance with law.

44. A copy of the order shall be served upon Vinayak Tradelink and its Proprietor, Mr. Vivek Mahendragiri Ramdati, Punjab National Bank, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

Sd/-

Date: December 16, 2020

MADHABI PURI BUCH

Place: Mumbai

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA