

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF RESEARCH INFOTECH PROPRIETOR MS. JASMEET KAUR BAGGA

In respect of:

Sr. No.	Name of the Entity	Registration Number	PAN
1	Research Infotech, proprietor Ms. Jasmeet Kaur Bagga	INA000003726	BNTPB7100D

Background

1. The present proceeding is arising out of an *ex-parte ad interim* order dated December 12, 2019 (for convenience "the *interim order*") issued by Securities and Exchange Board of India (for convenience "**SEBI**") under Sections 11, 11B and 11D of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "*the SEBI Act, 1992*") and Regulation 35, Chapter VI of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (hereinafter referred to as "*the Intermediaries Regulations, 2008*") against Research Infotech and its proprietor Ms. Jasmeet Kaur Bagga (hereinafter interchangeably referred to as "*Research Infotech/ Ms. Jasmeet / Noticee*"). The *Noticee* is 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 "*the IA Regulations, 2013*"), vide Registration no. INA000003726, with effect from October 30, 2015.

2. SEBI had received complaint against M/s. Capproin Financial Advisory Service (for convenience "*Capproin*"), *inter alia*, alleging against its unregistered

investment advisory activities. During the said examination, it was revealed that one of the partners of *Capproin* i.e., *Ms. Jasmeet* is also currently registered with SEBI as an Investment Adviser (for short “**IA**”) under the proprietorship named *Research Infotech*. Further, SEBI received large number of investors complaints (approximately 133 complaints as on July 09, 2019) against *Research Infotech*, wherein it was alleged that the IA has cheated investors and has charged them exorbitant amounts towards service fee through misleading statements and by pressure tactics. It is also observed from the complaints that the *Noticee* had given her investor clients a commitment for assured returns, was demanding additional money from them under various pretexts and had also promised to open trading accounts for them as well as also indulged in trading in the demat accounts of her client. Based on the complaints received as aforesaid, an examination into the affairs of *Research Infotech* was carried out by SEBI, so as to examine the extent of compliance of various regulatory stipulations laid down for an IA under *the SEBI Act, 1992, IA Regulations, 2013* and the circulars/guidelines frame thereunder by the *Noticee*. Based on the examination so conducted by SEBI, *prima facie*, certain violations of provisions of securities laws were found to have been committed by the *Noticee*.

3. The said *prima facie* findings, as recorded in the *interim order* are briefly mentioned herein below:

- i. The *Noticee*, prior to obtaining SEBI Registration was *noticed to have engaged in carrying out* unregistered investment advisory services through *Capproin*. The *Noticee* had submitted false / wrong and misleading information to SEBI at the time of applying for registration and had concealed the fact that she was involved / engaged in investment advisory services even prior to applying to SEBI for registration. Further, even after obtaining SEBI Registration, the *Noticee* did not inform about her prior activities to SEBI in writing. Thus, the *Noticee* has not acted with honesty and fairness.
- ii. The *Noticee* appears to be selling various products/packages to innocent

investors by misleading them into buying those packages/products and has not acted honestly in the best interests of her clients, thereby has failed in her responsibility to act in fiduciary capacity towards her clients.

- iii. The *Noticee* was *prima facie* making assured profit commitments to her clients and extracting more and more money from them by putting strict deadlines for making payments, refusing to provide any services in the event of delay, upgrading/changing the clients from one package to another, engaging in unethical practices like charging various types of non-transparent fees such as additional GST charges, file charges, server charges etc.

4. As per the *interim order*, the afore-stated acts and omissions on the part of the *Noticee* are *prima facie* found to be in violation of the following provisions:

- i. Section 12(1) of the *SEBI Act, 1992* read with regulations 3(1) of the *IA Regulations, 2013*;
- ii. Section 12A(a), (b) and (c) of the *SEBI Act, 1992* and regulations 3 (b), (c) and (d) and 4(1) and 4(2) (k) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “the *PFUTP Regulations, 2003*”);
- iii. Regulation 13 (b), 15 (1) of *IA Regulations 2013* and the Clause 1, 2, 5 and 6 of Code of Conduct as specified in Third Schedule read with regulation 15 (9) of *IA Regulations, 2013*.

5. After recording the aforesaid violations of various provisions *qua* the *Noticee*, the said *interim order* proceeded to issue the following interim directions against the *Noticee*:

- i. *Restrained from buying, selling or dealing in the securities market or associating themselves with securities market, in any manner;*

- ii. *cease and desist from acting as an investment advisor and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever;*
- iii. *not to divert any funds raised from investors, kept in bank account(s) and/or in their custody;*
- iv. *withdraw immediately and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc. in relation to their investment advisory activity in the securities market;*
- v. *provide a full inventory of all assets held in her 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; and*
- vi. *Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets, held in her name except with the prior permission of SEBI.*

6. I note from the records that a copy of the *interim order* was duly served on the *Noticee*. The *interim order* also provided an opportunity to the *Noticee* to file her objections to the said *prima facie* findings recorded therein. It is noted that in response to the said *interim order*, the *Noticee* has filed a written reply vide letter dated October 12, 2020. I also note that the request made by the *Noticee* for inspection of the documents which relied upon by SEBI while passing the said *interim order* was acceded to and accordingly, the inspection of such documents was provided to the Authorised Representative (for short “AR”) of the *Noticee* on March 16, 2020.

7. Subsequently, in accordance with the principles of natural justice, a personal hearing of the *Noticee* was conducted through video conferencing on December 10, 2020. During the said personal hearing, the AR of the *Noticee* appeared and made oral submissions on the lines of the written reply already filed by her in response to

the *interim order*. I am therefore now proceeding on the basis of the materials available on record, including the written replies to the SCN as well as the post hearing submissions filed by the *Noticee*.

8. The arguments advanced by *Noticee* through her written as well as oral submissions are summarised herein below:

- i. Regarding the allegation pertaining to *Capproin*, it has been submitted that the *IA Regulations, 2013*, were introduced in April, 2013, while *Capproin* had already started functioning in March, 2013. It has been further submitted that though the *Noticee* was partner in *Capproin*, the managing partner was one Mr. Sourabh Rai, who was responsible for all regulatory compliances and permissions. She was never in active management of *Capproin* and was unaware of the recent legal and regulatory changes as regards the investment advisory business. Therefore, the *Noticee* had no intention of working outside the purview of the *IA Regulations, 2013*. Further, the business of *Capproin* is not functional at present.
- ii. Regarding the allegation of wrong disclosure in Form A (form for Application for Grant of Certificate of Registration as an IA) while seeking registration for *Research Infotech*, it has been submitted that the question on Form A was “*whether the applicant is engaged in investment advisory services prior to making application under these regulations*” and as the application was being filled in the name of *Research Infotech*, no details pertaining to the advisory services provided by *Capproin* was provided. It has been further submitted that before seeking registration as Investment Adviser, she had provided her services to only one client (Mr. Shaikh) in the month of June, 2015 and she had duly refunded the amount charged to the said client. Therefore, the conduct of the *Noticee* proves that she was under the impression that since no advice had been dispensed in the name of *Research Infotech* as the “applicant”, other than Mr. Shaikh, all relevant information

was mentioned in Form A and there was no wilful concealment of any information by the *Noticee*.

- iii. Only 150 clients have filed complaints against the *Noticee* till date, which is very miniscule compared to the total number of clients serviced by the *Noticee* which indicates that most of the clients, barring a few, were satisfied with the services of the *Noticee*. Further, refund has been issued to certain investors who had raised complaint against the *Noticee*. A few instances of refunds made to the clients have been placed below:

- a) ₹ 1,00,000/- to Mr. Shyam Narayan Mehta;
- b) ₹ 7,00,000/- to Mr. Abhey Singh Lamba;
- c) ₹ 2,00,000/- to Mr. Anil Kumar;

Noticee has further submitted that other than 27 complaints in SEBI Complaints Redress System (for short "SCORES"), which are being dealt with by the *Noticee*, other complaints have been successfully resolved by the *Noticee* and same have been closed in the SCORES.

- iv. Regarding the allegation of offering profit commitments to her clients, *Noticee* has submitted that no profit commitments were made to any of her clients while providing services as an IA and the profit slab referred to in the *interim order* was mere an indication as to the possible profit that might result from the investment. Further, the *Noticee* had also made the clients aware of the market risk associated with the investment. In this regard, the *Noticee* has submitted copies of the invoices issued to various clients. Further, following disclaimer and disclosure has been provided on website of the *Noticee*:

"Stock Market investment is subject to market risk. We as investment advisor provide researched services."

- v. Strict actions were taken against the employees of the *Noticee*, wherein it was found that the employee concerned of the *Noticee* was not performing efficiently or acting against the interest of the clients.
- vi. Regarding the allegation of extorting money from the clients as alleged in the *interim order*, it has been, *inter alia*, submitted that it is not in dispute that at the relevant time when the services were provided by the *Noticee* as an IA, there was no ceiling on the fees that could be charged by an IA. Restrictions with respect to fees to be charged were imposed vide Circular dated September 23, 2020. Therefore, the *Noticee* has denied that any unfair practices were employed by the *Noticee* while dealing with the clients.
- vii. Regarding the allegation of charging unreasonable fee i.e. fee higher than the one mentioned on the website of the *Noticee*, it has been submitted by the *Noticee* that the fees mentioned on the website were only indicative in nature and the actual amount of fees depended upon the agreement entered between the *Noticee* and her clients. It has also submitted that the fees charged by the *Noticee* were competitive as compared with other investment advisers in the market at that time.
- viii. The official WhatsApp number of the *Noticee* was informed to all the clients and they were asked to communicate on official numbers only. Accordingly, the allegation of seeking trading account Ids and passwords of the client as mentioned in the *interim order* is based on surmises as the referred WhatsApp conversation was not from the official number of the *Noticee*. Therefore, such acts were beyond the control of the *Noticee* and she had never indulged in the practice of trading on behalf of her clients. To further buttress this argument, *Noticee* has shared her email communication with one of her clients wherein the *Noticee* has refused to handle demat account and trading account despite the request made by the client.
- ix. Regarding the allegation of fraud under *PFUTP Regulations, 2003*, *Noticee* has submitted that charge of fraud must be supported by acute evidence, *Noticee*

has relied upon the following judicial rulings to further contend her argument:

- Hon'ble Supreme Court in the matter of *Bishnudeo Narain and Anr vs Seogeni Rai and Jagernath* (1951 AIR280) dated May 04, 1951;
- Hon'ble Securities Appellate Tribunal (for short "SAT") in the matter of *RS Agarwal vs. SEBI* (DoD: March 13, 2019);
- Hon'ble SAT in the matter of *Price Waterhouse & Co. vs. SEBI* (DoD: September 09, 2019);
- SEBI order no. EAD/NP/JS, AO/21/2017 dated February 22, 2017;

9. I have carefully perused and considered the *prima facie* findings as recorded in the *interim order* and have also considered the above noted submissions made by the *Noticee*. I note from the records available before me that the matter against *Capproin* wherein the *Noticee* (Ms. Jasmeet) was also a partner, is being separately dealt with in another quasi-judicial proceeding. Therefore, the arguments advanced by the *Noticee* pertaining to *Capproin* in which a separate and independent proceeding is pending before a different Quasi-Judicial Authority, are outside the scope of the proceedings before me, hence are not being dealt with in this Order. In view of the above, the charges so levelled in the present matter lead me to an examination of the following issues:

- *Issue 1: Whether Ms. Jasmeet had submitted wrong information to SEBI while obtaining certificate of registration under IA Regulations, 2013 for her proprietorship firm Research Infotech, stating that she was not engaged in investment advisory services prior to making the said application.*
- *Issue 2: Whether acts of the Noticee as imputed in the interim order, have violated the provisions of IA Regulations, 2013 and PFUTP Regulations, 2003 while acting as an Investment Adviser?*

10. Before I proceed to examine the aforementioned submissions of the *Noticee* so as to determine the issues delineated above, I find it worthwhile to recapitulate that

the *interim order* has charged the *Noticee* with violation of the provisions of the *SEBI Act, 1992*, the *PFUTP Regulations, 2013* and the *IA Regulations, 2013*. In order to appreciate the import and significance of the said provisions, it would be appropriate to refer to the said provisions, having bearing on the allegations made against the *Noticee*. Accordingly, the said provisions are being reproduced hereunder for convenience and ready reference:

SEBI Act, 1992

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;*

SEBI (PFUTP) Regulations, 2003

Regulation 3 - Prohibition of certain dealings in securities

3. 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 thereunder;*

(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 thereunder.

Regulation 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

SEBI IA Regulations, 2013

Conditions of certificate

13 (b) the investment adviser shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted

General Responsibility

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.

...

(9) 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.

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.

Issue 1: Whether Ms. Jasmeet had submitted wrong information to SEBI while obtaining certificate of registration under IA Regulations, 2013 for her proprietorship firm Research Infotech, stating that she was not engaged in investment advisory services prior to making the said application.

11. It is *prima facie* alleged in the interim order that the Noticee while filing her application form for seeking registration as an Investment Adviser has knowingly suppressed before SEBI about the fact of her prior association with Capproin as a partner which was engaged in providing unauthorised investment advisory services nor has she even disclosed the said fact even after the certificate of registration was granted to her. The aforesaid omission on the part of the Noticee was *prima facie* found to be in violation of regulation 13(b) of the IA Regulations, 2013 and Clause 1 of Code of Conduct read with regulation 15(9) of the IA Regulations, 2013. The interim order states that SEBI was in receipt of complaints through SCORES against an entity named Capproin wherein, it was alleged that the said entity had provided investors with investment advisory services. Based on the complaints received, an examination into the affairs of Capproin was carried out by SEBI and during the course of the examination, it was observed that one of the partners of Capproin

namely *Ms. Jasmeet*, is also currently registered with SEBI as an Investment Adviser under the proprietorship name of *Research Infotech* having SEBI Registration No. INA000003726 with effect from October 30, 2015. Thereafter, the documents submitted by *Ms. Jasmeet* at the time of seeking registration with SEBI were examined and a perusal of Form A filed by the *Noticee* before SEBI revealed that *Ms. Jasmeet*, in her application dated July 17, 2015, has declared that she was not engaged in investment advisory services prior to making the said application.

12. I note that as per the requirement of extant *IA Regulations, 2013* an applicant at the time of seeking registration as an investment adviser from SEBI has to fill in a prescribed form called Form 'A', in which she has to give a declaration as to "*whether the applicant is engaged in investment advisory services prior to making application under these regulations*". It is noted from the Form 'A' submitted by *Ms. Jasmeet* that she has declared that she was not engaged in investment advisory services prior to making the said application. There is no dispute that *Ms. Jasmeet*, was a partner of the partnership firm *Capproin*, which has indulged in unregistered investment advisory activities. Therefore *Ms. Jasmeet*, when seeking registration from SEBI as an investment adviser in her individual capacity, was under a statutory obligation to disclose her activities as the partner in the said partnership firm *Capproin* to SEBI. However, for the reason best known to her has not made full and fair disclosure and has concealed material information by falsely stating that she was not engaged in investment advisory services prior to her application and based on such declaration she has been able to obtain her registration from SEBI as an IA in the capacity of the proprietor of *Research Infotech*, under the *IA Regulations, 2013*.

13. In response to the aforesaid allegation the *Noticee* has submitted that *Capproin* had started advisory services in March 2013 and subsequently stopped offering advisory services and accordingly, its bank accounts were also closed in August - September 2015 bringing its business to an end. Thus the *Noticee* submits to justify that since the activities of *Capproin* were stopped the declaration made by her in the Form A, at the time of seeking registration can't be viewed as false. I also note that

that even during the course of hearing held before me on December 10, 2020, the AR of the *Noticee* has admitted that the investment advisory services were being provided through *Capproin* but at the same time has reiterated her earlier submission to plead that the declaration so made by her in the Form A was not intentional.

14. Having seen the records and considered the submission made by the *Noticee*, it is found that there is no denial to the fact that the *Noticee* was connected with *Capproin*. There is also no denial to the fact that *Capproin* was engaged in the activities of rendering investment advisory in an unauthorised manner. The submission of the *Noticee* that the declaration was not intentional, does not inspire confidence so as to grant exoneration to the *Noticee* from the charges made in the *interim order*. In this regard, I note that role of a registered intermediary is of utmost importance and being in the nature of a fiduciary role involving direct dealings with innocent investors who approach the IAs to be guided by them in their investment activities because of the expertise and experience which the IAs are expected to have about the securities market, the IAs have a statutory responsibility to be fair, truthful, honest and disciplined in their profession. The Investment Advisers are not only required to act as an intermediary simpliciter i.e. a bridge or a connector between regulator and investors, but also are expected to contribute to the development of the securities market by inducting informed and well guided investors to the market on a continuous basis. Honesty, Fairness and opaqueness have to be the hallmark and any deviation from the same could have cascading impact on the development of the securities market. The scope of the instant proceeding is not only to analyse the actual impact and consequences of such concealment of facts on the part of the *Noticee* but also to examine as to whether the *Noticee* has displayed the level of honesty that is expected of her to make a true and correct declaration in Form A while seeking registration. In the aforesaid background, I find that the *Noticee* was very much seized with the fact that *Capproin* was in the activities of investment advisory and yet, not only did she conceal the said fact but also made a false declaration in the Form A at the time of seeking registration. The conduct of the *Noticee* by no standard can be said to be fair and honest, who on the one hand claims

to have been associated with activities related to securities market in one form or the other, even before the *IA Regulations, 2013* were notified and on the other hand claims to have failed to appreciate the importance of declarations required to be made in Form A.

15. The *Noticee* has also taken a plea that though she was a partner in *Capproin*, the managing partner was one Mr. Sourabh Rai, who was responsible for all regulatory compliances and permissions. The above submission of the *Noticee* has no merit to deserve a favourable consideration, more so when such a claim is not found to be backed by any documentary support, which can lay credence on her claims. I can't ignore that *Capproin* was not a company incorporated under the relevant provisions of the Companies Act, but was operating as a Partnership firm where the partners had joint & several responsibilities for all its actions and inactions and thus fastens the liability of all its omission & commissions on both the partners equally.

16. Therefore, in the absence of any document to further buttress her argument that she was actually acting as a dormant / sleeping partner and had no role in day-to-day management of the *Capproin*, I find that on the basis of the material available on record before me and based on the submission of the *Noticee* as well as on the basis of the statutory provisions of Indian Partnership Act governing the roles and liabilities of partners, there is no dispute that the *Noticee* was indeed a partner in *Capproin* and was equally liable for the acts deeds as well as its misdeeds of the said partnership firm. Coming to the scope of the instant proceeding on this issue which is limited to the alleged false declaration made by the *Noticee* in Form A while seeking registration as an Investment Adviser and in my view the above stated submissions of the *Noticee* in her defense are not successful in discharging the said allegation.

17. I note that in terms of regulation 13 (b) of the *IA Regulations, 2013* the investment adviser shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading

in any manner particular or if there is any material change in the information already submitted earlier to SEBI. Further, regulation 15(9) of *IA Regulations, 2013* casts an obligation on an investment adviser that she shall abide by Code of Conduct as specified in the Third Schedule. Similarly, Clause 1 of Code of Conduct mandates that an investment adviser shall act honestly, fairly and in the best interests of its clients and in the interest of integrity of the market. Therefore, keeping the aforesaid regulatory stipulations in mind and the statutory liability of a partner in a partnership firm, the fact that *Noticee* was indeed a partner in the *Capproin* during the relevant time, which was providing services related to investment advisory, I find that the alibi taken by the *Noticee* to contend that at the time of submission of Form A, since she was not specifically asked if she was ever involved in investment advisory service there was no need for her to declare about her association with *Capproin*, is just an frivolous afterthought exercise to evade the outcome of the proceedings devoid of any substance or merit. I also find no merit in the contentions of the *Noticee* that she has not knowingly provided any false statement or documents while obtaining IA registration and the same was an inadvertent misstatement made in Form A and a *bonafide* error committed by her in the Form A. In my view, it was a deliberate attempt to hide such information in order to procure the certificate under the *IA Regulations, 2013*, as the *Noticee*, as a partner of *Capproin* was very much aware of the Investment Advisory activities of *Capproin* and was knowing that any declaration about her association with *Capproin* could have adversely affected her prospect to obtain an IA registration from SEBI. In view of the aforesaid discussions and observations, I find that the first issue i.e., whether *Research Infotech / Ms. Jasmeet / Noticee* had submitted wrong information to SEBI while obtaining certificate of registration under *IA Regulations 2013* on July 17, 2015, is answered in affirmative.

Issue 2: Whether acts of the Noticee as imputed in the interim order, have violated the provisions of IA Regulations, 2013 and PFUTP Regulations, 2003 while acting as an Investment Adviser or not?

18. Before dealing this issue, it is important to reiterate the *prima facie* findings of the *interim order* which have led to passing of various directions in the *interim order*:

- The *Noticee* was offering assured profit commitment to her clients;
- The *Noticee* was extorting money from clients under various pretexts such as slots unavailable, additional GST charges, file charges, server charges etc.,
- The *Noticee* was charging non-transparent fees from her clients;
- The *Noticee* was involved in dishonest practices such as obtaining trading account ID and password of clients which are contrary to the norms prescribed for an IA;
- The *Noticee* was also found to be involved in offering unregistered investment advisory services through the partnership firm viz., *Capproin*.

19. I note from the records available before me that the *Noticee* was allegedly assuring huge returns to the clients, if such clients made investments on the lines of the investment packages provided by the *Noticee*. For instance, the *Noticee* vide e-mail dated December 13, 2017 addressed to her client Mr. Madhukar Bhagwat stated that “As you are existing client of IDP plan, here we will commit you the profit of INR 25,00,000 in cost of INR 20,00,000.”. Similarly, the *interim order* further records an illustration wherein, *Noticee* vide e-mail dated September 11, 2017 to a client viz., Mr. Shyam Narayan Mehta, had categorically stated that “Here we will commit you INR 25,00,000/- in cost of Rs.12,00,000/-. Your plan has been activated successfully. We are assuring you will get complete follow up of service amount.” In another email to one client (Mr. Abhey Singh Lamba), *Noticee* vide e-mail dated January 12, 2018 had stated that “As you are existing client of PCP...here we commit you the profit amount is INR 25,00,000 in cost of INR 12,00,000. **(emphasis supplied)**”

20. The *Noticee* has contended that no profit commitments were made to any of her clients and the clients were only referred to various profits slabs which were an indication to the clients about the possible range of profit one might earn on their respective investments. *Noticee* has also claimed that she had made her clients aware of the market risks associated with the investments in the securities markets by

incorporating necessary disclosures pertaining to the risks involved in investments in the invoices sent to the clients as well as in the disclosures on its website. There are no two opinions that all the financial investments are always subject to market risks which may vary from product to product and there cannot be any investment product, which can assure a high level of return with certainty as was being assured by the *Noticee* which is manifest from the email correspondences cited above. Further, a plain reading of the emails mentioned above and in the *interim order* wherein such profit commitments allegedly assured by the *Noticee* have been referred to, one can easily make out that the aforesaid email communications in fact contained tacit commitments for assured returns and not merely a range of possible profits as claimed by the *Noticee*. It is thus noted that in response to such a serious charge levelled against the *Noticee* in the *interim order* the *Noticee* has made only a bald denial of having made any such assurances to her clients without furnishing any cogent evidence to the contrary in rebuttal of the allegation. Moreover, a mere perusal of the above email communication by the *Noticee* with her clients are found to be sufficient enough to show that the *Noticee* was inducing investors to trade in securities by offering them definite and assured returns on their investments and such an act on the part of the *Noticee* would certainly fall within the ambit of fraudulent act under the *PFUTP Regulations, 2003*.

21. An investment adviser is a person or group of persons or an entity that conducts analysis of different securities and investment products available in the securities market and makes investment recommendations to the clients appropriate to the risk appetite & risk tolerance of the investors for which, they are entitled to charge a reasonable fee against the services so agreed to be rendered to the clients. The *IA Regulations, 2013* through its Code of Conduct expect an IA to act honestly, fairly and in the best interests of its clients and 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 acts diligently with due skill, care so as to ensure 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 various available alternatives. The *IA Regulations, 2013* further cast duty on such registered intermediaries that while rendering services of an IA, they shall make adequate disclosures of relevant material information pertaining the advice rendered while dealing with their clients. Whereas, in the instant matter, contrary to the duty cast upon on IA through rules and regulations, as illustrated above, I find that the *Noticee* has been promising to its clients' astronomical returns on investments as has been observed in the *interim order* in response to which apart from a mere denial the *Noticee* has not been able to substantiate its denial with any strong argument/evidence to refute the said allegation made against her nor has she made any effort to justify the basis on which she was making such promises to its clients. Under the circumstances one has to conclude that the *Noticee* has silently accepted the said allegation. Therefore, there is no doubt left in my mind that the *Noticee* was indeed assuring huge amounts of returns to the clients on the products/packages sold by her thereby fraudulently inducing them to buy the investment products/packages being offered by her in violation of the regulation 15 (1), 15 (9) read with Clause 1, 2 and 5 of the Code of Conduct as mentioned in the Third Schedule of the *IA Regulations, 2013*.

22. Moving on to the allegation of extorting money from clients under various pretexts, I note that the *interim order* has recorded that a unique *modus operandi* was being followed by the *Noticee* to dupe and extort money from its clients, wherein first the clients are lured with profit commitment and then taken on-board with very basic service fees of ₹ 5,000/- to ₹ 7,000/- and remaining fee was taken in tranches. However, strict deadlines are set out for the clients to make full payment of those tranches and those deadlines are so stringent that in most of the cases the client fails to meet the deadlines and no refund is provided to the client. Further, when a client somehow arranges to pay the remaining amount of the fees they are informed that the said package/slot for which the deadline was set for him, is not available any more but a new upgraded package is available, but with higher service fee which has to be paid as per the new instalments/ tranches and deadlines set for him. Such client

is then asked to pay additional amount as GST, Service charge, server fee, portfolio fee, gateway fee, file handling fee, etc., which were never disclosed to the clients earlier. For instance, as recorded in the *interim order*, in one of the SMS dated May 07, 2018 sent by the *Noticee* to a client namely Mr. Subaiz K, it was mentioned that “Due to unavailability of slots, your profile has been declined from the server. Kindly call the executive.” Similarly, vide email dated March 17, 2018 to a client namely Mr. Anil Varthur, the *Noticee* stated that “We are unable to adjust your previous paid amount of Rs. 30,000/- for PDP services plan due to upgraded slot. For complete process of PDP services file please make remaining GST of Rs. 30,000/- now.” (**emphasis supplied**)

23. I note that the *Noticee* in her reply to the aforesaid allegation in the *interim order* has submitted that at the relevant time when the *Noticee* was providing services as an IA to her clients, there was no prescribed ceiling on the fees that could be charged by an IA. She has also submitted that restrictions with respect to fees charged were imposed vide SEBI circular dated September 23, 2020. Therefore, the *Noticee* has denied having followed any unfair practices while dealing with the clients. I find that although during the relevant period of time there were no specific regulatory instructions pertaining to the maximum amount of fees that can be charged by an IA while providing services to its clients, that does not give rights to a registered intermediary to extort money from its clients through illicit means. In fact, the Clause 6 of the Code of the Conduct (Third Schedule of the *IA Regulations, 2013*) casts a responsibility upon the IA to ensure that fees charged to the clients is fair and reasonable. Further, if a client has subscribed to/purchased a particular product after already paying the required/agreed fees as demanded by the *Noticee* at the time of selling the said product, it is highly unbecoming for the IA to stop providing the services to the client, on the ground that the respective service slot is not available or out of stock. I note that apart from taking a shelter under the afore-stated circular, the *Noticee* has not provided any sound rationale / justification for the *modus operandi* being followed by her to charge exorbitant amounts of fees and various additional fees under different nomenclatures as recorded in the *interim order*. From the records, it is rather clearly discernible that the *Noticee* has in fact indulged in activities of

charging unreasonable amounts of fees under various additional heads, most of which even do not seem to be connected to the service of an investment adviser nor even the clients were informed about such additional charges at the time when the *Noticee* first sold her packages and plans to them. Further, the statement pertaining to “Refund Policy” under which 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. Therefore, apart from demanding unwarranted charges, under the garbs of fees for file transfer, server charges, additional GST, etc. as pointed out above, the *Noticee* has also declined to refund the excess amounts already received by her from the clients. Being a registered intermediary expected to act in fiduciary capacity, the *Noticee* is expected to ensure that in the conduct of her business, it observes highest standards of integrity, fairness, ethics and professionalism. However, from the aforesaid factual observations and the observations recorded in the *interim order* it is seen that the *Noticee* has not been transparent in her dealings with her clients with respect to the fees charged from them. The *Noticee* has apparently tried her best to extort maximum fee for her own benefit to enhance her revenue instead of acting with due skill, care and diligence in the best pecuniary interests of its clients and has engaged in all possible exploitative behaviour towards her clients as clearly evident from her conduct illustrated in the *interim order* and also above in this Order vis-à-vis a few of her clients , which is certainly in violation regulation 15 (1), 15 (9) read with Clause 1 and 6 of the Code of Conduct laid down in the Third Schedule of the *IA Regulations, 2013*.

24. The *interim order* has also alleged that the *Noticee* has not been fair in its dealings with its clients with regard to charging of fees from them and such fees as demanded by the *Noticee* were not in sync with the prices mentioned on the website of the *Noticee*. For instance, I note from the *interim order* that in one of invoice no. INV 1176 dated Jan 02, 2018 issued to Mr. Anil Yadav, the client was charged ₹ 1,43,136/- and GST of ₹ 25,764/- for the product Service ‘Cash’ for one month. However, as per the declaration made on the website of the *Noticee*, any product related to ‘Cash’ (viz., Stock Cash, Stock Cash premium, Express Cash, Stock Cash HNI, and

PSP Stock Cash) the monthly fee ranged only from ₹ 7,000/- to a maximum of ₹ 65,000/-. In this regard, *Noticee* has submitted that the fees mentioned on its website were only indicative in nature and the actual amount of fees depended upon the agreement between the *Noticee* and its client. She has also argued that the charges of the *Noticee* were very competitive as compared to other investment advisers in the market at that time. I also note that the *Noticee* has charged different types of fees for the same product to the same client on different occasions. As recorded in the *interim order*, *Noticee* has charged Mr. Abhey Lamba for the product 'Stock Premium Future' an amount of ₹ 1,25,000/- for four months i.e. from August 01, 2017 to November 01, 2017 and ₹ 51,000/- for three months i.e. from June 09, 2017 to September 09, 2017.

25. From the events recorded in the *interim order*, a few of which have been quoted and discussed above, it again emerges that the *Noticee* has failed in exercising due care or diligence while dealing with its clients and is found to have been charging unreasonable fees from her clients as per her whims and fancies. In fact, in the afore-stated instance of Mr. Abhey Lamba, I note that the two service periods for which fees was demanded have amounted to charging fees twice for certain portion of common period of service, which were overlapping each other, thereby indicating that the client has paid twice for the same service. In the light of the aforesaid details and in absence of any justifiable response from the *Noticee* disputing the aforesaid allegations made against it, I am constrained to find that the conduct of the *Noticee* as observed from the above noted acts of charging unreasonable fees from the clients in an unfair and non-transparent manner is in violation of the regulations laid down under *IA Regulations, 2013*.

26. Regarding the allegation of involvement in dishonest practices such as asking the clients to share the details of their trading account ID and password which are contrary to the norms prescribed for an IA, *Noticee* has submitted that the WhatsApp number from which the alleged conversation regarding this took place that has been referred to in the *interim order* is not the official number of the *Noticee*. *Noticee* has further submitted that the official WhatsApp number of the *Noticee* was informed to

all the clients and they were asked to communicate to the said official numbers only and therefore, such acts of conversations as referred to in the *interim order* that was not made from her official WhatsApp number were beyond the control of the *Noticee*. After perusing the findings of the *interim order*, I observe that in the said WhatsApp conversation referred to in the *interim order*, three executives of the *Noticee's* proprietorship firm are seen to have asked for the details of the User ID and password of the trading account from one of their clients, viz: Mr. Piyush Patel. I also note that the *Noticee* has not denied during her submissions that the three executives referred to in the *interim order* were not its employees, so there is no dispute that those executives were working on behalf of the *Noticee*. It is important to note here that though the employees of an organisation usually deal with the clients of the organisation, all the services that they render to the clients are essentially attached with the identity and brand name of the organisation or the entity itself, hence, for any wrongdoing on the part of the employees of an organisation, it is the organisation which is answerable to the clients. The mere fact that the employees used a different WhatsApp number other than the official WhatsApp number of the *Noticee* while interacting with the clients of the *Noticee*, can not absolve the *Noticee* being the employer of those executives from the vicarious responsibility of owning up the deeds or misdeeds of those executives committed through their conversation with the clients. It is not the case of the *Noticee* that the executives were talking to the clients in their personal capacities through the said purportedly non-official WhatsApp number when they asked for trading account details from those clients. Therefore, since the executives were clearly found to have asked for the trading account details from the clients while dealing with them as employees of the *Noticee* in violation of the regulatory norms prescribed under the *IA Regulations, 2013* I see no plausible explanation has been advanced by the *Noticee* so as to be exonerated from the charges of indulging in such unfair and dishonest activities which are not in the interest of the integrity of the securities market. The limited explanation submitted by the *Noticee* along with a claim of having settled the grievances of her clients including refunding the amounts due to the respective

clients further reinforces the finding that the acts and conduct of the *Noticee* were not fair and honest. The *Noticee* in her attempt to extort maximum amount from her clients has not only lured them through unreasonable and unexpected assured returns but also has resorted extorting from them exorbitant sums of fees under different heads and thereby has indulged in highly unwarranted acts that are not expected of an honest and regulation compliant investment adviser. Therefore, the afore noted arguments put forth by the *Noticee* are found to be without any substance or merit hence have to be rejected in *limine* without any further consideration. In fact, such a glaring wrong doing on the part of the *Noticee* qua her clients by trying to gain access to the trading accounts of the clients cannot be termed to be an act done in fiduciary capacity and is blatantly, in violation of regulation 15 (1) of the *IA Regulations, 2013*.

27. I note that the *Noticee* in her written reply as well as during her oral submissions has vehemently argued that the complaints filed by the investors against her have already been resolved. The *Noticee*, has also produced before me the records to show that the complainants have received certain amounts towards final settlement of their respective claims and have not expressed any further grievance against the *Noticee*. In this regard, it is to be noted that the complaints filed against the *Noticee* have led to examination of the documents submitted by the *Noticee* while applying for registration as an Investment Adviser and also of the acts of the *Noticee* while acting as a registered IA. In the present proceedings before me the main issue for consideration and decision is whether or not, the *Noticee* is in violation of the relevant SEBI regulations in pursuing a profession of IA and whether or not the registration obtained by the *Noticee* to act as an IA was based on authentic/valid declarations and documentary support. Under the circumstances, the nature of complaints and/or their subsequent amicable resolution if any, shall not be a factor to influence the outcome of the present proceedings, since irrespective of her attempt to redress the grievances of her clients which in any case is a statutory obligation on her to redress the grievances , it remains an unassailable position that

the conduct of the *Noticee* as an IA was grossly in violation of the regulatory prescriptions under the *IA Regulations, 2013* read with its code of conduct.

28. The *Noticee* has claimed that 67 of the complaints filed against her have been resolved and 27 complaints are being resolved. In this context, as pointed out by me above, the 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 submission of the *Noticee* that resolution to 27 complaints is still pending.

29. In view of the foregoing, I observe that irrespective of the claim of the *Noticee* that many of the complaints of the investors have been resolved, the facts remain that the *Noticee* had indeed indulged in such practices as discussed at length in preceding paragraphs of this Order, which by any stretch of arguments, cannot be termed as dealing with her clients in a 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 the acts of the *Noticee* have been in gross violation of regulation 15 (1) of the *IA Regulations, 2013*. Further, the *Noticee* has grievously failed in acting diligently its part in fiduciary capacity and has deliberately acted in violation of Clauses 1, 2, 5 and 6 of the Code of Conduct read with regulation 15 (9) of the *IA Regulations, 2013*.

30. With regard to the allegation of fraud, the *Noticee* has argued that the charge of fraud must be supported by strong evidence and to support such a contention she has also relied upon various judicial rulings of Hon'ble Supreme Court and also of Hon'ble SAT. Having gone through the cases referred to by the *Noticee*, I find that all of these cases are not relevant to the facts and circumstances prevailing in the instant proceedings. As regards the relevance of some of the case laws cited by the *Noticee* pertaining to the ascertainment of motive of fraud and standard of proof, it is trite law that the standard of proof in the matters of fraud arising out of violation of the *SEBI Act, 1992* or the provisions of the Regulations framed thereunder,

actually rests in the test of preponderance of probability, as has been upheld in the following judgment of the Hon'ble Supreme Court, wherein, it was held that:

SEBI vs. Kishore R. Ajmera (2016) 6 SCC 368

".....While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt. The conclusion has to be gathered from various circumstances like the volume of the trade affected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine....."

31. Thus, the Hon'ble Apex Court while laying down the principle relating to evidentiary value has observed that in the absence of direct evidences, the attendant facts and circumstances which surround the allegations levelled against the Noticee may also form the basis of an inference to prove culpability. The Hon'ble Apex Court, in the said matter, while appreciating the purpose of SEBI Act, 1992 and the regulations framed thereunder, have observed that the measures under the said enactments/regulations are taken to pre-empt manipulative trading and to contain the impermissible conduct so as to boost the investors' confidence in securities market. The Hon'ble Supreme Court, in yet another matter of *Kanaiyalal Baldev Bhai*

Patel vs. SEBI (2017) 15 SCC 1, while analysing the import of Regulation 2 (c) of SEBI PFUTP Regulations, 2003 have also observed that irrespective of the fact that an act is done in a deceitful manner, if such an act or omission has an effect of inducing another person to act in a manner, in which he would not have acted had such inducement not been there, such act will constitute a fraudulent act. Therefore, in my opinion, the case laws cited by the *Noticee* cannot be made squarely applicable to the instant proceedings being distinguishable both on facts and the context from each other. Rather, from the materials available on records before me, such as the payment receipts, email exchanges, messages and the *modus operandi* adopted by the *Noticee* to extort huge amounts of fees from the clients as discussed hereinabove, I am constrained to conclude that the *Noticee* was not practicing her investment advisory services in the manner envisaged under the *IA Regulations, 2013* but was running a pre-meditated device, plan or scheme where under, the employees / representatives of the *Noticee* would lure innocent investors by promising them assured profits on their investments so as to extract more money from them by putting strict deadlines for making payments, refusal to provide services in the event of delay, upgradation of clients / change from one package to another without the consent of the clients , demanding various types of unwarranted fees such as additional GST charges, file charges, server charges etc. which are not revealed at the time of on-boarding of the clients . The *Noticee* by making profit commitments to the prospective clients was also inducing the investors to deal in securities which may not be suitable to the investment needs of such clients, and was thus charging unreasonable fees from them thereby making wrongful gains. Therefore, such acts and dealings of the *Noticee* are definitely violative of the provisions of Section 12A(a), (b) and (c) of the *SEBI Act, 1992* and regulations 3 (b), (c) and (d) and 4(1) and 4(2) (k) of the *PFUTP Regulations, 2003*.

32. Before parting with the proceeding, I find it appropriate to reiterate that the Preamble of the *SEBI Act, 1992*, *inter alia*, stipulates that establishment of SEBI is for the purposes of protection of interest of the investors in securities. In furtherance of the same, Section 11 of the *SEBI Act, 1992* empowers SEBI to take measures as

deemed fit to achieve the avowed objective of the Act. Section 11 (2) (b) of the *SEBI Act, 1992, inter alia*, provides that SEBI may take measures so as to register and regulate the working of investment advisers and further Section 12 (1) casts an obligation to take registration from SEBI before acting as an investment adviser. Similar such conditions for obtaining registration from SEBI, before acting as an investment adviser, are also stipulated under the regulation 3 (1) of the *IA Regulations, 2013*. It is also relevant to note here that Hon'ble Courts of the country have time and again held the *SEBI Act, 1992* to be a social welfare legislation. To cite one of such case, reference may be made to the rulings of Hon'ble Supreme Court passed in the matter of *SEBI Vs. Ajay Agarwal (Civil Appeal no. 1697 of 2005; date of decision: February 25, 2010)*: "...The said Act is pre-eminently a social welfare legislation seeking to protect the interests of common men who are small investors..."

33. In this respect, while appreciating the role for which the *SEBI Act, 1992* has been enacted, the Hon'ble Supreme Court of India has in the matter of *N. Narayanan vs. Adjudicating Officer, SEBI, (Date of Decision: April 26, 2013)*, observed *inter alia* as:

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

.....
SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market. Economic offence, people of this country should know, is a serious crime which, if not properly dealt with, as it should be, will affect not only country's economic growth, but also slow the inflow of foreign investment by genuine investors

and also casts a slur on India's securities market. Message should go that our country will not tolerate "market abuse" and that we are governed by the "Rule of Law". Fraud, deceit, artificiality, SEBI should ensure, have no place in the securities market of this country and 'market security' is our motto.... SEBI has the duty and obligation to protect ordinary genuine investors and the SEBI is empowered to do so under the SEBI Act so as to make security market a secure and safe place to carry on the business in securities..."

34. To sum up the misdeeds and misdemeanours committed by the *Noticee* as a SEBI-registered Investment Adviser, by following an unscrupulous business practice as have been discussed in the foregoing paragraphs, where the *Noticee* is seen to have blatantly side lined the interest of its clients by committing assured profits, charging high and unreasonable fees, extorting money from the clients under different self-created pretexts , involving in dishonest practices of seeking user ids and passwords so as to gain access to the trading accounts of the clients, etc., and has acted in a deceitful manner with a motive to induce the clients to buy her investment products/packages for maximising her revenue. It is also observed that all the findings as recorded above are based on cogent evidence, and factual support with tangible illustrations which have been marshalled very well into the *interim order* to point out glaring infirmities in the conduct of the *Noticee*, which the *Noticee* has not been able to controvert. Such manipulative acts, misrepresentations, inducements and omissions exhibited by the *Noticee* as discussed above preponderantly suggest that the *Noticee* has acted in terms of an artificial device that was invariably deployed by it while dealing with the clients, so as to create all possible inducements in the minds of the gullible investors to seek her investment advice under different packages. Under the circumstances, I am constrained to hold that the *Noticee* has violated regulation 15 (1), clauses 1, 2, 5 and 6 of the Code of Conduct read with regulation 15 (9) of the *IA Regulations, 2013* and Section 12A(a), (b) and (c) of the *SEBI Act, 1992* and regulations 3 (b), (c) and (d) and 4(1) and 4(2) (k) of the *PFUTP Regulations, 2003*.

35. In view of the foregoing discussions on various acts of misconduct and fraudulent trade practices followed by the *Noticee* in contraventions of various statutory as well as regulatory provisions as alleged in the *interim order* and my observations thereon holding the said allegations of misconduct and fraudulent trade practices as established on the basis of facts & circumstances of the case, in order to achieve the avowed object of SEBI Act, 1992, and to protect the interest of investors, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B (1) read with Section 19 of the *SEBI Act, 1992*, hereby pass the following directions:

- i. The *Noticee* is hereby 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 four (04) 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 her 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 two (02) years or for such time all the complaints are resolved, whichever is later.

36. 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.

37. Obligation of the *Noticee*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the *Noticee* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

38. Subject to the above, the restraint imposed on the *Noticee* from alienating the assets including the money in bank accounts etc., is directed to be discontinued.

39. The directions issued under para 44.3 of the *interim order* against the employees of the *Noticee* are directed to be discontinued.

40. This Order is without prejudice to the rights of SEBI to initiate other actions that may be initiated against the aforementioned entity in accordance with law.

41. This Order shall come into force with the immediate effect.

42. 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: JUNE 01 , 2021

S. K. MOHANTY

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA