

WTM/AB/SRO/BLO/17/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

UNDER SECTIONS 11, 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.	Equity Mania Financial Advisory (Prop: Mr Ankit Goel)	AUQPG5385A

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1. The present proceedings have emanated from an ex-parte ad-interim order cum show cause notice dated December 14, 2020 (hereinafter referred to as “**the interim order**”) passed by Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) *inter alia* against Equity Mania Financial Advisory and its sole proprietor Shri Ankit Goel, (hereinafter collectively referred to as “**the Noticees**”), as the unregistered investment advisory activities of the Noticees were found to be in violation of the provisions of Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”) and Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations, 2013**”). By the interim order, following directions were issued against the Noticees:

21.1.1 *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 matter whatsoever, until further orders.*

- 21.1.2 *Not to divert any funds raised from investors, kept in bank accounts and/or in their custody until further orders.*
- 21.1.3 *Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.*
- 21.1.4 *Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., physical or digital in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*
- 21.1.5 *Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
- 21.1.6 *To provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.*
- 21.1.7 *To submit the number and details of clients who have availed their investment advisory services and to submit details of fees collected from each such client, immediately but not later than 5 working days from the date of receipt of this order.*
- 21.2 *If Equity Mania Financial Advisory or its proprietor have any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. Equity Mania Financial Advisory and its proprietor 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.*
- 21.3 *ICICI Bank Ltd. (A/c no.: 317805500006), wherein Equity Mania Financial Advisory is holding an account is directed not to permit any debits / withdrawals and not to allow credits to the said accounts, without the permission of SEBI. Payumoney and Instamojo where Equity Mania Financial Advisory is holding an account, are directed to deactivate the said account till further orders. ICICI Bank and payment gateways are directed to ensure that all the above directions are strictly enforced.*
- 21.4 *The Depositories are directed to ensure that they neither permit any debits nor any credits in the demat accounts of Mr. Ankit Goel held jointly or individually till further directions.*

21.5 *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 Equity Mania Financial Advisory are not transferred or redeemed. Further, Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including mutual fund units, held in the name of Mr. Ankit Goel, held jointly or individually, 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, I note that the Noticees vide letter dated December 31, 2020 filed their reply to the SCN. The matter was then placed before me on March 08, 2021 and following the principles of natural justice, an opportunity of personal hearing was granted to the Noticees on June 10, 2021. On June 10, 2021, Mr. Ankit Goel appeared before me via video conferencing and made his submissions. The Noticee vide his letter dated December 31, 2020 has *inter alia* made the following submissions:

- a. *I have stopped from acting as an advisor since March 2009 and I would not continue to do so.*
- b. *All the funds in the account will not be moved. No assets or money in the accounts will be moved. All advertisements have been removed. All the derivative positions are closed.*
- c. *I agree that because of my unruly and reckless behaviour I had not registered myself with SEBI and I deeply regret that. I also understand that I have been unjust to the laws pertaining to it and therefore, would completely follow all the SEBI Guidelines moving forward.*
- d. *I would also say in the span of three years I have been completely honest and reliable to all the clients that I have acquired and served them to the best of my ability. I have completely stopped giving all the services from the moment the notice was received from you.*
- e. *All the earnings have been put into getting my office space in order and also living in the expensive city i.e. Bangalore. I would like to bring to your attention that I have given the best service possible to all the clients and*

there have been no complaints from any of the clients. I have been true to all the guys that have paid and have not committed any fraud by any means.

- f. *With respect to point 10 of the report, the collected amount by the firm i.e. 42,96,283 and as mentioned in the statement that it is 48,52,941/-, the same is because of the amount that is being reversed in the account. Also the remaining difference is because of the fact that Payu money and insto mojo charges a service fee of 2.36% and this puts us at the exact value we have received.*

3. I find that the interim order passed in the matter contained following observations with respect to the Noticees:

- (i) SEBI received a complaint against Equity Mania Financial Advisory alleging that it is providing advisory services without obtaining registration from SEBI. In view of the complaint received, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory activities are being carried out by Equity Mania Financial Advisory.
- (ii) SEBI's preliminary examination found that from a general internet search of the particulars of hosting of the website of the firm based on its domain name, shows that prima facie the website of the firm, www.equitymania.com, was hosted for the first time on December 2, 2016 as available on <https://who.is/whois/equitymania.com>. Further, in response to SEBI's query with respect to the initiation of business activity of investment advisory by the firm sought vide letter dated August 18, 2020, the firm has submitted vide its undated letter (received by SEBI on August 25, 2020) that it has started the said business activity in the month of December, 2016.
- (iii) As per the information gathered from the website of the firm, the following claims were noted:
 - a. *Under the heading "About – Equity Mania": Equity Mania is a growing financial advisory firm of India & has made a significant*

growth in a very short period of time. We have a team of highly qualified & experienced financial advisors, who have in-depth understandings & great knowledge about Equity Market, Economics, ongoing Market-Trends and Company Valuations along with many other financial domains. Thus, we are capable to guide the people for investing their hard-earned money in equity & commodity market. Our professional guidance helps to the people to get good ROI (returns-on-investment) for their invested capitals. We don't provide the effective & accurate tips to the people for investment in Equity & Commodity Market only but we also act as an investment advisor for them as we have several other investment plans for them including short-term investment plans, medium-term investment plans as well as long-term investment plans.

b. Under the heading "Our Mission": Being a growing investment advisory firm of India, Equity Mania always believes in long-term relationships with all of our valuable clients whether they choose for investing their hard-earned capital in equity or commodity market or they opt for choosing any other invest plans for short, medium or long-term perspectives. Our mission to increase their wealth as much as possible by considering their financial needs & requirements.

(iv) On a further perusal of the website, it is observed that the firm is providing the following service:

Category	Services
Investment Services	a)Long Term Investment b)Short Term Investment c)Medium Term Investment
Trading Services	A. Intraday services a. Intraday Cash Tips b. Intraday Future Tips c. Intraday Option Tips B. Positional services a. Positional Stock Cash Tips b. Positional Future Tips c. Positional Option Tips

- (v) Pricing of some of the services offered by the firm as per its website were as under:

Category	Services	1 month	3 months	6 months	1 year	2 year
Investment Services	Long Term Investment	-	-	-	25,000	35,000
	Short Term Investment	-	25,000	40,000	70,000	-
	Medium Term Investment	-	20,000	30,000	50,000	-
Trading Services	Intraday services					
	Intraday Cash Tips	7,000	15,000	25,000	35,000	-
	Intraday Future Tips	10,000	25,000	45,000	85,000	-
	Intraday Option Tips	7,000	15,000	25,000	35,000	-
	Positional services					
	Positional Stock Cash Tips	10,000	25,000	40,000	70,000	-
	Positional Future Tips	15,000	40,000	75,000	1,25,000	-
	Positional Option Tips	12,000	25,000	40,000	50,000	-

- (vi) Some of the features of services provided by the firm, as observed from its website, were as under:

a. *Intraday Cash Tips*

- i. *1-2 quality calls per day, depends on the market scenarios.*
- ii. *Calls are provided at the earliest as early as possible.*
- iii. *Target varies from 2% to 3%.*
- iv. *Timely entry & exit of stocks.*
- v. *All calls are provided with strict stop loss.*
- vi. *All calls are provided through phone calls and sms.*
- vii. *Accuracy of calls would be more than 75%.*

- (vii) It is further observed from the ICICI Bank Customer Relationship Form that Equity Mania Financial Advisory is a sole proprietorship of Mr. Ankit

Goel. Further, it was noted that under the heading "Type of Industry", it is mentioned as "Equity Financial Service".

- (viii) From the firm's website, it was observed that, payments can be made to the firm in its bank account maintained with ICICI Bank (A/c No. 317805500006). The transactions observed in the abovementioned bank account are summarized as under:

Account Number & Bank	Period for which bank statement is obtained	Total amount Credited (Rs.)	No. of Credit Transac tions	Last Credit Trans action date	Closing Balance
A/c No: 317805500006 ICICI Bank	December 16, 2016 to August 14, 2020	35,22,443	128	March 20, 2020	1,57,321
Payumoney	December 16, 2016 to August 31, 2020	11,01,670	130	August 23, 2019	NA
Instamojo	December 24, 2017 to October 30, 2020	2,28,827	44	January 22, 2020	NA
Total		48,52,941	302		

- (ix) From the analysis of Bank statement, the following was observed:
- The bank account is active.
 - The total credit received in the aforesaid account is approximately Rs. 48.52 lakh during the period December 16, 2016 to August 14, 2020.
 - It is observed that there are 302 credit transactions received in the said bank account. From the narrative of the transactions, it appears that the payments have, prima facie, come from various investors / clients. An illustrative list of narrations in the bank account of the firm is as under:

Transaction Date	Narration	Credit (Rs.)
17/9/2019	BIL/INFT/001801869143/Subscription/	35000
11/10/2019	BIL/INFT/001820615118/2YRFNOSUBSC7OCT/	45800
22/10/2019	BIL/INFT/001828436003/2YROPTIONSUB/	55000
25/10/2019	BIL/INFT/001831368251/Midterm Subscree/	37500

(x) It is further observed from the submission of the firm (received by SEBI on August 25, 2020) that it has collected Rs. 42,96,283/- from 257 clients offering its services as mentioned on its website.

4. I note that the definition of investment adviser, as given in Regulation 2(1)(m) of IA Regulations, 2013, 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(1) (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.”
5. I note that Noticees on their website i.e. www.equitymania.com advertised Equity Mania Financial Advisory as an investment adviser giving advice in equity and commodity market. The website page mentioned that it not only provided effective and accurate tips for investment in Equity & Commodity Market but also acts as an investment advisor as they have several other investment plans including short-term investment plans, medium-term investment plans as well as long-term investment plans. I note that as per its website pricing of some of the services offered by the firm are as under:

Category	Services	1 month	3 months	6 months	1 year	2 year
Investment Services	Long Term Investment	-	-	-	25,000	35,000
	Short Term Investment	-	25,000	40,000	70,000	-
	Medium Term Investment	-	20,000	30,000	50,000	-
Trading Services	Intraday services					
	Intraday Cash Tips	7,000	15,000	25,000	35,000	-
	Intraday Future Tips	10,000	25,000	45,000	85,000	-

Intraday Tips	Option	7,000	15,000	25,000	35,000	-
Positional services						
Positional Cash Tips	Stock	10,000	25,000	40,000	70,000	-
Positional Tips	Future	15,000	40,000	75,000	1,25,000	-
Positional Tips	Option	12,000	25,000	40,000	50,000	-

6. I find that these services were being offered by the Noticees in lieu of the consideration which could be paid by the investor concerned in the ICICI Bank (A/c No. 317805500006) of Equity Mania Financial Advisory, details of which were provided on the website of the Noticees. I also note that various credits have been received in this account from Payumoney and Instamojo payment gateways. From the detail of the said bank account, I note that total of Rs. 48.52 lakhs have been credited during the period December 16, 2016 to August 14, 2020. I note that there are 302 credit transactions received in the said bank account and from the narrative of the transactions, it appears that the payments have come from various investors / clients as illustrated in the table in para 3 (ix) above. From the aforesaid facts, I find that Equity Mania Financial Advisory was engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, through its website www.equitymania.com. I note that the Customer Relationship Form for the ICICI Bank (A/c No. 317805500006) of Equity Mania Financial Advisory, copy of which was forwarded by the bank to SEBI, states that constitution of Equity Mania Financial Advisory is proprietorship firm. The said Customer Relationship Form further shows that Equity Mania Financial Advisory is a sole proprietorship of Mr. Ankit Goel. Thus, I find that Equity Mania Financial Advisory was the proprietary concern of Mr. Ankit Goel and was engaged in investment advisory activity. Further, I note that Mr. Ankit Goel vide his letter dated December 31, 2020 has not denied the allegations made against him in the Interim Order and has admitted that he was acting as an unregistered investment advisor and that he has not registered himself with SEBI. Further, the Noticees vide letter dated December 31, 2020 also submitted that he had collected money in lieu of the investment advisory services he was providing and has provided a list

of the clients from whom he had taken payment. Further, I note that the Noticees vide their undated letter received by SEBI on August 25, 2020 had submitted the following information with regard to its plans and amounts collected from clients:

Name of the package	Number of Clients	Amount
Long term Investment	112	878152
Short term investment	59	1006837
Medium term investment	35	515806
Cash Intraday	4	76800
Option Intraday	4	61000
Future Intraday	2	250000
Cash positional	18	363287
Option positional	3	330000
Future positional	20	814401
Total	257	42,96,283

7. In view of this, I find that Noticees were providing the investment advice, in lieu of consideration. In terms of Regulation 2(1) (l) of IA Regulations, 2013 such an advice is “investment advice”. Therefore, I find that Noticees 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(1) (m) of the IA Regulations, 2013.

8. 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.”

9. In order to protect the interest of investors and to maintain integrity of the securities market, IA Regulations, 2013 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, 2013. 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, 2013 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.

10. 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 Equity Mania Financial Advisory is not registered with SEBI in the capacity of Investment Advisor, as also admitted by Mr. Ankit Goel in his letter dated December 31, 2020. 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, 2013.
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, 2013. However, from the ICICI Bank (A/c No. 317805500006) account statement of Equity Mania Financial Advisory obtained from the bank, it is observed that the bank account received credits of Rs. 48,52,941/- during the period December 16, 2016 to August 14, 2020. It is further observed from the submission of the Noticees (undated letter received by SEBI on August 25, 2020 and also vide letter dated December 31, 2020) as mentioned in para 6 above, that they have collected Rs. 42,96,283/- from 257 clients offering its services as mentioned on its website. I

also note that the Noticees have claimed that they have not received any complaint from their clients for their investment advisory services rendered. However, the fact that the Noticees were engaged in the activity of an investment advisor without seeking registration from SEBI is itself violation of the SEBI Act, 1992 and IA Regulations, 2013, and is actionable under the SEBI Act, 1992 and IA Regulations, 2013.

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

- (i) The Noticees shall within a period of three months from the date of coming into force of this direction, refund the money received from the clients/investors/complainant, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;
- (ii) 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 direction;
- (iii) 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;
- (iv) 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 December 14, 2020;

- (v) 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 direction given in para 12(i) above, duly certified by an independent Chartered Accountant. The restraint contained in para 12(iv) shall cease to operate once the refund to the clients/investors is complete and the report as contemplated herein is filed;
- (vi) In case of failure of the Noticees to comply with the aforesaid directions in sub-para (i) and (v), SEBI, on the expiry of the stipulated time period therein 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;
- (vii) 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(i) above, whichever is later;
- (viii) 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(i) above, whichever is later; and
- (ix) The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 12(vii) and (viii)

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(i) 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. However, in view of the exceptional circumstances emerged due to the outbreak of a COVID-19 and consequential lockdowns imposed in different parts of the country, the direction given in paragraph 12(i) and (ii) above, shall come into force on July 01, 2021.
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: June 24, 2021

Sd/

ANANTA BARUA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA