

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

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

In Re: 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:

Sr. No.	Name of the Entity	PAN	DIN/DPIN
1	Shukul Wealth Advisory	ADYFS5029C	-
2	Shukul Wealth Creator LLP	ADRFS8026Q	-
3	Mr. Pradip Shukla	BQCPS5057E	05327118
4	Mr. Dhananjay Barad	CKUPB4161P	08524560
5	Mr. Devesh Surendra Tiwari	ANBPT6472D	07349909
6	Mr. Sandeepkumar Manubhai Patel	-	09033711

In the matter of Shukul Wealth Advisory, Shukul Wealth Creator LLP and MoneyFounder Advisory

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1. Shukul Wealth Advisory (**SWA**) is a partnership firm with partners Mr. Pradip Shukla and Mr. Dhananjay Barad, located at Office No. D-418, Ambrossia Business Hub, VIP Road, Surat-395007. Shukul Wealth Creator LLP (**SWCL**) is a Limited Liability Partnership (LLP) firm with designated partners Mr. Pradip Shukla and Mr. Sandeepkumar Patel, located at Shop No. 407, Ambrossia Business Hub, VIP Road, Surat-395007. Mr. Devesh Surendra Tiwari was the erstwhile designated partner in SWCL.

2. SEBI received a complaint on SCORES from a complainant alleging that, *“I have come to notice this money circulation scheme which is selling Units like quasi mutual fund organization with an intention to Syphon money. This entity is working with chain marketing methodology and promising daily return to investors http dailygetplan dot com is collecting crores of rupees without any permission from SEBI AMFI RBI or any other regulator”*. The complainant also provided a brochure of the said scheme. Thereafter, the matter was taken up for preliminary examination by SEBI.

SEBI's Examination:

3. SEBI conducted an examination in relation to the affairs of SWA, SWCL and its partners, to ascertain possible violation, if any, of the provisions of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) and rules and regulations made thereunder.
4. As per the intermediary database on SEBI website, it is observed that SWA, SWCL, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Devesh Surendra Tiwari and Mr. Sandeepkumar Patel are not registered with SEBI in any capacity. The names of the websites available on record are <https://shukuladvisory.com/> and <http://dailygetplan.com/>, which were perused and it was observed that website <https://shukuladvisory.com/> is not active at present, while <http://dailygetplan.com/> is still active. Web archives of <https://shukuladvisory.com/> were examined. The contact email ID mentioned on <http://dailygetplan.com/> is info@shukuladvisory.com.
5. The following details/ documents were found to be available on the website of SWA (<http://dailygetplan.com/>):
- 5.1. Certificates of RoC registration, PAN Card, GST registration and Udyog MSME in the name of SWCL.
- 5.2. Bank account number 239905500453 held with ICICI Bank.

5.3. Franchisee Letter from Profitmart Securities Pvt. Ltd. ('**PSPL**') dated March 12, 2019 appointing SWCL as its franchisee/ authorized person. PSPL is a SEBI registered stock broker.

6. ICICI Bank was advised to send the bank statements, account opening forms (AOF) and KYC details for the above mentioned bank account. It was noted from the AOF that the account 239905500453 was opened on February 06, 2020.

7. ICICI Bank also informed there were 13 linked accounts with the bank account of SWA. Based on the details, for preliminary examination, the ICICI Bank was requested to provide account statements of the following 3 entities which appeared to be dealing in securities market (*based on their names*):

Account Number	PAN	Entity and A/c Status
138205500051	ACCFS0538B	M/s Shukla Investment Account is in dormant status.
239905000324	ADRFS8026Q	SWCL. Account is in active status
239905000437	ADRFS8026Q	SWCL. Account is in active status

8. It is also observed that the bank account number 239905000324 also appears under the payment details section on a website www.mfbroka.com. From the 'About Us' section of this website, it appears that this website also belongs to the Shukul Group and the name of the advisory service is MoneyFounder Advisory (**MFA**).

9. SWCL is an LLP and from MCA records, the details of its designated partners are:

Sr. No.	Name of Designated Partner	From	Date of cessation
1	Mr. Pradip Shukla	13/06/2018	Till date
2	Mr. Devesh Tiwari	13/06/2018	19/01/2021
3	Mr. Sandeepkumar Patel	19/01/2021	Till date

10. From the above information, it is evident that SWA, SWCL and MFA are linked with each other based on the following facts:

- 10.1. Mr. Pradip Shukla is a partner in SWA and a designated partner in SWCL.
- 10.2. It is also observed SWA has uploaded several documents, which are in the name of SWCL, on its website.
- 10.3. SWA has uploaded the Franchisee letter issued by PSPL to SWCL on its website.
- 10.4. ICICI Bank has stated that both the entities are shown mapped under common accounts.
- 10.5. The bank account of SWCL is mentioned on the website for MFA.
11. On receipt of the complaint, SEBI sent letter dated September 24, 2020, to SWCL at its registered address asking information about the schemes provided by it. Simultaneously, an email was also sent on the Email-ID obtained from MCA records asking information about the schemes provided by it. SWCL, vide its email dated October 06, 2020, informed that it is in the process of compiling the information and needed further 22 days to submit the required details. SEBI, on same day, advised the entity to submit the information by October 08, 2020; however, till date no information has been received from SWCL.
12. In view of the material available on record, the, *prima facie*, questions that arise in the instant matter is whether SWA, SWCL and its partners are, *prima facie*:
- 12.1. Taking money from investors through their Daily Get Plan scheme and are sponsoring and/ or carrying out activities of a mutual fund (MF) without registration from SEBI.
- 12.2. Holding themselves out as an Investment Advisor (IA) for providing tips and trading calls in securities market without obtaining a registration under SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”).
- 12.3. Offering guaranteed/ assured returns in their schemes and publishing the same on their website.

CONSIDERATION & PRIMA FACIE FINDINGS

13. I have perused the material available on record such as information available on the website of SWA and SWCL and the information obtained from Banks, MCA, etc. In this context, *prima facie*, the following issues arise for determination:

- 13.1. ***Issue No. 1: Whether SWA and SWCL are sponsoring and/ or carrying out activities of a mutual fund?***
- 13.2. ***Issue No. 2: Whether SWA and SWCL are holding themselves out as an investment adviser?***
- 13.3. ***Issue No. 3: Whether SWA and SWCL are offering assured/ guaranteed returns to the investors?***
- 13.4. ***Issue No. 4: If answer to Issue No. 1 is in affirmative, whether SWA and SWCL have, prima facie, violated any provisions of the SEBI Act?***
- 13.5. ***Issue No. 5: If answer to Issue No. 2 is in affirmative, whether SWA and SWCL have, prima facie, violated any provisions of the SEBI Act read with the IA Regulations?***
- 13.6. ***Issue No. 6: If answer to Issue No. 3 is in affirmative, whether SWA and SWCL have, prima facie, violated any provisions of the SEBI Act/ PFUTP Regulations?***
- 13.7. ***Issue No. 7: If the answer to any of the Issue Nos. 4, 5, 6 or to all the said issues are in the affirmative, then who are all responsible for the violations?***
- 13.8. ***Issue No. 8: If the answer to any of the Issue Nos. 4, 5, 6 or to all the said issues are in the affirmative, whether urgent directions, if any should be issued against those responsible for the violations?***

Issue No. 1: Whether SWA and SWCL are sponsoring and/ or carrying out activities of a mutual fund?

14. The websites of SWA and SWCL have been perused. The brochure provided by the complainant has also been perused. While the website <https://shukuladvisory.com/> is not active (details from archived pages have been collected), the websites <http://dailygetplan.com/> and www.mfbroka.com are still active. Based on the material available on record, I note that the Daily Get Unit Plan (DGP) scheme has the following features:

14.1. DGP is an investment based plan wherein investors can invest in a multiple of Rs. 10,300/- (*Rs. 10,000 as investment plus Rs. 300 as entry fees*) and can get 1 unit in the plan i.e., 1 unit = Rs. 10,000/-. There is an entry and exit charge of 3% or Rs. 300/- per unit.

14.2. Under the 'Contact Us' section the email ID of SWA i.e., info@shukuladvisory.com is mentioned, while the ICICI Bank account belonging to SWA is mentioned under the 'Payment Detail' section.

14.3. The DGP fund is used for stock and commodity trading. It is further mentioned in the brochure that users can first complete the payment and then fill the KYC form. The features mentioned are:

"It is one of the best trading based investment plan."

"Get daily profit and loss by trading system"

"Daily based entry and exit system for investor"

"Anytime & daily based withdrawal in 24 hrs only from your profit"

14.4. There are 4 types of Unit plans under the scheme and 3 types of Wallet System in the scheme. Features of the various Unit plans are as below:

14.4.1. The "Unlocked Unit Plan System" has no locking and provides anytime exit. It has no maturity benefits.

14.4.2. The “Semilocked Unit Plan System” is locked for 4 months and while it has no maturity benefits, an “Assurance Letter” is provided for “Capital Security”.

14.4.3. The “Locked Unit Plan System” is locked for 12 months and provides 24% yearly extra maturity benefits and an “Assurance Letter” is provided for “Capital Security”.

14.4.4. The “Secure Locked Unit Plan System” is locked for 12 months, a plot of land is provided as “Capital Security”, 12% extra maturity benefits and “4% Monthly Fix Returns”

14.5. As per the brochure, the DNV Calculation System is explained as below, on sample basis:

*Total DNV Fund = 5 crores i.e., Total number of Units is 5000 (1 unit = Rs. 10000)
If in daily trading, company gets a profit = 20 lakhs, then:*

- *Corporate tax = 25% i.e., 5 lakhs*
- *Company Profit Sharing = 25% i.e., 5 lakhs*
- *Sales Plan Sharing = 10% i.e., 2 lakhs*
- *Balance Amount = 40% i.e., 8 lakhs which belongs to the unit holders.*

Therefore, DNV = Rs. 160 per unit i.e., 8 lakhs/5000

If investor has 10 units in his/ her wallet, then Rs. 1600/- will be added to the wallet and investor can withdraw this amount anytime and get it within 24 hours.

15. From social media accounts, viz., YouTube, Facebook, Instagram, etc., the following information is available:

15.1. SWA has a YouTube channel named ‘**DailyGet**’ which has uploaded 15 videos and is having 436 subscribers. The channel in one of its video titled, “Get Daily Profits with our Dailyget Unit Plan’ has explained its DailyGet Plan. The transcript of the video from 1:45 minutes onwards is as under:

“First of all, we start by investing a minimum of Rs. 10,000/- that is one unit. We can invest more also. For example- If I invest Rs. 500,000/-, I get 50 units in the plan. The company invests the entire funds in trading and earn daily profit. The company decides

the Daily Unit Value called the DNV. In this plan, if I have invested in 50 units, and today's DNV is Rs. 152/-, then my day profit is Rs. 7600/-. With the expected result calculation, you can earn upto Rs. 40,000 monthly with this plan".

- 15.2. SWA has a Facebook page on which it has provided the name, address, contact details and website link of SWA. From this page, it is seen that SWA has been regularly uploading details of its employees/agents crossing certain number of units. For example, in one of the posts, SWA has posted as under:

"Congratulations Mr. Mayur Navadiya! A great achievement. Mr. Mayur Navadiya has successfully completed 11,111 DailyGet team units"

SWA has an Instagram page also which is having similar uploads as those on FB page. The last post on its FB and Instagram account is on February 6, 2021.

- 15.3. SWA has a Google App named 'DailyGet 0 Plan', which is having more than 1000 downloads and 31 reviews as on date. It is mentioned that it is an investment management application.

- 15.4. SWA has a Telegram channel which has 1400 subscribers. The channel has uploaded daily information about its DNV. In the post dated October 07, 2020, the channel has informed that *"Today's DNV is Rs. 39. Whatever the market scenario, we ensure that you get a steady return on your investment with zero worries"*.

16. The bank statements belonging to SWA and SWCL were also examined and the following is observed:

- 16.1. In the ICICI bank account no- 239905500453 of SWA, there are multiple credit receipts of Rs. 10,300/-, Rs. 20,600/-, Rs. 30,900, Rs. 41,200/- etc., which reflect the per Unit pricing of their DGP scheme as mentioned above. Similar

credits are also seen in the ICICI bank account no- 239905000324 of SWCL.

The details of the credits received in these accounts are as below:

A/c no. (Bank)	Date of Account Opening	Bank Statement Period	No. of Credit Transaction (approx.)	Date of last Credit	Total Credit in Rs (approx.)*	Closing Balance in Rs. (approx.)
239905000324 (ICICI Bank) Shukul Wealthcreator LLP	Jul-18	July 2018-Januray 2021	6696	01/02/2021	29,62,20,912	38.04 lakhs
239905500453 (ICICI Bank) Shukul Wealth Advisory	Feb-20	February 2020-January 2021	17108	01/02/2021	72,43,15,217	18.65 crore

* Credits received from Shukul group entities have been excluded.

16.2. Total deposits in the account of SWA are approximately Rs. 72.43 crores during the period February 2020-January 2021, while total deposits in the account of SWCL are approximately Rs. 29.6 crores during the period July 2018-January 2021. The bank accounts of SWA and SWCL have received credits from other Shukul Group entities and the bank account of SWCL has also received credits from SWA. It is observed that these bank accounts have received approximately 24,000 credit entries till date.

17. An examination of the documents of SWA and SWCL shows the following:

17.1. **Partnership deed of SWA:** From the partnership deed, dated June 11, 2019, it is seen that the *nature of business of the firm is to carry on in India or outside India, the business of providing consulting service, providing guidance, and giving script tips regarding stocks and commodity in stock and commodity markets in partnership for the mutual benefits*".

- 17.2. **Nature of business activity mentioned in MCA filings for SWCL:** Investment Advisor and Sub-broker of Stocks and Derivatives
- 17.3. **Certificate issued by MSME Ministry, GoI for SWCL:** Major activity is mentioned as “*Services*”, while the industry classification is mentioned as “*Fund management activities*” and “*Management of other investment funds*”.
18. Trading details of these entities were sought from the exchanges and depositories and the following is observed:
- 18.1. BSE informed that none of the entities had traded on the exchange.
- 18.2. NSE informed that neither SWA nor any of the partners had traded on the exchange, while SWCL has been trading in Index futures, Stock Futures and Index Options. The trades have started from November 26, 2019. A total of 1304 trades have been done on the exchange with total buy values of Rs. 46.91 crores and sell values of Rs. 47.63 crores during the above period.
- 18.3. MCX informed that SWCL had a turnover of Rs. 215.9 crores during January 01, 2019 to January 31, 2021, while SWA was not registered in its UCC database.
19. It is observed that SWCL, on the date it started trading on NSE, i.e., November 26, 2019, paid Rs. 50 lakhs to its broker, PSPL, from the same ICICI Bank account having number 239905000324.
20. As observed from the bank statements, SWA and SWCL has been receiving money from various accounts in denominations which, *prima facie*, reflect and match with the unit pricing of their DGP scheme. While no trading is observed on behalf of SWA, there are fund transfers between SWA and SWCL. SWCL has transferred funds to

the stock broker with whom it is registered as a client and has subsequently commenced trading. Therefore, it appears that, *prima facie*, (a) SWA advertised the DGP scheme on its website, social media accounts and brochure, (b) funds have been collected from various investors in the name of the DGP scheme in the bank accounts belonging to both SWA and SWCL, (c) funds have been transferred from SWA to SWCL and (d) SWCL has used the funds to trade in the derivatives segment on NSE and MCX. These indicate that the activities of SWA and SWCL are not carried out in isolation but as part of a combined arrangement wherein they have, *prima facie*, advertised the scheme, collected the funds and traded in the securities market with the same.

21. After examining the material available on the websites of SWA and SWCL, the brochure, the bank statements, the documents of SWA and SWCL, material placed on social media accounts and their trading details, I, *prima facie*, observe that SWA and SWCL, together, have been soliciting investments from investors, stating that the money so collected will be invested in the securities market and are offering them returns/ profits under their DGP scheme. Investors shall receive units in lieu of the money paid by them and based on the daily total profit generated by SWA/ SWCL by trading, the profit per unit i.e., the Daily Net Value is determined, which in turn determines the profit made by the investor, over and above the capital invested by him/ her.
22. In view of the above facts and circumstances, especially the content of the websites, social media accounts and the brochure, coupled with the credit transactions in the bank accounts and the trading details, *prima facie*, it is inferred that the fees/ funds credited to the bank accounts, were for the purpose of availing the services indicated in the DGP scheme advertised on the website, social media account and brochure of SWA. From the AOF/ KYC of SWA and SWCL for account opened with ICICI Bank, I note that the partnership deed of SWA is dated June 11, 2019, while the MSME certificate shows the date of commencement of business of SWCL as June 13, 2018.

As reflected from the bank statement, I, *prima facie*, note that the collection of fees/ funds for the purpose of providing the services under the DGP scheme has commenced from July 17, 2018 (in the bank account of SWCL) and from February 06, 2020 (in the bank account of SWA). Thus, it, *prima facie*, appears that SWA and SWCL are providing the services under the DGP scheme for making investments, as mentioned on the websites and the brochure, from July 17, 2018.

23. In this regard, I have perused the definition of “mutual fund”, “sponsor” and “units” as given in Regulations 2(q), 2(x) and 2(z) of the SEBI (Mutual Fund) Regulations, 1996, (hereinafter referred to as **MF Regulations**), which are reproduced as below:

MF Regulations

“mutual fund” means a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities including money market instruments or gold or gold related instruments or real estate assets

“sponsor” means any person who, acting alone or in combination with another body corporate, establishes a mutual fund;

“unit” means the interest of the unit holders in a scheme, which consists of each unit representing one undivided share in the assets of a scheme;

24. In light of the definitions given in the MF Regulations, it is, *prima facie*, noted from the contents of the websites/ brochures that SWA and SWCL, together, are raising funds from the public by selling them units in their scheme called the DGP scheme with the intention to invest these funds in the securities market. The said activity falls within the definition of mutual fund as defined in Regulation 2(q) of the MF Regulations. Each unit represents one undivided share of the investor in the assets of the DGP scheme, after deducting tax, profit of SWA and SWCL and other expenses (sample calculation is mentioned at paragraph 14.5 above). Hence, it appears that, *prima facie*, SWA and SWCL are sponsoring and/ or carrying out the activities of a mutual fund in the DGP scheme. Therefore, I note SWA and SWCL are also, *prima facie*, sponsoring and/ or carrying out activities of a mutual fund. While the MF Regulations

require a mutual fund to be set up as a trust and in the instant case the said trust structure does not exist, I note that from the arrangement put in place by SWA and SWCL together i.e., collection of funds, entry and exit charge, calculation of unit value, investment of funds in the securities market, etc., *prima facie*, the arrangement satisfies the definition of “mutual fund” as per the MF Regulations.

25. I note here that the multiple credit entries received in the bank accounts, which when seen together with the contents of the websites, social media accounts and the brochure, leads to, on preponderance of probability basis, a *prima facie*, conclusion that the credit entries in the bank account are consideration paid by investors for purchase of units in the DGP scheme sponsored by SWA and SWCL.

26. Thus, *prima facie*, I hold that SWA and SWCL are sponsoring and/ or carrying out activities of a mutual fund.

Issue No. 2: Whether SWA and SWCL are holding themselves out as an investment adviser?

27. As regards the second issue, I note the following from the material available on record:

27.1. It is noted from the website www.dailygetplan.com that SWA offers intra-day, positional and BTST services in equity market, future & options, commodity market and currency market. The following is also mentioned on the website:

An advisor from our team of experts will interact closely with you to understand your financial needs and expectations.

You can try our services through a 3-days free trial or contact us to make an appointment with one of our expert advisor.

Similar information is placed on the website <https://shukuladvisory.com/>, as seen from the archived pages.

27.2. It is noted from the information uploaded under 'About Us' page on the said website that SWA is presenting the following statement:

"Shukul Wealth Advisory Investment Advisor is one of India's leading Advisory Company. It offers services regarding Equity, MCX & Currency with an experience of over fifteen years, SWA- Investment Advisor has contributed significantly to the growth and development of the Advisory industry in India. SWA has carved a niche in the Advisory sector due to its rich heritage, integrity, adherence to prudent practices, technology advancement, customized products and services and most of all due to its experienced, qualified and professional Representatives"

27.3. It is also noted from the website that SWA has an advisory plan, the details of which are uploaded as a pdf file. From the said documents, it is noted that SWA has 4 packages with following features:

Sr. No.	Types	Amount (Rs.)	Guaranteed Profit (Rs.)
1	Premium Trial Package	2500/-	10000/-
2	Silver Package	10000/-	50000/-
3	Gold Package	30000/-	200000/-
4	Platinum Package	50000/-	500000/-

27.4. Other facilities mentioned are:

27.4.1. Package is valid till investors gets the given return or profit.

27.4.2. For better result, the demat account balance must be Rs. 5 lakhs.

27.4.3. The service is provided through 'Shukul Wealth Advisory' application, SMS and WhatsApp. Free demat opening facility, free brokerage trading, etc., facility provided.

27.5. Further, I note that the partnership deed for SWA mentions the nature of business of the firm “...*is giving script tips regarding stocks and commodity in stock and commodity markets*...” (emphasis supplied).

27.6. Under the ‘Bank Details’ section, the details of the ICICI Bank account belonging to SWA with number 239905500453 are mentioned.

27.7. Further, the following information is placed on the website www.mfbroka.com:

27.7.1. The name of the advisory is mentioned as ‘Moneyfounder Advisory’

27.7.2. Under the Advisory section, features of the advisory services are mentioned, such as, which segments are permitted, whether SMS will be sent, etc.

27.7.3. Under the payment details section, the bank account details of SWCL i.e., 239905000324 are available.

27.7.4. Under the FAQ section, it is mentioned that they offer intra-day, positional and BTST services in the equity, futures, options and commodity markets.

27.8. In light of the aforesaid discussions, I, *prima facie*, observe that SWA and SWCL have been putting information in public domain/ advertising by using websites, namely <https://shukuladvisory.com/>, <http://dailygetplan.com/> and www.mfbroka.in about the various services offered by them in the securities market. It is also, *prima facie*, observed that various plans/ packages are being offered by SWA and SWCL to avail their services. Thus, I, *prima facie*, observe, that both SWA and SWCL are holding themselves out as investment advisers.

27.9. In this regard, I have perused the definition of investment adviser as given in Regulation 2(m) of 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 also perused the 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."

28. In light of the aforesaid definitions, it is, *prima facie*, noted, from the contents of the websites <https://shukuladvisory.com/>, <http://dailygetplan.com/> and www.mfbroka.in that SWA and SWCL are, *prima facie*, holding themselves out as investment advisers by offering to provide services related to investing in, purchasing and selling in securities and is also offering various investment packages for subscription and these services fall within the definition of "Investment Advice" under Regulation 2(l) of the IA Regulations.

29. Thus, *prima facie*, SWA and SWCL are investment advisers as defined under Regulation 2(m) of the IA Regulations and have, *prima facie*, held themselves out as investment advisers.

Issue No. 3: Whether SWA and SWCL are offering assured/ guaranteed returns to the investors?

30. From the material available on record, I note the following:

30.1. As can be seen at paragraph 14.4 above, SWA and SWCL have advertised different types of plans under the DGP scheme. In the "Secure Locked Unit Plan System", SWA and SWCL have mentioned that 4% monthly fixed returns will be provided.

30.2. As can be seen at paragraph 27.3 above, SWA is offering guaranteed profit as part of its various investment advisory packages. It has also been mentioned that the package is valid till the investor gets the given return or profit.

31. In view of the above, I hold that SWA and SWCL are offering assured/ guaranteed returns to investors.

Issue No. 4: If answer to Issue No. 1 is in affirmative, whether SWA and SWCL have, prima facie, violated any provisions of the SEBI Act?

32. Before proceeding further, I would like to refer to the provisions of Section 12 (1B) of the SEBI Act, the text of which are reproduced below:

SEBI Act

Registration of stock brokers, sub-brokers, share transfer agents, etc.

(1B) No person shall sponsor or cause to be sponsored or carry on or caused to be carried on any venture capital funds or collective investment schemes including mutual funds, unless he obtains a certificate of registration from the Board in accordance with the regulations

33. As already held in Issue No. 1, it is, *prima facie*, observed that SWA and SWCL are together sponsoring and/ or carrying out activities of a mutual fund. It has been discussed in Issue No. 1 that the characteristics and features of the business activity carried out by SWA and SWCL, *prima facie*, leads to the conclusion that these entities are together sponsoring and/ or carrying out activities of a mutual fund.

34. There is no material on record to show that SWA, SWCL and/ or their partners have obtained a certificate of registration from SEBI in this regard. As per Section 12(1B) of the SEBI Act, any person sponsoring or causing to sponsor a mutual fund has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of the appropriate SEBI regulations, which in this case will be the MF Regulations. While the definition clause for a mutual fund mandates the mutual fund to be established as “trust”, any mutual fund not established in the form of trust but

otherwise satisfying the definition of mutual fund, cannot escape the requirement of registration. In any case, I note that the requirement is that any entity can sponsor a mutual fund formed only as “trust”. In this regard, reliance is placed on the judgment of the Hon’ble Supreme Court in the matter of *Osian Connoisseurs of Art Pvt. Ltd. vs. SEBI*, dated February 12, 2020, wherein the appellants, who were charged with running unregistered collective investment schemes, contended that the definition of collective investment scheme as mentioned in section 11AA(2) refers to “company”, while they were carrying out business in the form of a Trust and not a Company, and therefore, there is no violation of the SEBI Act for running unregistered collective investment scheme. However, negating the contention, the Hon’ble Supreme Court held as below:

“The statutory scheme, therefore, is that, if a collective investment scheme, as defined, is to be floated by a person, it could only be done in the form of a collective investment management company and in no other form. This is the reason why Section 11AA uses the expression “company” in sub-Section (2) and not the word “person” (as the CIS Regulations of 1999 had come into force on 15.10.1999; Section 11AA being enacted and coming into force on 22.02.2000).

Once the statutory scheme becomes clear, it is clear that the collective investment scheme that was being carried on by the appellants in the form of a private Trust would be in the teeth of the Statute read with the CIS Regulations and would thus be illegal.”

Therefore, the prohibition that unregistered mutual funds shall not be sponsored/ carried out, applies even if an entity structured as “trust” sponsors/carries out such activity. The mentioning of the word “trust” in the definition of mutual fund only signifies that the permissible activity of sponsoring/ carrying out mutual fund can be done only in the form of trust after registration.

35. Thus, in my view, the activity/ representation of SWA and SWCL of sponsoring and/ or carrying out activities of a mutual fund is, *prima facie*, in violation of Section 12(1B) of the SEBI Act.

Issue No. 5: If answer to Issue No. 2 is in affirmative, whether SWA and SWCL have, prima facie, violated any provisions of the SEBI Act read with the IA Regulations?

36. Before proceeding further, I would like to refer to the provisions of Section 12(1) of the SEBI Act, the text of which are reproduced below:

SEBI Act

Registration of stock brokers, sub-brokers, share transfer agents, etc.

12. (1) No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act:

37. In order to ensure that investors who receive investment advice are protected, it is imperative that any entity holding itself as an investment adviser has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations, which is mandated by Section 12(1) of the SEBI Act and is reproduced above. Further, Regulation 3(1) of the IA regulations, states 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*”.

38. Thus, as per Section 12(1) of SEBI Act and Regulation 3(1) of IA Regulations, any entity holding itself as an investment adviser has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI regulations i.e., the registration of the investment advisers is mandatory.

39. The activities of SWA and SWCL, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that both SWA and SWCL are holding themselves out as investment advisers. However, no material is available on record to indicate that SWA, SWCL or its partners/ designated partners, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Devesh Tiwari and Mr. Sandeepkumar Patel, in their individual capacity had a certificate of registration as an Investment Adviser or are registered with SEBI as an intermediary. As discussed earlier, *prima facie*, SWA and SWCL are holding themselves out as investment advisers without a certificate of registration from SEBI. In my view, these activities/ representations of SWA and SWCL are, *prima facie*, in violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations.

Issue No. 6: If answer to Issue No. 3 is in affirmative, whether SWA and SWCL have, prima facie, violated any provisions of the SEBI Act/ PFUTP Regulations?

40. Before proceeding further, I would like to refer to the provisions of Section 12A (a), (b), (c) of the SEBI Act and Regulations 3 (a), (b), (c), (d) and Regulations 4(1) and 4(2)(k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (“PFUTP Regulations”), the text of which are 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 fraudulent or an unfair trade practice in securities.

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

...

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

41. As already held in Issue No. 3, it is, *prima facie*, observed that SWA and SWCL are offering assured/ guaranteed returns to investors through the various representations made on their websites/ brochures. SWA is also, *prima facie*, committing to investors that the package will be valid till such time that the “guaranteed profit” is achieved through its advisory service. In other words, SWA is assuring investors that if he/ she continues to act on the investment advice given by it, he/ she will achieve a certain quantifiable return, at some time or the other. I find that the commitment of SWA to investors that the service offered will continue till the “guaranteed profit” is achieved tantamounts to offering an assured/ guaranteed return.
42. I note that SWA and SWCL have mentioned that a certain plan of the DGP scheme shall provide a fixed return. In the instant case it has been held above that, *prima facie*, SWA and SWCL are sponsoring and/ or carrying out activities of a mutual fund, without obtaining the requisite registration for the same from SEBI.

43. It is, *prima facie*, observed that the conduct of SWA and SWCL in claiming that it can provide “guaranteed profits”, “fixed returns”, etc., is an active concealment of the material fact that every investment in the securities market is subject to market risk and any investment made by the client can also run into losses and even become zero i.e., even the capital invested can be completely eroded. 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. I note that only a bare claim of providing fixed returns/ guaranteed profits has been made by SWA and SWCL and as such, these claims are misleading in nature. I also further note that no material is available on record to show that SWA and SWCL have actually delivered such fixed returns/ guaranteed profits. Therefore, any representation regarding providing of fixed return or guaranteeing profits is not only misleading but also is false. In light of the same, the act/ representation of SWA to assure/ guarantee returns/ profits to investors is a non-genuine and deceptive act and has been, *prima facie*, made with an intent to influence investors to avail the services of its DGP scheme and its investment advisory services.
44. The above discussed non-genuine and deceptive activities of SWA and SWCL are, *prima facie*, fraudulent and are covered within the definition of “fraud” defined under Regulation 2(1)(c) of the PFUTP Regulations, which reads as under:
- “(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;
 - (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;
-
- (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 ...”

45. It is noted that fraudulent activities/ dealings are prohibited under the provisions of Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3 (a), (b), (c), (d) and Regulations 4(1) and 4(2)(k) of the PFUTP Regulations. Thus, *prima facie*, the fraudulent activities/ conducts/ acts/ practices of SWA and SWCL, as discussed above are, *prima facie*, in violation of provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and Regulations 4(1) and 4(2)(k) of PFUTP Regulations.

Issue No. 7: If the answer to any of the Issue Nos. 4, 5, 6 or to all the said issues are in the affirmative, then who are all responsible for the violations?

46. Shukul Wealth Advisory:

46.1. I note that SWA is a partnership firm. SWA, *prima facie*, has been holding itself out to be an investment adviser. Further, SWA, together with SWCL, *prima facie*, has been sponsoring and/ or carrying out activities a mutual fund. The details of the partners of SWA, as per available records, are as below:

Sl. No.	Name of the Partner	Tenure
1	Mr. Pradip Shukla	June 11, 2019 - till date
2	Mr. Dhananjay Barad	

46.2. As per Section 25 of the Indian Partnership Act, 1932 (hereinafter referred to as “IPA”), “every partner is liable jointly with all the other partners and also severally, for all acts of the firm done while he is a partner”. Section 25 of the IPA deals with situations where the act of the firm has caused loss / injury to a third party. In this regard, reference can be also made to Sections 26, 27, 45, 48(b)(i) and 49 of the IPA which deal with the liability of the firm towards third parties. The liability of acting partners and non-acting partners (collectively known as firm) for the injury to the third party is an outcome of joint and several

liability of such partners under the IPA, irrespective of whether the conduct (act of the firm) which gave rise to the loss/injury to the third party falls is also a violation of any provision under securities law.

46.3. However, a partner who indulges in such conduct/ omission, is also liable under securities laws, if his act/ omission results in the violation of any provision under securities law. I note that for the contravention of law committed by the firm, apart from the firm, the partners of the firm who, at the time of contravention, were having knowledge of the said contravention or the partners whose neglect contributes to the contravention of law, are also liable for said contravention of law committed by the firm. The said principle is embodied in Sections 27(1) and 27(2) of SEBI Act.

46.4. I note from the partnership agreement dated June 11, 2019, that the capital contribution is 90% from Mr. Pradip Shukla and 10% from Mr. Dhananjay B Barad and profit/ loss shall be shared in the same ratio. Further, as per the agreement, Mr. Pradip Shukla shall be the “managing partner”, while Mr. Barad shall be the “executive partner”. The agreement goes on to state that the Managing Partner individually shall be empowered on behalf of the partnership to appoint staff, supervise their work, to acknowledge receipt of cash/ cheques, to incur expenses during course of business and do all things that are necessary to carrying out the partnership business. I note that Mr. Pradip Shukla has been fully empowered to carry out all acts and things that are necessary and expedient in carrying out the partnership business.

46.5. Thus, all the above shows that, *prima facie*, the activities carried out by SWA, are under management of Mr. Pradip Shukla. Thus, Mr. Pradip Shukla being the managing partner is, *prima facie*, liable for the violations under the provisions of Section 27(1) of SEBI Act.

46.6.I also note that the liability of the partners also arises if the offence/ contravention is attributable to any neglect on the part of them. I note here that the partnership deed mentions that both the partners have equal rights in decision making. However, there is no material on record to, *prima facie*, indicate that Mr. Dhananjay Barad, in the instant case, has taken any steps to prevent SWA from committing the violations, *prima facie*, observed against it. This is despite the fact that details of the unregistered services provided by SWA are placed on its website, which provides Mr. Dhananjay Barad sufficient opportunity to enquire into whether the compliance of the respective provisions, which SWA has been, *prima facie*, found to be in violation of, has been done or not. Therefore, I note that Mr. Dhananjay Barad is also, *prima facie*, liable for the violations of the firm.

47. Therefore, in view of Section 27 of SEBI Act, Mr. Pradip Shukla and Mr. Dhananjay B Barad are, *prima facie*, liable, with SWA for their activities for their respective terms as partners, for contravention of provisions of SEBI Act, the IA Regulations and the PFUTP Regulations by SWA.

48. Shukul Wealth Creator LLP:

48.1. SWCL has also been, *prima facie*, holding itself out to be an investment adviser. I note that SWCL, *prima facie*, along with SWA has been sponsoring and/ or carrying out activities of a mutual fund. The details of the designated partners of SWA, as per available records, are as below:

Sr. No.	Name of Designated Partner	From	Date of cessation
1	Mr. Pradip Shukla	13/06/2018	Till date
2	Mr. Devesh Tiwari	13/06/2018	19/01/2021
3	Mr. Sandeepkumar Patel	19/01/2021	Till date

48.2. I note that SWCL has been incorporated on June 13, 2018. As per the Balance Sheet for FY 2018-19, I note that the capital contribution of Mr. Shukla is 90%, while that of Mr. Tiwari was 10%. The details of the capital contribution of Mr. Patel are presently not known at this preliminary stage. As can be seen from the documents of SWCL, viz., MSME certificate, the major activity is mentioned as “Services”, while the industry classification is mentioned as “Fund management activities” and “Management of other investment funds”.

48.3. As per material available on record, Mr. Pradip Shukla continues to be the designated partner of SWCL, while Mr. Devesh Tiwari ceased to be the designated partner of SWCL w.e.f. January 19, 2021. Since January 19, 2021, Mr. Sandeepkumar Patel is the designated partner of SWCL along with Mr. Shukla. I note that for an LLP the designated partners are responsible for doing all acts, matters and things that are required to be done for complying with all statutory requirements and are liable to all penalties that may be imposed on the LLP. Ceasing to be a designated partner in SWCL does not absolve Mr. Devesh Tiwari from the liabilities of his acts/ omissions done during his tenure as the designated partner of SWCL. Further, I note that SWCL has been collecting funds from investors in a manner, which is, *prima facie*, fraudulent, even after the new designated partner, Mr. Sandeepkumar Patel, has joined SWCL. Therefore, I find that while Mr. Pradip Shukla, and Mr. Sandeepkumar Patel are presently in charge and responsible for the affairs of SWCL, Mr. Devendra Tiwari was also in charge and responsible for the same during his tenure.

48.4. It is already established in the preceding paragraphs that SWCL, along with SWA, is, *prima facie*, sponsoring and/ or carrying out activities of a mutual fund without obtaining certificate of registration from SEBI. I note that being the signatories to the LLP Agreement of SWCL, the designated partners viz., Mr. Pradip Shukla, Mr. Devesh Tiwari (till he ceased as partner) and Mr.

Sandeepkumar Patel are managing the affairs of SWCL, which has been sponsoring and/ or carrying out activities of a mutual fund without obtaining certificate of registration from SEBI. The compliance with the statutory requirement of seeking registration when such activity is being carried out by an LLP rests with its designated partners.

48.5. Therefore, I find that Mr. Pradip Shukla, Mr. Devesh Tiwari (till he ceased as partner) and Mr. Devesh Tiwari are liable for the contravention of law committed by SWCL and for the consequences of the contravention in their capacity as designated partners. In addition to that, in view of Section 27 of SEBI Act, Mr. Pradip Shukla, Mr. Devesh Tiwari (till he ceased as partner) and Mr. Sandeepkumar Mehta, by being designated partners in SWCL, are, *prima facie*, jointly and severally liable with SWCL for their activities for their respective terms as partners for contravention of provisions of SEBI Act and the PFUTP Regulations by SWCL.

Issue No. 8: If the answer to any of the Issue Nos. 4, 5, 6 or to all the said issues are in the affirmative, whether urgent directions, if any, should be issued against those responsible for the violations?

49. 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 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 MF Regulations, *inter alia*, seek to create a structure within which mutual fund activities shall be sponsored and/ or carried out, funds shall be collected from investors, investment of these funds, etc., and make mutual funds, the sponsors, the trustees, the Asset Management

Company, etc., duly accountable for their activities by requiring them to comply with the provisions of these regulations. The IA Regulations, *inter alia*, also 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 relevant provisions of the IA Regulations. I note that registration requirements are 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.

50. In the instant case, it is noted that SWA and SWCL are soliciting and inducing the investors to deal in securities market on the basis of sponsoring and/ or carrying out activities of a mutual fund, *prima facie*, without having the requisite registration as mandated under the SEBI Act. SWA and SCWL are also, *prima facie*, holding themselves out as investment advisors without having obtained a certificate of registration as required under the IA Regulations. 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 SWA, SWCL and their partners, from collecting any more fees from the public and indulging in unauthorized activities. It is noted from material available on record that the last transaction in the bank account of SWA and SWCL is on February 01, 2021. Moreover, the websites www.dailygetplan.com and www.mfbroka.in and social media accounts are still active. The details of the DGP scheme can be sought by sending an email to SWA and also through telephone number +91-8155803000, which is mentioned on the aforementioned website. It can also be seen that the accounts of SWA on Facebook and Instagram are still active, with the latest representation regarding the DGP scheme being made on February 06, 2021. Therefore, the threat of investors getting lured towards the unregistered activity of

SWA and SWCL in the securities market is still in existence and imminent. The total amount of money, *prima facie*, observed to have been collected by SWA and SWCL is Rs. 102 crores and indicates the magnitude of the prospective threat to the investors

51. It is noted that permitting investors to invest funds in schemes floated by unregistered entities, in effect means that investors are investing their funds in a structure which does not follow the safeguards mentioned in the MF Regulations. An investor investing his/ her funds in a structure, which is not in consonance with the MF Regulations, when compared vis-a-vis an investor whose funds are invested in the schemes of a registered mutual fund, stands in a disadvantageous position in respect of the protection of his rights as an investor, as envisaged under the SEBI Act and the MF Regulations. An unregistered mutual fund structure has not even satisfied the Regulator that it is a fit and proper entity to hold the certificate of registration as a mutual fund. Permitting investors to invest their funds in such a structure is detrimental to investors and such unqualified service can result in irreparable detriment 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 to the development of the securities market also qualifies as "irreparable injury" or "irreparable detriment" as the objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

52. Further, if an ex-parte order is not passed, many prospective investors may subscribe by parting with significant fees and may cause irreparable injury to themselves as discussed earlier. However, if an ex-parte order is passed, what is at stake is 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. The potential loss of investment by the investors by investing their funds in unregistered entities and the resultant loss of investor’s confidence in the reliability of securities market, cannot be retrieved, if, *prima facie*, investment in unregistered investment entities is permitted to be extended to the investors by not passing an *exparte-interim order* at this stage. Therefore, I consider the balance of convenience is also not in favor of SWA, SWCL and their respective partners.

53. 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 SWA, SWCL and their respective partners from collecting any more funds from the public through their DGP scheme. It is also necessary to urgently prevent SWA, SWCL and their partners from holding themselves out as investment advisers. As noted in the preceding paragraphs, monies were being credited in the bank accounts as recently as February 01, 2021, and their bank accounts are still active. Moreover, the website and social media accounts of SWA and SWCL are still active. The same, *prima facie*, demonstrates that SWA, SWCL and their respective partners can still lure investors to deal through them in the securities market and probability of investors reaching SWA, SWCL and their respective partners is still high. Therefore, the threat of investors getting lured towards the unregistered activities of SWA, SWCL and their respective partners in the securities market is still in existence and imminent.

54. The amount of money, *prima facie*, observed to have been collected by SWA, SWCL and their respective partners, is approximately Rs. 102 crores and indicates the magnitude of the prospective threat to the investors. In light of the same, I find that there is no other alternative but to take recourse through an *interim ex-parte order* against SWA, SWCL and their respective partners for preventing them from collecting

funds by defrauding investors and by indulging in sponsoring and/ or carrying out activities of an unauthorized mutual fund without obtaining the mandatory registrations from SEBI in accordance with the law. Further, it is also required to prevent SWA and SWCL from holding themselves out as investment advisers without having the certificate of registration. As the websites and social media accounts of SWA and SWCL are active which, *prima facie*, shows that the investors can reach them and also bank accounts of SWA and SWCL are active, the balance of convenience demands the preventive measure of stopping the collection of money in the above-mentioned bank accounts from investors. The same can be effectively achieved by an appropriate direction of stopping credit into the above-mentioned bank accounts. As SWA, SWCL and their respective partners have already evaded the jurisdiction of SEBI by, *prima facie*, sponsoring and/ or carrying out activities of an unregistered mutual fund, the balance of convenience also demands that SWA, SWCL and their respective partners have to be prevented from diverting the funds collected from the investors through this fraudulent and unauthorized activity. Accordingly, an appropriate direction stopping the debit from the above-mentioned bank accounts has been incorporated.

55. With the initiation of quasi-judicial proceedings, given the fact that SWA, SWCL and their respective partners have already evaded the jurisdiction of SEBI, it is possible that SWA, SWCL and their respective partners may divert the funds collected from the subscribers/ clients. I note that approximately Rs. 102 crores have been collected so far; however, *prima facie*, this amount does not appear to be the entire amount collected by these entities. It is observed that the, *prima facie*, act of sponsoring and/ or carrying out activities of an unregistered mutual fund, as being carried out in the instant case, is falling within the ambit of Section 3 of the Banning of Unregulated Deposit Schemes Act, 2019. I note that the provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force. The said Act provides for appropriate action such as restitution etc. It therefore becomes necessary for SEBI to take urgent remedial steps to prevent SWA, SWCL

and their respective partners from diverting the money collected from the subscribers/ clients/ unitholders, which may also enable exercise of powers by the Competent Authority under the Banning of Unregulated Deposit Schemes Act, 2019. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of SWA, SWCL and their respective partners and also the interests of prospective clients who may approach these entities through the website, social media accounts, etc., the balance of convenience lies against the SWA, SWCL and their respective partners, which requires immediate action against them including not to divert the money collected from the subscribers/ clients/ investors.

ORDER:

56. In view of the above, pending conclusion of enquiry on granting of hearing opportunity as per this Order, to *Shukul Wealth Advisory (ADYFS5029C)*, *Shukul Wealth Creator LLP (ADRFS8026Q)*, *Mr. Pradip Shukla (BQCPS5057E)*, *Mr. Dhananjay Barad (CKUPB4161P)*, *Mr. Devesh Tiwari (ANBPT6472D)* and *Mr. Sandeepkumar Patel (09033711)*, I, in order to protect the interests of investors and integrity of the securities market, in exercise of the powers conferred upon me under Sections 11, 11(4), 11B (1) and 11D read with Section 19 of the SEBI Act hereby issue by way of this *interim ex-parte order*, the following directions, which shall be in force till further orders:

56.1. *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad and Mr. Sandeepkumar Patel are directed to cease and desist from sponsoring and/ or carrying out activities of a mutual fund, including the activity of representing through any media (physical or digital) schemes for collection of funds, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any manner whatsoever.*

56.2. *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad and Mr. Sandeepkumar Patel, are directed to cease and desist from holding themselves out as investment advisors, including the activity of acting and representing through any media (physical or digital) as an investment advisor, 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.*

56.3. *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Devesh Tiwari and Mr. Sandeepkumar Patel:*

56.3.1. *Not to divert any funds collected from investors, kept in bank account(s) and/or in their custody;*

56.3.2. *To immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications, etc., in relation to their, DGP scheme, mutual fund and investment advisory activities or any other unregistered activity in the securities market;*

56.3.3. *Not to access the securities market and buy, sell or otherwise deal in securities, either directly or indirectly, in any manner whatsoever;*

56.3.4. *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;*

56.3.5. *To submit the number and details of clients who have availed the services of their mutual fund scheme and 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.*

56.4. *If Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Devesh Tiwari and Mr. Sandeepkumar Patel have any open position 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 order or at the expiry of such contracts, whichever is earlier. Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Devesh Tiwari and Mr. Sandeepkumar Patel 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.*

56.5. *ICICI Bank is directed not to permit any debits/ withdrawals and not to allow credits to the following bank accounts, till further orders, without the permission of SEBI. However, credits into the bank accounts, which are resulting out of the pay-out of funds, from transactions mentioned in paragraph 56.4 above, shall be permitted to be received and kept frozen. ICICI Bank is directed to ensure that all the above directions are strictly enforced.*

Sr. No	Name of Bank Account Holder	Bank Account Number
1	Shukul Wealth Advisory	239905500453
2	Shukul Wealth Creator LLP	239905000324

56.6. *The Depositories are directed to ensure, till further direction, that they neither permit any debits nor any credits in the demat accounts held by:*

- (a) Shukul Wealth Advisory,*
- (b) Shukul Wealth Creator LLP,*
- (c) Mr. Pradip Shukla, either individually or jointly,*
- (d) Mr. Dhananjay Barad, either individually or jointly,*
- (e) Mr. Sandeepkumar Patel, either individually or jointly,*
- (f) Mr. Devesh Tiwari, either individually or jointly.*

However, credits into any demat accounts, which are resulting out of the pay-out of securities, from transactions mentioned in paragraph 56.4 above, shall be permitted to be received and kept frozen.

56.7. *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 Funds units, held by*

(a) Shukul Wealth Advisory,

(b) Shukul Wealth Creator LLP,

(c) Mr. Pradip Shukla, either individually or jointly,

(d) Mr. Dhananjay Barad, either individually or jointly,

(e) Mr. Sandeepkumar Patel, either individually or jointly,

(f) Mr. Devesh Tiwari, either individually or jointly.

57. The directions in paragraphs 56.3.1, 56.3.3, 56.5, 56.6 and 56.7 above shall be subject to any order passed/ to be passed by the Competent Authority/ Forum under the Banning of Unregulated Deposit Schemes Act, 2019.

58. This Order shall also be treated as a Show Cause Notice and *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Sandeepkumar Patel and Mr. Devesh Tiwari* are show caused as to why the act of collecting funds from investors through the material placed on their website/ brochure in the securities market should not be held as sponsoring and/ or carrying out activities of a mutual fund in terms of the MF Regulations and thereby this activity be treated as unregistered activity under the SEBI Act.

59. *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Sandeepkumar Patel and Mr. Devesh Tiwari* are also show caused as to why the investment advisory plans floated by them should not be held as “Investment Advisory Services” in terms of the IA Regulations and thereby this

activity be treated as unregistered activity under the SEBI Act and relevant Regulations.

60. *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Sandeepkumar Patel and Mr. Devesh Tiwari* are show caused as to why their act of luring and inducing investors to deal in securities by offering assured/ guaranteed returns may not be treated as a fraudulent practice/ act/ conduct, in terms of the PFUTP Regulations.

61. *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Sandeepkumar Patel and Mr. Devesh Tiwari* are show caused as to why suitable directions/ prohibitions under Sections 11(1), 11(4), 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, including the following, should not be issued / imposed against them, for the alleged violation of provision of SEBI Act, PFUTP Regulations and IA Regulations as discussed above in this order, including:

61.1. Directions for prohibition from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for an appropriate period;

61.2. Directions to not be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever;

61.3. Any other directions as it deemed necessary.

62. The *prima facie* observations contained in this Order, are made on the basis of the material available on record. In this context, *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Sandeepkumar Patel and Mr. Devesh Tiwari* may, within 21 days from the date of receipt of this Order, file their reply/objections, 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.

63. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against *Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Sandeepkumar Patel and Mr. Devesh Tiwari* in accordance with law.

64. The above directions shall take effect immediately and shall be in force until further orders. A copy of this order shall be served upon Shukul Wealth Advisory, Shukul Wealth Creator LLP, Mr. Pradip Shukla, Mr. Dhananjay Barad, Mr. Sandeepkumar Patel and Mr. Devesh Tiwari, Stock Exchanges, ICICI Bank, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

65. A copy of this Order shall also be forwarded to the State Government of Gujarat for information and consideration of appropriate action such as restitution etc., under the provisions of Banning of Unregulated Deposit Schemes Act, 2019.

Sd/-

DATE: FEBRUARY 11, 2021

MADHABI PURI BUCH

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA