

WTM/AB/WRO/WRO/11629/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

UNDER SECTIONS 11(1), 11(4), 11B(1) and 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

In respect of:

Noticee No.	Name of the entity	PAN No.
1.	Trade Money Research (Prop. Mr. Kamlesh Verma)	BGIPV1571J

1. The present proceedings have emanated from an ex-parte ad-interim order cum show cause notice dated February 7, 2020 (hereinafter referred to as “**the interim order**”) passed by Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) *inter alia* against Trade Money Research and its sole proprietor Shri Kamlesh Verma, (hereinafter collectively referred to as “**the Noticees**”), as the Noticees were *prima-facie* found to have been providing investment advisory services without seeking registration from SEBI. By the interim order, following directions were issued:

- i The Noticees shall cease and desist from acting as an investment advisor 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 manner whatsoever, until further orders.*
- ii The Noticees shall not access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
- iii The Noticees shall not divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders.*

- iv The Noticees shall not dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.*
 - v The Noticees shall immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc., in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*
 - vi The Noticees shall provide a full inventory of all assets held in the name of the proprietorship or the proprietor and firm or the partner, 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.*
 - vii Any person while working under the above mentioned Noticees as employee or otherwise, shall cease and desist from undertaking the activity of investment advisory services, including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, till further orders.*
 - viii The Banks are directed not to allow any debits/ withdrawals from **or credits** to the accounts of the Noticees, held jointly or severally, without the permission of SEBI. The Banks are directed to ensure that all the above directions are strictly enforced.*
 - ix The Depositories are directed to ensure that till further directions no debits are made in the demat accounts of the Noticees held jointly or severally.*
 - x The Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including Mutual Fund units, held in the name of the Noticees, jointly or severally, are not transferred or redeemed.*
2. The interim order was also in the nature of a show cause notice wherein the Noticees were provided with the opportunity to file their objections/reply, if any, within 21 days from the date of the interim order and were also provided with an opportunity of personal hearing before SEBI, on a date and time to be fixed on a specific request to be made by the Noticees, in that regard. In this regard, it is noted that the Noticees have neither filed any reply/objections to the interim order nor sought any personal hearing. Hence, I shall now proceed to determine the matter ex-parte and on the basis of material available on record.

3. In the present case, from the screenshot images of the website of Trade Money Research, as available on record, the following claims/information made by the Noticees, were observed:

(a) The website had this tagline mentioned across all webpages- “Trade Money Research. Low Cost tips with Trade Money Research Advisory Company.”

(b) In the “Our Services” Tab on the website, the following options were visible:

Name of the Service	Description
Intraday Cash	In this service, we provide daily 2, 3 calls with technical and fundamental research with good accuracy and providing support and resistance according to market
Commodity Agri	In this service, we provide you with agricultural tips with good number of accuracy which drive them to profit
Commodity Bullion	In this service, we provide daily 2, 3 calls with technical and fundamental research with good accuracy calls given by SMS and telephone, providing support and resistance according to market.
Option Call and Put	In this service we provide you with stock tips with good number of accuracy with drive them to profit
Intraday Future	In this service we provide you with stock tips with good number of accuracy which drives them to profit.

Future Positional	Trade Money Research is available good technical research is provided good calls and good support in Indian market to earn good profit according to investment.
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(a) Under the Pay Now Tab, the following details were provided:

Premium Cash	Premium Future	Premium Option
Monthly – Rs. 10, 000/- Quarterly - Rs. 15, 000/- Yearly – Rs. 90, 000/-	Monthly – Rs. 10, 000/- Quarterly - Rs. 15, 000/- Yearly – Rs. 90, 000/-	Monthly – Rs. 10, 000/- Quarterly - Rs. 15, 000/- Yearly – Rs. 90, 000/-
HNI Cash	HNI Future	HNI Option
Monthly – Rs. 15, 000/- Quarterly - Rs. 20, 000/- Yearly – Rs. 1,50, 000/-	Monthly – Rs. 15, 000/- Quarterly - Rs. 20, 000/- Yearly – Rs. 1,50, 000/-	Monthly – Rs. 15, 000/- Quarterly - Rs. 20, 000/- Yearly – Rs. 1,50, 000/-

(b) Under the 'Pay Now' Tab, the details of the following Bank A/c. were provided:

Account Holder Name: Trade Money Research

Account Name: 918020025723467

Type of Account: CURRENT

IFSC Code: UTIB0000568

4. From the KYC Documents, Account Opening Form and account statement, that were forwarded by AXIS Bank for the aforesaid account, the following is observed:

- a. Kamlesh Verma is the sole proprietor/owner of Trade Money Research. He has furnished a copy of Aadhar Card, PAN Card and Gumastha Certificate, for account opening.
- b. From the Axis Bank account statement of Trade Money Research it is observed that around Rs.7,72,469/- have been credited during the period

March 28, 2018 to August 21, 2019. It is observed that few credits have been received from Easebuzz payment gateway.

c. The Account is under freeze for debits pursuant to the directions of the interim order.

5. I note that the definition of investment adviser, as given in Regulation 2(m) of the SEBI (Investment Advisors) Regulations, 2013 (hereinafter referred to as '**IA Regulations**'), provides 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". Regulation 2(l) of the IA Regulations 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."
6. From the aforesaid facts, I find that Trade Money Research which is sole proprietorship firm of Shri Kamlesh Verma was engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, through its website www.trademoneyresearch.com. I find that these services were being offered by the Noticees in lieu of the consideration which could be paid by the investor concerned through the "Pay Now" option available on the website of the Noticees. From the details of AXIS Bank current account No. 918020025723467 of Trade Money Research, I note that around Rs.7,72,469/- were credited during the period March 28, 2018 to August 21, 2019. Further, I note that few credits, in the said bank account were received from Easebuzz payment gateway. In view of this, I find that Noticees were providing the investment advice, in lieu of consideration. In terms of Regulation 2(l) of IA Regulations such an advice is "investment advice". Therefore, I find that Trade Money Research and its proprietor Shri Kamlesh Verma were engaged in the business of providing investment advice to public, for consideration and were thus, acting as an investment adviser, as defined under Regulation 2(m) of the IA Regulations.

7. Section 12(1) of the SEBI Act, 1992 provides as under:

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

8. In order to protect the interest of investors and to maintain integrity of the securities market, IA Regulations provides safeguards to ensure that the investors who receive investment advice are protected. One such safeguard is that any person carrying out investment advisory activities has to obtain registration from SEBI as required under Regulation 3(1) of the IA Regulations. Said Regulation 3(1) provides that, *“On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations”* and conduct its activities in accordance with the provisions of IA Regulations. Further, safeguards provided under IA Regulations includes continued minimum professional qualification and net-worth requirement for investment adviser, disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client’s objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc.

9. The activities of the Noticees, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that the Noticees were holding themselves out and acting as an investment adviser. However, it is noted that the Noticees is not registered with SEBI in the capacity of Investment Advisor. Hence, I find that these activities/ representations as being made by the Noticees without holding the certificate of registration as investment adviser are in violation of Section 12(1) of SEBI Act, 1992 read with

Regulation 3(1) of the IA Regulations.

10. In my view, unregistered investment advisors like the Noticees in the present case can put investors at great risk by misleading them. In the present case, the Noticees have knowingly misrepresented on the websites floated by them that they are experts in stock market analysis and are experienced in investment advisory. Without holding any registered Investment Advisor certificate, the Noticees have held themselves out as investment advisors and offered services through their website to investors with the objective of raising money through subscriptions to their various plans. The above discussed misleading representations are deceptive activities of the Noticee and therefore, fraudulent and are covered within the definition of “fraud” defined under Regulation 2(1)(c) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”). It is noted that fraudulent activities/ conduct/ act/ practice of the Noticee as discussed above are also in violation of provisions of Section 12A (c) of SEBI Act, 1992 and Regulations 3(d) and Regulations 4(1) of PFUTP Regulations. Regulation 4(2)(k) of PFUTP Regulations, provides that dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities. In the present case, Noticees without holding certificate of registration as investment adviser, knowingly hold themselves as investment adviser on their website. Thus, I find that Trade Money Research and its sole proprietor Shri Kamlesh Verma, have violated Regulations 4(2)(k) of PFUTP Regulations.

11. I note that the material available on record does not indicate the exact amount of fees collected by the Noticees, as a result of providing investment advice to investors, in violation of the provisions of the IA Regulations. However, interim order records that complaint from Mr. Rakesh Kumar was received against the Noticees and the total amount paid by the complainant to

the Noticees was Rs. 1,40,000/- .

12. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11, 11(4), 11B(1) and 11D, read with of Section 19 of the SEBI Act, 1992 and Regulation 11 of the SEBI (PFUTP) Regulations, 2003, and in supersession of the directions in the interim order, hereby direct that:

- a. The Noticees shall within a period of three months from the date of this order, refund the money received from the clients/investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;
- b. The Noticees shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this Order;
- c. The repayments to the clients/investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- d. The Noticees are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/investors who were availing the investment advisory services from the Noticees, as directed in this order, from the bank account of the Noticees, wherein debit has been frozen by virtue of interim order dated February 7, 2020;
- e. After completing the aforesaid repayments, the Noticees shall file a report of such completion with SEBI addressed to the Division Chief, CIS Division,

Investment Management Department, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of 15 days, after completion of three months from the coming into force of this order, duly certified by an independent Chartered Accountant. The restraint on sale of assets in para 12(d) shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed;

- f. In case of failure of the Noticees to comply with the aforesaid directions in sub-para (a) and (e), SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover the amounts mentioned in para 11 above or any other amount as may be found to have been raised by the Noticees, from the Noticees, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws;
- g. The Noticees are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 2 (two) years from the date of this order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in paragraph 12(a) above, whichever is later;
- h. The Noticees are also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in any capacity for a period of 2 (two) years from the date of this order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in paragraph 12 (a) above, whichever is later;
- i. The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 12(g) and (h) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.

13. The direction for refund, as given in paragraph 12(a) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
14. This order comes into force with immediate effect.
15. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Place: Mumbai

Date: April 30, 2021

Sd/-

ANANTA BARUA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA