

ORDER

UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF M/S TRADEBIZZ RESEARCH (PROPRIETOR, MR. SANTOSH SINGH PARIHAR)

In respect of:

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

1. The present proceedings is emanating from an *ex-parte ad interim* order dated August 22, 2019 (hereinafter referred to as "**the interim order**") issued by Securities and Exchange Board of India ("**SEBI**"), against Tradebizz Research and its proprietor Mr. Santosh Singh Parihar, (hereinafter referred to as "**Noticee**"), registered as an Investment Adviser (hereinafter referred to as "**IA**"), under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations**"), vide Registration no. INA000004096, with effect from February 04, 2016.
 2. The said *interim* order was issued on the basis of an examination report and inspection into the affairs of the *Noticee* conducted by SEBI for the period of April 01, 2016 to September 30, 2017. Based on the said inspection of the business of the *Noticee*, the *interim* order records various *prima facie* findings which are briefly stated as under:
 - i. The *Noticee* has offered assured/guaranteed returns to its clients;
 - ii. The *Noticee* has not acted in a fair and transparent manner, while dealing with its clients and has sold multiple service packages to its clients and has charged unreasonable fee;
 - iii. The *Noticee* has sold service packages/products without exercising due care and without ensuring suitability of those packages/products for its clients; which were not in accordance with their respective risk profiles;
 - iv. The *Noticee* has not resolved the grievance of its clients within the prescribed timelines;
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- v. The *Noticee* has executed trades on behalf of its clients without their knowledge or consent;
 - vi. The *Noticee* has forced his clients to sign documents for withdrawing complaints;
 - vii. The *Noticee* has not complied with the instructions of SEBI issued pursuant to the inspection; and
 - viii. The *Noticee* has not co-operated in providing information to SEBI for the purpose of examination of its affairs.
3. By virtue of aforesaid acts and omissions, the *Noticee* has *prima facie* acted in violation of the following provisions:
- i. regulation 2 (1) (c), 4 (1) and 4 (2) (k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”);
 - ii. regulation 15 (1), 15 (12), 17(a) and 17(b) of IA Regulations and the Clauses 1, 2, 4, 5 and 6 of Code of Conduct as specified in Schedule III read with regulation 15 (9) of IA Regulations
4. In view of the aforesaid *prima facie* findings about the business conduct of the *Noticee* which violated the aforementioned provisions of securities laws, the said *interim* order was issued to the *Noticee* with the following directions:
- i. The *Noticee* has been restrained from buying, selling or dealing in the securities market or associating themselves with securities market, in any manner till further directions;
 - ii. The *Noticee* has been directed to cease and desist from undertaking any activity in the securities market including the activity of acting and representing through any media as an IA;
 - iii. The *Noticee* has been directed not to dispose of or alienate any of its assets including the money lying in his bank accounts.
5. The *interim* order also called upon the *Noticee* to show cause as to why appropriate directions including directions prohibiting him from buying, selling or otherwise dealing in securities market for a particular period and directions for refund of the amount collected from the clients, shall not be passed against him.

6. The copy of the *interim* order was served on the *Noticee* on the day of passing of the said order itself, i.e., August 22, 2019. The *Noticee*, vide its letter dated September 09, 2019, has requested for the inspection of the documents, which was granted to him on October 16, 2019. Subsequently, vide its letter dated October 17, 2019, the *Noticee* sought copies of various other documents viz., copy of SEBI's examination report/investigation report; copy of inspection report dated July 16, 2018; and copy of statement of any person recorded in the course of present proceedings. In response thereto, vide letter dated October 24, 2019, copies of the relevant desired documents have been furnished to the *Noticee*.
7. The *Noticee* vide his letter dated September 09, 2019, has made certain submissions in his defence and further vide his letter dated October 06, 2020, the *Noticee* has furnished certain information and few documents in support of his submissions so made. In compliance of the principles of natural justice, a personal hearing was granted to the *Noticee* on December 22, 2020, wherein the *Noticee* and the Authorised Representative of the *Noticee* made appearance before me through video conferencing. During the hearing, certain queries were posed to the *Noticee*, which were also communicated in writing vide email dated December 23, 2020 and followed up by a reminder email dated January 11, 2021. The submissions made by the *Noticee* are summarised herein below:
 - i. The *interim* order has been passed without providing an opportunity of being heard and it has led to violation of principles of natural justice. Various judgments have been relied upon to buttress the said submissions, like: *Painter Vs. Liverpool Oil Gas Light Co.* [(1836) 3 A & E 433]; *A. R. Antulay Vs. R.S. Nayak* [(1988) 2 SCC 602]; *Canara Bank and Ors. Vs. Debasis Das and Ors.* [Appeal (Civil) 7539 of 1999]; *Sterlite Industries (India) Limited Vs. SEBI* [(2001) 34 SCL 485 (SAT)].
 - ii. If services of investment advisory are not allowed to be provided to the ongoing clients, they will shift to some other IA and the business of the *Noticee* will completely stop.
 - iii. The directions of restraining from providing the services to the clients is *ultra vires* to the Article 19 (1) (g) of the Constitution of India.
 - iv. As the *Noticee* is a registered intermediary under the IA Regulations, the direction for restraining him ought to have been passed in compliance with the due process laid down under the SEBI (Intermediaries) Regulations, 2008 and not by an *interim* order.

- v. The direction for restraining the *Noticee* from alienating his assets is against the Section 11 (4) (e) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**the SEBI Act**"). A permission from Judicial Magistrate First Class should have been taken before issuance of such directions.
 - vi. No complaint except one from any of the investors of the *Noticee* is pending. The said pending complaint was not resolved as the *Noticee* was restrained from accessing his bank accounts or to provide service of investment advisory to the said client/complainant.
8. I have perused the findings recorded in the *interim* order, the submissions advanced on behalf of the *Noticee* and the other materials available on record. In my view, the limited issue that needs to be adjudged in the present proceedings is whether the *Noticee*, while acting as an Investment Adviser, has violated the provisions of securities law as alleged vide the *interim* order?
9. Before advertng to the factual conspectus of the case, I note that the *Noticee* has been alleged to have violated various provisions of the PFUTP Regulations and the IA Regulations. Therefore, it becomes imperative to first have a look on the said provisions, which are reproduced hereunder for ready reference:

PFUTP Regulations

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

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

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

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

...

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

...

And “fraudulent” shall be construed accordingly;

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

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

IA Regulations

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

...

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

Code of Conduct

1. Honesty and fairness

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

2. Diligence

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

4. Information about clients

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

5. Information to its clients

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

6. Fair and reasonable charges

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

17. Investment adviser shall ensure that,-

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- (a) *All investments on which investment advice is provided is appropriate to the risk profile of the client;*
- (b) *It has a documented process for selecting investments based on client's investment objectives and financial situation;*

10. I observe that though the *interim* order makes various insinuations against the *Noticee* which are in fact arising out of the specific complaints of the investors who had availed the services against consideration paid to the *Noticee*, however, the *Noticee*, through its submissions in the present proceedings, has summarily brushed aside those allegations/findings by claiming that all complaints of the investors (except one) have been resolved by him. It is noted that the *Noticee* is not only facing allegation of non-compliance with provisions of IA Regulations, but is also confronted with the violation of the provisions of PFUTP Regulations. Having gone through the written as well as oral submissions advanced by the *Noticee*, it is noted that the submissions majorly revolve around two grounds: one, there has been violation of principles of natural justice and two, the *interim* order is in contravention of Article of 19 (1) (g) of Constitution of India. I shall now discuss the said contentions of the *Noticee* as raised in the present proceedings.

11. I note that the *Noticee* has made a submission that he was not even asked for any explanation nor any opportunity of personal hearing was afforded to him before passing the above mentioned *interim* order and the same has been termed to be in violation of principles of natural justice. In this connection, it is noted that the power to issue *interim* directions flows from Section 11 (4) of the SEBI Act, 1992. A plain reading of the said section indicates that either pending investigation or inquiry, SEBI may take various actions as listed out under the said Section, which include the following:

(b) *restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;*

.....

(f) *direct any intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of any transaction which is under investigation*

12. In the present case, I note that the *interim* order has been passed based on the *prima facie* analysis of the evidence/information as gathered during the examination/inquiry conducted into the affairs of the *Noticee*. The *interim* order *prima facie* records that the conduct of the *Noticee* is

prejudicial and therefore, its continuation would not be in the interest of the investors and the securities market. The analysis of the complaints received from the clients of the *Noticee* and other circumstances which necessitated the requirement of issuance of those directions through the *interim* order, have already been elaborated in the said *interim* order itself. It is noted that, on merits, the *Noticee* has not been able to factually dispute any of the said factual findings so as to make out a case that the *interim* directions were not warranted. Further, as stated above, the *interim* order has also been issued as a show cause notice and the opportunity of a post decisional hearing has also been accorded to the *Noticee*. Therefore, it is observed that in terms of the extant regulatory framework governing the present case, a post-decisional hearing is a sufficient compliance with the principles of natural justice. I note that the legal jurisprudence on the issue of compliance of principles of natural justice by affording a post-decisional hearing may be culled out from various judgments of courts, few of which relevant for the purpose of the present proceedings, are quoted herein below:

- i. It is worthwhile to quote the observations of Hon'ble Supreme Court made in the matter of *Liberty Oil Mills & Others Vs. Union of India & Other* (1984) 3 SCC 465: "*It may not even be necessary in some situations to issue such notices but it would be sufficient but obligatory to consider any representation that may be made by the aggrieved person and that would satisfy the requirements of procedural fairness and natural justice. There can be no tape-measure of the extent of natural justice. It may and indeed it must vary from statute to statute, situation to situation and case to case. Again, it is necessary to say that pre-decisional natural justice is not usually contemplated when the decisions taken are of an interim nature pending investigation or enquiry. Ad-interim orders may always be made ex-parte and such orders may themselves provide for an opportunity to the aggrieved party to be heard at a later stage. Even if the interim orders do not make provision for such an opportunity, an aggrieved party have, nevertheless, always the right to make appropriate representation seeking a review of the order and asking the authority to rescind or modify the order. The principles of natural justice would be satisfied if the aggrieved party is given an opportunity at the request. "*
- ii. In the matter of *Anand Rathbi & Others Vs. SEBI* [2002 (2) BomCR 403], Hon'ble Bombay High Court ruled that post decisional hearing would also show compliance of principles of natural justice. The exact observations of the Hon'ble High Court are: "...31. *It is thus clearly seen that pre decisional natural justice is not always necessary when ad-interim orders are made pending investigation or enquiry, unless so provided by the statute and rules of natural justice would be satisfied if the affected party is given post decisional hearing. It is not that*

natural justice is not attracted when the orders of suspension or like orders of interim nature are made. The distinction is that it is not always necessary to grant prior opportunity of hearing when ad-interim orders are made and principles of natural justice will be satisfied if post decisional hearing is given if demanded....”

- iii. The Hon’ble High Court of Judicature for Rajasthan at Jaipur also had an occasion to deal with the issue of post-decisional hearing in the matter of *M/s. Avon Realcon Pvt. Ltd. & Ors Vs. Union of India & Ors* (D.B. Civil WP No. 5135/2010 Raj HC). In the said matter, Hon’ble High Court have observed as:

“...Perusal of the provisions of Sections 11(4) & 11(B) shows that the Board is given powers to take few measures either pending investigation or enquiry or on its completion. The Second Proviso to Section 11, however, makes it clear that either before or after passing of the orders, intermediaries or persons concerned would be given opportunity of hearing. In the light of aforesaid, it cannot be said that there is absolute elimination of the principles of natural justice. ... The fact, however, remains as to whether post-decisional hearing can be a substitute for pre-decisional hearing. It is a settled law that unless a statutory provision either specifically or by necessary implication excludes the application of principles of natural justice, the requirement of giving reasonable opportunity exists before an order is made. The case herein is that by statutory provision, principles of natural justice are adhered to after orders are passed. This is to achieve the object of SEBI Act.”

13. Thus, in light of the aforesaid judgments and the fact that a post-decisional hearing has been duly accorded to the *Noticee* in terms of second proviso Section 11 (4), which reads as: “*Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned.*”; I am of the firm view that the principles of natural justice have sufficiently been complied with in the present case. The grievance/objection of the *Noticee* is thus rejected as the same is devoid of any merit and not tenable under the extant provisions of law cited above.
14. The *Noticee* has also raised objection on the powers of SEBI directing the *Noticee* not to dispose of or alienate his assets. It has been contended by the *Noticee* that the direction is without any jurisdiction as the same has not been approved by an order of the Judicial Magistrate First Class. Having gone through the contention of the *Noticee*, I find that the same is wholly misplaced; Section 11 (4) (f) of SEBI Act, 1992 in clear and unequivocal terms empowers SEBI to issue such direction against any intermediary or person associated with securities market

and issuance of such direction is not subjected to approval by the Judicial Magistrate First Class. The *Noticee* should note that the said direction has been issued while exercising powers under Section 11(4) (f) of SEBI Act, 1992 and not while exercising powers under Section 11(4) (e) of SEBI Act, 1992. The approval of the Judicial Magistrate First Class is required in case of an attachment of bank accounts of any intermediary or person associated with securities market. From the perusal of the directions issued under the *interim* order, it is evident that same has been issued in exercise of power under Section 11 (4) (f) of SEBI Act, 1992 hence, the contention of the *Noticee* is entirely misplaced and not tenable.

15. It is noted that the *Noticee* has also challenged the restraint imposed on its business activity as an investment adviser by terming such restraint to be ultra vires to the Article 19 (1) (g) of the Constitution of India. In this connection, I note that Article 19 (1) (g) confers a fundamental right on every citizen of India to practice any profession or to carry on any occupation, trade or business. However, simultaneously, Article 19 (6) envisages imposition of reasonable restrictions on such a right, in the interest of general public. In this context, I find it apt to seek guidance from the Hon'ble High Court of Judicature for Rajasthan at Jaipur, passed in the matter of *M/S Punit Mercantile Pvt Ltd. Vs. Union of India and others* (29 October, 2010). In the said matter, Hon'ble High Court while appreciating the whole scheme of SEBI Act, 1992, have *inter alia* observed as: “...Perusal of aforesaid paras shows that the SEBI Act is pre-eminently a social welfare legislation seeking to protect the interests of common men who are small investors. A restrained order for some period from accessing the security market and prohibiting buying, selling and dealing in security was not held to be a penalty. Looking to the object of the SEBI Act, provisions of Sections 11(4) & 11(B) of the SEBI Act imposes a reasonable restriction in conformity to Clause (6) of Article 19 of the Constitution of India. This is in the larger interest of the investors and to achieve the objects of SEBI Act. In the light of aforesaid, we do not find that provisions of Sections 11(4) & 11(B) of the SEBI Act are violative of Article 19(1)(g) of the Constitution of India. Accordingly, challenge to the constitutional validity of the aforesaid provisions is not accepted. Thus, the provisions are held to be intra-vires...”
16. Though the aforesaid observations of the Hon'ble High Court are not directly dwelling on the business activity of any registered intermediary like an IA in the present case, however, the same may be extended to the facts of the present case, as Section 11 (2) (b) of SEBI Act, 1992 provides that SEBI may take any measure as it thinks fit in order to regulate the working of investment advisers. Further, Section 11 (2) (e) of SEBI Act, 1992, provides for initiation of actions for prohibiting fraudulent and unfair trade practices relating to securities market. In

view of the above discussion, I observe that the argument of *interim* order being violative of Article 19 (1) (g) is also not tenable and is therefore rejected.

17. After addressing the aforesaid technical objections raised by the *Noticee*, I shall now move on to evaluate the factual conspectus of the case and for the said purpose, the business model of the *Noticee* needs to be examined first. From the material available on record, the following details with respect to the operations of the *Noticee* are noted:

- i.* The *Noticee* was offering numerous advisory products to its clients viz., Stock Cash, Stock/Nifty futures, Stock/Nifty Option, Commodity Market (MCX/NCDEX), etc.
- ii.* Based on the period of subscription of services (monthly, quarterly etc.), the fee for such products was in the range of INR 7000/- to INR 2,84,000/-. The *Noticee* had, till June 12, 2019, received a total fee of INR 13,54,37,734/-.
- iii.* Based on the information available on the website of the *Noticee*, it appears that the clients have been given tips through SMS/calls, and such tips were based on technical analysis.

18. SEBI has received numerous complaints against the *Noticee* and those complaints were backed with various evidences like emails, documents received from the *Noticee*, whatsapp conversation, recordings of the telephonic calls between the employees of the *Noticee* and investors/complainants. In this regard, I note that the *interim* order mentions under para 43 that the records of telephonic conversations have not been relied upon for arriving at the *prima facie* findings against the *Noticee*, however, the said details have been duly furnished to the *Noticee* so as to avoid creation of any prejudice and further to provide the *Noticee* with sufficient materials to enable it to defend effectively, the allegations made against it under the *interim* order cum show cause notice. I have no hesitation in considering all the materials available before me including the call records, for effective and meaningful disposal of the instant proceedings. I note that the *Noticee* has been given adequate opportunities to rebut/clarify the imputations made based on the said call recordings as well (apart from other allegations made in the SCN), however I find that the *Noticee* has preferred to assail the findings recorded in the *interim* order majorly on the technical grounds and has not made argument sufficient to make a case for exoneration from the charges levelled in the *interim* order.

19. I note that the first charge on the *Noticee* is that while rendering advisory services to its clients, the *Noticee* has promised an assured and unrealistic returns from the investments, in case the

investment is made based on the advice/tips, to be provided as a part of service packages of the *Noticee*. In this respect, the *interim* order has mentioned in detail, the relevant extracts of the communications exchanged between the employees of the *Notices* with its clients, perusal of the which exposes that the employees of the *Noticee* have “assured” huge returns to its clients in order to persuade such clients to pay a large amount as a service fee. For illustration, communications exchanged with respect to the two investors/clients, whose whatsapp chats have been referred to in the *interim* order are examined here under:

Table no. 1

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

20. From the extract of the whatsapp chats exchanged between the employee of the *Noticee* namely Ms. Richa and its client Mr. Girish Sharma, it is evident that the employee of the *Noticee* was promising the client an assured profit of INR 2.70 Lakh, and for the same, the *Noticee* would be charging a fee of INR 1.20 Lakh. It is further evident that the *Noticee* through its employee (Mr. Pratap Singh) promises through whatsapp chat to Mr. Pramod Patel that Mr. Patel would be getting an assured return of 1217% p.a. on an investment of INR 2.00 Lakh and to ensure such hefty return on the investment, the *Noticee* would be charging INR 91,000 as service fee. Such misleading and fraudulent conduct of the *Noticee* further get exposed on perusal of materials which reveal that the *Noticee* was selling the STS Service Package/product to Mr. Pramod Patel, having tenure of 45 days, whereas the documents filed by the *Noticee* in response to the allegations made in the *interim* order show that the duration of the STS Service Package was for only 30 days. It is thus noted that the *interim* order cast serious charges on the *Noticee* for indulging in fraudulent act while rendering the services as an IA but the *Noticee* has made a bald denial of having made any such assurance. The conduct of the *Noticee* constrains me to observe that the *Noticee* has willingly and knowingly indulged in such acts of enticing the clients with assured returns which has influenced the decisions of its clients, who are investors in the securities market.
21. An investment adviser is a person or group of persons that conducts securities analysis and makes investment recommendations to the clients for which, they are entitled to charge a reasonable fee against the services so agreed to be rendered to the clients. The IA Regulations

through its Code of Conduct expect that IA to act honestly, fairly and in the best interests of its clients and at the same time cast a duty on the IA, not only to act in the best interest of its clients but also to ensure that its acts are intended to ensure the integrity of securities market. While performing or rendering its services as an IA, it is required that the registered entity shall act diligently with due skill, care and, ensuring that its advice is offered after thorough analysis of the risk profile and risk appetite of its client, the financial strength of the clients, their investible earnings and the suitability of various investment products after taking into account available alternatives. The Regulations further cast duty on such registered intermediaries that while rendering services of an IA, they will have to seek from their clients, information about their financial situation, investment experience and investment objectives relevant to the services to be provided and shall make adequate disclosures of relevant material information pertaining the advice rendered while dealing with their clients.

22. Whereas, in the instant matter, contrary to the duty cast upon on IA through rules and regulations, as discussed above, I find that the *Noticee* has not indulged in any acts which can be said to be in the interest of investors and rather by indulging in various fraudulent acts that have been already highlighted in the foregoing paragraphs, so as to entice various clients to seek advice from him, has in fact attempted at jeopardising the integrity of securities market. The *Noticee* is found to have been promising to its clients' astronomical returns about which the *interim* order makes categorical recording as a serious allegation, however, based on the mere denial on the part of the *Noticee* which is not supported by any strong argument/evidence, one has to conclude that the *Noticee* has silently accepted the said allegation. The reply of the *Noticee* is absolutely oblivious to this allegation and no explanation has been offered justifying the basis on which he was making such promises to its clients. It is observed that the *Noticee* has also attempted to take a defence that the whatsapp chats are done by employee and the communication by the *Noticee* have bene done by emails only, however, no records of such emails have been produced. Be that as it may be, the *Noticee* has not been able to dilute the allegation pertaining to an offer a promising return of 1217% on investment to one if its client.
23. It is further noted that the *Noticee* through its whatsapp chat has communicated to its clients that the tenure of STS Service Package was for a period of 45 days, whereas from the documents filed by the *Noticee* in response to the *interim* order, it is seen that the services for the said package was for a period of 30 days. In this respect, it is further noted that the *Noticee* is again silent and has offered no explanation as to why the document defines the tenure of the package as 30 days whereas the whatsapp chat promises clients that the tenure against the

payment of INR 91,000/- for the above mentioned package was for 45 days. From the above, it is further evident that the *Noticee* has not only failed in observing due care and fairness in its conduct, but also at the same time has indulged in fraudulent and misleading acts knowingly to induce investors to trade in securities market under the temptation of earning unexpected return on their investment, as advised by the *Noticee*.

24. As noted earlier, the Code of Conduct prescribes that the registered IA shall ensure that all the investments on which investment advice is rendered should be appropriate to the risk profile of respective client. The IA shall further follow a well-defined process for selecting investments, which should be based on client's investment objectives and financial situation. However, in the instant proceedings, it has been observed that the *Noticee* has completely ignored the above process while recommending investment to its clients. The *Noticee* has not submitted any documents to substantiate its process and conduct while advising clients to invest in securities market. The record shows that the client, Mr. Pramod Patel had intended to invest only INR 1-2 Lakh, as per his risk profile, whereas the *Noticee* has through its misleading and fraudulent acts, tried to induce Mr. Patel to have exposure contrary to his risk appetite. It is well established that investments in financial products are always subject to various factors inherently attached to such product. The *Noticee* has not brought before me any such analysis having been done by it justifying its offering of promises so made while rendering advises to its clients. It is further seen from the relevant extracts of whatsapp communications exchanged with Mr. Pramod Patil, as quoted on pages 4-7 of the *interim* order, that the employees of the *Noticee* have assured "recovery" of service fee of INR 30,000/- in 2-3 trading sessions. Similarly, in another case, the employees of the *Noticee* have been seen assuring the client that for an investment of INR 2.00 Lakh and payment of INR 32950/- as service fee to be paid in two instalments in a gap of 15-20 days, the client can make 3 times of the said service fee, in only 15-20 days itself. A quick calculation of the said assertions made by the employee of the *Noticee* would sufficiently suggest that an exorbitant return of 902% per annum was being offered by making such assurances to the clients. Further, while communicating with another investor namely Mr. Niraj Singh, the employee of the *Noticee* is found to have been assuring 100% return on investment of INR 20,000 in a single day which roughly translates to an annualized return of 365000%.
25. In view of the aforesaid discussions emerging out of the communications by the employees of the *Noticee* with the clients of the *Noticee*, it can be said with conviction that promises of spectacular returns running into multiple times of the principal amount have been committed

by such employees of the *Noticee* to the investors. Admittedly, all the investments in any kind of financial product are always subject to various risk factors, which vary from product to product. In fixed income products also, the investments are subject to the credit risk whereas in equity based product, though theoretically, the upward returns can be limitless, however, promising return of 100% in a single day only, is not only unrealistic and whimsical but also exposes the fact that by assuring such high returns, the *Noticee* has created a ruse so as to induce the gullible investors for investment in securities market.

26. It is inherent that a person rendering advisory services is entitled to charge consideration for the services so agreed to be rendered. In terms of Clause 6 of the Code of Conduct of the IA Regulations, an investment adviser is also eligible to charge fair and reasonable fee from its clients for rendering advisory services. From the record, it is observed that the *Noticee* after obtaining registration from SEBI, has kept aside all factors of pivotal importance that deserved to be taken into account like experience of the investors in the securities, risk tolerance, objective of investment, and has acted with the sole aim of making profits, for which he has constantly kept inducing the clients to deal in securities under the guise of promising huge sums of unrealistic returns on investment. While making such claims, scant regard towards experience of investor or their risk bearing capacity has been given by the *Noticee*. Thus, by acting in such a deceitful manner, the *Noticee* has concealed the material risk involved in such investments and has not acted in a fiduciary capacity as expected of him while advising to its clients. The said acts of promising unreasonable return and conspicuous omissions on part of the *Noticee* in providing true and fair picture about the proposed investments to its client so as to enable them to take an informed decision, are in gross violation of Regulation 15 (1) of the IA Regulations and Clauses 1 and 2 of the Code of Conduct for IA, as directed to be followed by virtue of regulation 15 (9) of the IA Regulations. I further observe repeated transgression on part of the *Noticee* where, he is found to have indulged in promising assured and guaranteed return to its client and charging unreasonable fee for such service, are sufficient to hold that such fraudulent conduct of the *Noticee* is in violation of Regulation 4 (1) and 4 (2) (k) read with the definition of fraud provided under Regulation 2 (1) (c) (1), (2) and (8) of PFUTP Regulations.
27. I further note from the *interim* order that the *Noticee*, while acting as a registered investment adviser has not acted fairly with its clients on numerous instances. It has been observed that not only unreasonable fee has been charged from the investors, but also the same clients have been sold multiple packages of services by the *Noticee*. The said allegation is fortified by the

following details as enumerated in the *interim* order, where more than one package or sometimes the same product during the currency of the earlier package, was noticed to have been sold to the same client to elicit large amounts of money from investors. Details of some of such instances as provided herein below:

Table no. 2

Sr. no	Name	Period of Invoicing	No. of products/packages sold	Amount of fees collected (in INR)
1.	Gaurav Kumar	November 15, 2018 to December 14, 2018	3	88,000/-
2.	Girish Sharma	May 10, 2017 to May 17, 2017	3	1,20,000/-
3.	Sumit Das	August 29, 2016 to October 17, 2016	4	6,56,950/-
4.	Shivaji Kakade	August 01, 2018 to August 29, 2018	3	96,180/-
5.	Francis Raja	May 09, 2018 to June 23, 2018	3	1,16,500/-

28. From the above, it is noted that a single individual has been sold multiple products within the range of a few days. A further evaluation of the details of the said transactions goes on to reflect that in a span of 7 days (May 10, 2017 to May 17, 2017), a total fee of INR 1.20 Lakh has been received from an investor namely Mr. Girish Kumar Sharma. The said sum of INR 1.20 Lakh is seen to have been paid for 3 unique service packages of the *Noticee* and surprisingly enough, even during the currency of the first service package, the same package is sold again to the same client, as can be seen from the following details, based on which the *interim* order has alleged that the *Noticee* has indulged in unfair and fraudulent acts by repeatedly selling the same service packages to its client Mr. Girish Kumar Sharma:

Table no. 3

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

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29. From the details as stated in the above table, it is evident that on May 10, 2017, the *Noticee* has sold a package termed as 'Future Basic Service' and charge a fee of INR 4000/- from Mr. Girish Kumar Sharma, which has a tenure of 15 days. The *Noticee* has again sold the same package to Mr. Girish twice on May 11, 2017 and charged a fee of INR 5000 and INR 6000 respectively. Thus, the *Noticee* has admittedly sold the same product to Mr. Girish twice again during the subsistence of tenure of the same package sold on May 10, 2017. Cumulatively, INR 1.20 Lakh has been received by the *Noticee* from a single client in a short span of 7 days, by purportedly selling same products or multiple products, having overlapping durations. In this respect, it is further observed that no explanation has been offered by the *Noticee* providing reasoning of any nature justifying charging of fee differently or selling the same service product to a client even during the validity of the tenure of the product, already sold. The *interim* order has further noted similar acts on the part of the *Noticee* where it has issued invoices to Mr. Shivaji Kakade, which are reproduced herein below.

Table no. 4

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

30. From the above, it is further evident that the *Noticee* has sold 5 packages to Mr. Shivaji Kakade involving 3 unique products (Cash basic; Cash premium and Cash Sparkle) and out of the said transactions, Cash Sparkle has been sold thrice even during the validity of the tenure of the said product sold on August 23, 2018. It is also noted that even for same duration of 15 days, different amounts of INR 30,000 and INR 35,000 have been charged on August 23, 2018 and August 25, 2018, respectively, by the *Noticee*.

31. It is further noted from the allegations made in the *interim* order that, the *Noticee* is seen to have charged different amounts from the same customer and for the same service package. On August 29, 2016, the *Noticee* has charged INR 7,000 from one Mr. Sumit Das for a Cash Service package for 1 month. However, on the very next day, INR 20,000/- have been charged for the

same product and for same duration. Again on October 17, 2016, the same product has been once again sold for 3 months for a consideration of INR 1,16,950/-.

32. I note that the wrongdoing on the part of the *Noticee* is not limited to selling of multiple products alone. It is noted from the *interim* order that the *Noticee* used to charge additional fee from its clients under different pretexts like: (a) transfer of file of the client from one employee to another employee of the *Noticee*; (b) portfolio transfers; (c) additional amount for issuance of refunds of amounts of fees paid by the client; (d) temporary loans etc.
33. To illustrate few of the aforesaid aspects, I note that the *Noticee*, vide its email dated December 08, 2016 addressed to one of its clients namely Ms. Uma S., had demanded INR 15,000 to transfer her profile to 'Senior Research Department'. In another instance, an investor paid INR 7,000/- four times (total INR 28,000/-) due to technical error. When the said investor requested the *Noticee* to refund the excess amount of INR 21,000/-; the *Noticee*, by citing a Refund Policy demanded INR 93,000/- in order to refund the said excess amount of INR 21,000/-. Another client, Mr. Sumit Das, has stated that an amount of INR 1,16,950/- has been recovered by the *Noticee* in the name of Govt. Taxes and subsequently, an invoice mentioning "Cash Service" for 3 months has been issued by the *Noticee*.
34. In the light of the aforesaid details and in absence of any acceptable response from the *Noticee* disputing the allegations made against it, I am constrained to find that the conduct of the *Noticee* as culled out from the repeated transactions entered into by him is unbecoming of a registered intermediary, wherein the same product is found to have been sold over and over again to an investor and during the currency/subsistence of validity of an earlier product, another/same product is found to have been shrewdly sold for which even no consistencies have been observed in charging fee towards rendering the same advisory services to the same client. Therefore, it is established that the *Noticee* has intentionally indulged in acts with the sole motive to charge/extract more and more fees from the investors, disproportionate and in excess of the product/services rendered by him. Failure on the part of the *Noticee* in furnishing explanation justifying the sale of such service package coupled with facts of charging different fees for the same advisory service, further establishes that the acts of the *Noticee* have not been in adherence to the rules and regulations provided under the IA Regulations and the *Noticee* has acted in flagrant violation of the applicable regulatory norms and directions governing the acts of an investment advisor.

35. The foregoing discussion clearly establish that the *Noticee* has not disclosed in a fair and transparent manner to its clients, the rationale behind the fees charged by him from the clients. The *Noticee* has rather indulged in activities of charging fees under various additional heads, which apparently do not seem to be connected to the service of an investment adviser. Further, apart from demanding unwarranted charges, such as fees for file transfer etc., as pointed out above, the *Noticee* is also found to have indulged in threatening his clients to stop the ongoing services and has also declined to refund the excess amounts. In terms of the extant framework governing the investment advisers, the *Noticee* ought to have been fair, honest and have exercised due diligence and care while dealing with its clients. Further, the statement pertaining to “Refund Policy” where an investor has been asked to pay more money to get back a refund of earlier amount, is nothing but a mischievous ploy to extort more money from such hapless investors which is certainly in violation of Clause 1 of the Code of Conduct laid down in the IA Regulations. The above said acts are sufficient to conclude that the *Noticee* has not acted fairly and honestly to protect the interest of the investors and to secure the integrity of securities market, and instead has engaged in all possible exploitative behaviour towards his clients.
36. I find that the *Noticee* being a registered IA was under a bounden obligation to provide the investment advice, suitable to the needs of each of his clients. However, from the events recorded in the *interim* order, a few of which have been quoted and discussed above, it emerges that the *Noticee* has failed in exercising due care or diligence while dealing with its clients and is found to have not only promised assured and guaranteed return to its clients but also has charged unreasonable fees from its clients under various heads. It is noted from the whatsapp chats extracted on pages 14-15 of the interim order, that when the clients of the *Noticee* made complaints regarding the losses suffered by them, the *Noticee* did not even respond to the requests of such clients, who wanted to lodge their grievance with the *Noticee*.
37. I have already noted above that the *Noticee* has not disputed the aforesaid findings and allegations except for claiming that all the complaints filed against the *Noticee* except two, have been resolved. In this context, I observe that resolution of such complaints is/was a statutory duty of the *Noticee* since the clients have engaged the *Noticee* as their investment adviser based on the registration granted to him by SEBI. Without prejudice to the same, I note from the *interim* order that the information taken from SCORES during the relevant time had indicated that for 5 different complaints, the *Noticee* had not even filed the required Action Taken Report (ATR) within the stipulated timeline of 30 days, as has been prescribed by the SEBI’s Circular

CIR/OIAE/2014 dated December 18, 2014. The *interim* order further records that till the date of passing of the said *interim* order, there were as many as 14 complaints pending against the *Noticee*, and out of the said complaints, 7 complaints were pending for more than 30 days' period. Therefore, the said omission on the part of the *Noticee* in resolving the grievance of its investors within the statutory timeframe is found to be gross non-compliance of aforesaid Circular no. CIR/OIAE/2014 dated December 18, 2014.

38. In view of the foregoing, I observe that irrespective of the claim of the *Noticee* that almost all the complaints of the investors have been resolved, the facts remain that the *Noticee* had indeed indulged in such practices which by any stretch of arguments, cannot be termed as dealing in fair and transparent manner. The established facts pertaining to the *Noticee's* misconduct that have been noted above relating to dealing of the *Noticee* with its clients, make it abundantly clear that acts of the *Noticee* have been in gross violation of regulation 15 (1) of the IA Regulations. The *Noticee* has grievously failed in acting diligently its part in fiduciary capacity and has deliberately acted in violation of Clauses 5 and 6 of the Code of Conduct, and also has failed to make adequate disclosures of material information while extorting those unfair & unreasonable fees from his clients.
39. The next leg of allegation against the *Noticee* pertains to the issue of risk profiling. It is noted that the Regulation 16 of IA Regulations prescribes *inter alia*, the details required to be considered for the purposes of risk profiling. The risk profile of the client, as assessed by the IA needs to be communicated to respective clients. Further, the regulation 17 envisages that the investment advice should be appropriate to the risk profile of the client and an IA should have a documented process for selecting investment based on the investment objectives of the client as well as his financial situation. The regulation also provides that the IA should have a reasonable basis to believe that the client is able to bear the risk related to the proposed investments, advised to him.
40. From the scheme of the aforesaid provisions governing the risk profiling of the investors, it is understood that the IA shall first conduct the risk profiling of the investor and subsequently thereon, the services of the IA shall be provided to such investor. In this regard, the *interim* order records an instance where, the *Noticee* has been seen first collecting the fee/selling the product to the client (during September 10-13, 2016), whereas the risk profile of the said client (Mr. Awadeesh Singh), was communicated to him vide email dated September 19, 2016. The above instance suggests that instead of first conducting the risk profiling and then selling the

product based such profile, the *Noticee* has acted to the contrary and to the regulation by indulging in selling the product first, followed by the risk profiling. It has been seen that after having received the payment/ service fee, the *Noticee* has sought KYC details of the client, followed by sending the risk profile through email. Such emails issued to the clients contain a statement that if the client does not revert back in three working days, then it will be assumed that the client understands the risk involved therein. In this connection, it is observed that the *Noticee* was under an obligation to pinpoint the key risk factors of the product that the *Noticee* proposes to sell to the client. However, instead of acting in a fair and transparent manner, it has been seen that the *Noticee* first sells the product and subsequently sends the risk profile, thereby putting up the client to a blanket notice for bearing the risk without any specific disclaimer or warning related to the inherent risk in the product so being sold. As the *Noticee* has been seen to have sold the product first without even analysing the information pertaining to investor, there could not be any possibility that such assessment would be appropriate for the investors. Therefore, the *Noticee* can be stated to have been doing empty formalities with respect to the conduct and issue of risk profiling which can hardly be held to be in due compliance with the applicable provisions, either in letter or in spirit.

41. In the present case, it is noted that the *Noticee* has divided the products being offered by him vis-à-vis the risk profile of the clients in the following manner:

Table no. 5

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

42. Based on the aforesaid bifurcation of the products, one can say that the *Noticee* will not offer any of its product or service to an investor who would be classified into a Low Risk category client. However, as observed above, the *Noticee* was doing the risk profiling as merely a formality wherein the risk profiling has been found to be preceded by actual sale of products /packages. The said finding is further fortified from the fact that the *Noticee* has sold high risks products to its clients whose risk profiling did not qualify to be eligible and categorised for high risk product. For example, as per the risk profiling done for one Mr. Sumit Das, he fell into Low Risk Client category as the gross annual income as disclosed by the said investor was

INR 1-5 Lakh and he intended to invest less than INR 1 Lakh only. However, the *Noticee* vide its invoice dated August 31, 2016, has sold Cash and Future Services to the said Mr. Das, which as per the *Noticee's* own policy are meant for medium and high risk clients. It is strange that despite the clear declaration from the investor that he intends to invest less than INR 1 Lakh, the *Noticee* has not only endeavoured but was successful in selling him a packages for an astronomical service fee of INR 6.56 Lakh, which far surpasses the annual income of the said client.

43. The aforesaid conduct of the *Noticee* clearly shows that he has completely ignored the purpose of the risk profiling of clients and by doing the profiling as mere formalities, the *Noticee* has failed completely in exercising due care and diligence in providing services of advisory to his clients. As pointed out above, low risk clients have been sold higher risk products like Cash and Future and the whole exercise of risk profiling has been rendered meaningless indicating that the *Noticee* has acted brazenly in non-compliance with the regulations 15 (1), 17 (a), 17 (b) and Clauses 1, 2, 4 and 6 of Code of Conduct as specified in Schedule III read with Regulation 15 (9) of IA Regulations.
44. I note that the role of an investment adviser like the *Noticee* is limited to assessing the risk profile of the client and to provide investment advice which is coherent to the investment objective and the risk bearing capacity of such investors. Even after getting the advice from a registered investment adviser, the ultimate discretion to act on such advice or not, remains intact with the investor. In the present case, however, it is noted that the *Noticee* has crossed the line of the confining his role to only providing the investment advice. As noted from the *interim* order, the *Noticee* has obtained the log-in credentials of the trading accounts of its clients and has also executed trades in securities market. I also note that the *interim* order relies upon on the IP Location Sheets (copies served to the *Noticee* during the inspection of documents) of the numerous investors, showing evidently that the clients' accounts have been operated at the location of the *Noticee*. It is pertinent to mention here that the *Noticee* has not disputed this allegation made in the *interim* order. The *interim* order has alleged and recorded instances of such transgressions for as many as three clients, relevant details of which are tabulated herein below:

Table no. 6

Sr. No.	Name of the investor	Location of the investor	IP details
1.	Mr. Girish Sharma	Kota (Rajasthaan)	Indore (Madhya Pradesh)
2.	Ms. Sarika Chavan	Aurangabad (Maharashtra)	Indore (Madhya Pradesh)
3.	Mr. Nishikanta Sahoo	Gobara (Orissa)	Indore (Madhya Pradesh)

45. It is noted that the aforesaid three investors in their respective complaints filed before SEBI have provided proof of having shared their trading account credentials through whatsapp communication to the employees of the *Noticee*. Further, in the accounts of all the three *Noticees*, it is seen that trades have been executed from Indore, a place the investors are not resident of, but a place where, the office of the *Noticee* is situated. As noted earlier, being an investment adviser, the *Noticee* ought to have restricted its operation in providing only advice to his clients, who are left with the discretion to deploy such advice or not. However, the aforesaid details go on to establish that the *Noticee* has been acting in complete disregard to the regulatory framework and has clearly acted in detriment to the interest of the investors of securities market. Such a glaring wrong doing on the part of the *Noticee* cannot be termed to be an act done in fiduciary capacity and is blatantly, in violation of regulation 15 (1) of the IA Regulations. Further, Clause 4 of the Code of Conduct provided under regulation 15 (9) of the IA Regulations provides that the IA shall obtain information from the clients which is relevant to the services to be provided. As noted above, that the *Noticee* through its employees has obtained the details pertaining to the trading accounts of his clients, which by no means can be said to be related to providing investment advice, hence, I find that the above acts of the *Noticee* are not at all in compliance with the aforesaid Clause 4 as provided under the Code of Conduct to the IA Regulations.
46. The next issue relevant to the present proceedings is of non-supply/incomplete supply of requisite information by the *Noticee* to SEBI. There cannot be two opinions that in order to provide a safe and regulated environment to the investors of securities market, furnishing of the information to SEBI by the intermediaries pertaining to their operations and their clientele as and when called for is crucial. In the present case, it is noted that an inspection of the *Noticee* was conducted by SEBI during October 10 - 11, 2017 for the period April 01, 2016 to

September 30, 2017. Based on such inspection, vide letter dated February 27, 2018, the *Noticee* was informed about the following:

- i. KYC documents were not available and KYC / KRA process was not followed as specified by SEBI.
- ii. M/s Tradebizz (Proprietorship of the *Noticee*) has not provided any records to ensure that it has given training to its employees about PMLA.

47. In this regard, it is noted that the *Noticee* has in the present proceedings filed copy of a letter dated March 10, 2018, by way of which he had replied to the findings of the inspection. In the said letter, the *Noticee* has admitted delay in complying with the SEBI's Circular stipulating the requirement of an intermediary to train its employees regarding PMLA. The *Noticee* had further stated that he will maintain the records of the official documents for trainings to be conducted by him in future, however, no such details or documents have been provided in the present proceedings. In the reply, the *Noticee* has simply stated that he has corrected the said issued and is in compliance with the underlying provision, however, no details of such compliances have been filed.

48. I further note that during the examination of the *Noticee's* business operations, certain information like KYC and Risk Profile of the clients; Latest Compliance and Audit Report; SMS Log; invoices; etc., were sought by SEBI, however, in complete disregard to the regulation 15 (12) of the IA Regulations which mandates an IA to furnish information to SEBI, as may be specified by it, the *Noticee* has failed to furnish the proper and complete information to SEBI. Under the circumstances, I observe that the said act of the *Noticee*, is not furnishing the requisite information like invoices etc., specifically sought from it by SEBI, is in gross violation with the regulation 15(12) of the IA Regulations.

49. I observe that the whole premise of providing a regulatory ecosystem for investment advisers and stipulating various conditions like necessary NISM certifications, experience, maintenance of records etc., is to provide a guided environment/platform, where after evaluating the risk profile of the client, the investment adviser may provide a conducive environment for the investments of such clients, who may not be otherwise able to deploy their funds in a manner suitable to their investment objective or risk bearing capacities. In the present case, I have already recorded above the detailed factual findings against the *Noticee* with respect to his acts of non-furnishing of the documents sought by SEBI; promising unrealistic returns to the investors; acting in an unfair manner by selling multiple products to the same customers; not

exercising due care and diligence while dealing with investors etc. I find that the *Noticee* has failed in bringing sufficient material so as to be successful in controverting the aforesaid allegations by making any acceptable arguments.

50. I note that the *Noticee*, vide his email dated January 16, 2020, while providing certain information on the queries posed to him during the personal hearing, has made some unsubstantiated submission which are again found to be fraught with contradictions and are rather reinforcing the preponderance of probabilities in support of the allegations made against the *Noticee*. The *Noticee* has made an effort to explain his stand with respect to certain specific aggrieved clients who had made complaints against the *Noticee* by offering clarifications on various grounds like it was his employees who had exchanged whatsapp chats; he never made any promise of assured returns to the clients and that he has resolved the complaints lodged by the investors by making refunds to many of such investors, etc. However, the explanations so offered by the *Noticee* in his latest communication referred to above also reveal that there are instances where the *Noticee* has refunded a sum of money much more than what was paid by the complainant for availing the advisory services (For example, INR 5.00 Lakh paid to Mr. Raja Fransis against the service fee of INR INR 1.29 Lakh received by the *Noticee*), which shows that that the complaints and the resolution of the grievances, as per the presentation made by the *Noticee* before me do not reveal the actual factual position and the *Noticee* has only cited some examples in a desperate move to wash off his hands from the allegations made in the *interim* order. Further, the *Noticee* has acknowledged that his employees had executed trades in the accounts of an investor (Mr. Girish Sharma) by taking the log-in credential from the said client. In view of the same, it is observed that the submissions made by the *Noticee* are far from satisfactory and not adequately corroborated by verifiable facts and cannot stand on merits due to inherent contradictions in such explanations. Under the circumstances, the arguments made by the *Noticee* are found to be devoid of merit and are thus rejected.
51. I find that the material available on record clearly suggest that the *Noticee* has indulged in charging highly abnormal fee from its clients and the charges of using clients' trading/demat account are found to be established as the said act has been acknowledged by the *Noticee* himself. The foregoing discussion and the detailed analysis of the acts and omissions on part of the *Noticee*, clearly show gross violation of the provisions of PFUTP Regulations and IA Regulations by the *Noticee*. The said findings show that the presence of fraudulent entities like the *Noticee* is clearly inimical, counter-productive and damaging to the interest of investors,

who by relying upon on the certificate of registration granted by SEBI, deal with such entities in good faith and trust but ultimately face serious hardships.

Directions

52. In view of the mandate of SEBI Act, 1992 to protect the interest of investors, it is deemed fit to insulate the securities market from such violators like the *Noticee*, who play with the hard earned money of the investors for their nefarious gains. Therefore, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B (1) read with Section 19 of the Securities and Exchange Board of India Act, 1992, hereby pass the following directions
- i. The *Noticee* is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner whatsoever, for a period of 03 years from the date of this order. It is clarified that while calculating the period of debarment as directed above, the period of restraint already undergone on account of *interim* order shall be adjusted.
 - ii. The *Noticee* is directed to resolve the complaints pending against him in the SCORES and otherwise, within the period of 30 days from the date of this order.
 - iii. The *Noticee* shall within a period of 03 months from the date of this order, furnish a report to SEBI, duly certified by a Chartered Accountant, certifying that all the complaints against the *Noticee* have been resolved.
 - iv. In case of failure of the *Noticee* to comply with the aforesaid directions, the *Noticee* shall be restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner whatsoever, for an additional period of 03 years, from the end of the period of debarment as per the direction given in para 52 (i) above.
53. It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Noticee* shall remain frozen.
54. Subject to the aforesaid directions, the restraint imposed vide the *interim* order from alienating the assets including the money in bank accounts etc., is hereby disposed of without any further direction.
55. The Order shall come into force with the immediate effect.

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

-Sd-

DATE: JANUARY 27 , 2021

S. K. MOHANTY

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA