

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

Under Sections 11, 11B and 11 D of the Securities and Exchange Board of India Act, 1992
In the Matter of Goodwill Research

In respect of –

Sr. No.	Noticee/Entity	PAN
1.	Suneel Kumar Patel	DFQPP5370N
2.	Duiji Patel	PAN not available; Address: W/o Ram Khelavan Patel, Karaiya-Post, Hinauta Gajgauna, Karaiya Devri, Satna, Madhya Pradesh-485774

Background –

- 1.1. The present matter emanates from an examination by SEBI into the activities of **Goodwill Research** (“**Goodwill**”), to ascertain if it was carrying on unregistered investment advisory activities in violation of the provisions of the SEBI Act, 1992 (“**SEBI Act**”) and SEBI (Investment Advisers) Regulations, 2013 (“**IA Regulations**”).
- 1.2. During the examination, it was found that Goodwill was operating a website, www.goodwillresearch.com. The website mentioned two bank accounts for receiving payments from clients, details of which are as follows:

- i. ICICI Bank Account Number 004101575680 in the name of Suneel Kumar Patel (Noticee No.1); and
- ii. State Bank of India Account Number 34949510591 in the name of Duiji Patel (Noticee No.2).

1.3. It was observed from the contents of the website of Goodwill that Suneel Kumar Patel and Duiji Patel were holding themselves out as “Investment Advisers” by offering to provide investment advice as defined under Regulation 2(l) of the IA Regulations related to investing in, purchasing and selling of securities. The website also offered various investment packages for subscription. Thus, *prima facie*, Suneel Kumar Patel and Duiji Patel were found to be acting as “Investment Advisers” as defined under regulation 2 (m) of IA Regulations. However, neither Suneel Kumar Patel nor Duiji Patel were registered with SEBI.

Summary of Interim Order

2.1. Pursuant to the findings of the examination by SEBI, an ex-parte ad interim order dated December 16, 2020 (“**Interim Order**”) was passed in respect of the Noticees. In this regard, the Interim Order *prima facie* found that—

- i. Suneel Kumar Patel and Duiji Patel held themselves out as “Investment Advisers” for consideration. Suneel Kumar Patel and Duiji Patel were carrying out unregistered Investment Advisory services in the name of Goodwill Research.
- ii. The activities/ representations, without holding the certificate of registration, as investment adviser were, *prima facie*, in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations.

2.2. It was *prima facie* found that the activities carried out in the name of Goodwill Research were basically the activities of Suneel Kumar Patel and Duiji Patel. In view of the same, Suneel Kumar Patel and Duiji Patel were jointly and severally liable for the acts done in

the name of Goodwill Research. Considering the above facts and findings, the following directions were passed against the Noticees:

- i. 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.*
- ii. Not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders.*
- iii. 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.*
- iv. 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.*
- v. Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
- vi. 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.*
- vii. 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.*

2.3. The Noticees were also called upon to show-cause as to why suitable directions/prohibitions under Sections 11, 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, should not be issued / imposed against the Noticees, for the alleged violation of the provisions of the SEBI Act and IA Regulations.

Personal Hearing, and Replies and Written Submissions from the Noticees –

3.1. Pursuant to the above, Noticee No. 1 (Suneel Kumar Patel), vide letter dated February 11, 2021, sought time to file a reply in the matter. Thereafter, a reply was received on February 22, 2021 from Suneel Kumar Patel. The Noticee No. 1 was also granted an opportunity for personal hearing on July 27, 2021 over the video conferencing system. The Noticee along with Nilesh Kumar Gangwal, Advocate, appeared for the hearing and made submissions. The Noticee was also granted another opportunity for personal hearing on August 20, 2021. The submissions of Noticee No. 1, *inter alia*, are as follows:

- a. The interim order was passed on the basis of a complaint without hearing the Noticee. A copy of the complaint was not provided to the Noticee.
- b. The Noticee did not induce any person to make investments and the advice was given free of charge. Further, the activities were carried out only for a short period of time.
- c. The Noticee had met with an accident within a few days from the creation of the website, www.goodwillresearch.com, which was being run by Duiji Patel. Further, it was submitted that Duiji Patel had passed away and a copy of her death certificate had been sent to SEBI.
- d. As regards the abovementioned accident, the Noticee submitted that he had to undergo surgery and required hospitalisation for about eight months. He had made a claim against the owner of the truck before the Motor Accident Claims Tribunal ("MACT").
- e. With respect to his relationship with late Duiji Patel, the Noticee submitted that he had come in contact with Duiji Patel as she was a resident of the neighbouring village.
- f. With respect to the entries in the Bank account of Suneel Kumar Patel, it was submitted that the account was his salary account which was used for crediting

salary to him. The large number of entries in his account was due to the fact that he had received money from relatives and friends during his hospitalization. He also used to help people in transferring their money through his account, for which he would get commissions of small amounts. The entries specifically mentioned in the interim order, which bore the narration "Investment", had been received from some people who could not transfer funds to their DEMAT accounts; and this money was later returned to the said investors.

- 3.2. During the personal hearing, Suneel Kumar Patel was advised to categorize the entries reflected in the bank account statements, as provided by SEBI, and state the purposes for which the said transactions were carried out. However, the details have not been submitted by the Noticee.
- 3.3. As noted above, Suneel Kumar Patel also submitted that Duiji Patel has expired and provided a copy of her Death Certificate. I note from the same that Duiji Patel expired on October 28, 2020, *i.e.* prior to issuance of the Interim Order.
- 3.4. I note that the allegation against the Noticees is that by acting as unregistered Investment Advisers they have violated the following provisions of the SEBI Act and IA Regulations.

Relevant Provisions

4.1. Provisions of the SEBI Act —

Section 12

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

12. (1) No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities

except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a 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 immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.

(1A) No depository, participant, custodian of securities, foreign institutional investor, credit rating agency, or any other intermediary associated with the securities market as the Board may by notification in this behalf specify, shall buy or 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:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a depository, participant, custodian of securities, foreign institutional investor or credit rating agency immediately before the commencement of the Securities Laws (Amendment) Act, 1995, for which no certificate of registration was required prior to such commencement, may continue to buy or sell securities or otherwise deal with the securities market until such time regulations are made under clause (d) of sub-section (2) of section 30.

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

Provided that any person sponsoring or causing to be sponsored, carrying or causing to be carried on any venture capital funds or collective investment schemes operating in the securities market immediately before the commencement of the Securities Laws (Amendment) Act, 1995, for which no certificate of registration was required prior to such commencement, may continue to operate till such time regulations are made under clause (d) of sub-section (2) of section 30.

Explanation- For the removal of doubts, it is hereby declared that, for purposes of this section, a collective investment scheme or mutual fund shall not include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment besides the component of insurance issued by an insurer.

4.2. Provisions of the IA Regulations:

3.(1) 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:

¹ [***]

²[(1A) Notwithstanding anything contained in sub-regulation (1), any application made by a person prior to coming into force of these regulations containing such particulars or as near thereto as mentioned in Form A of First Schedule shall be treated as an application made in pursuance of sub-regulation (1) and dealt with accordingly;]

(2) An application for grant of certificate of registration shall be made in Form A as specified in the First Schedule to these regulations and shall be accompanied by a non-refundable application fee to be paid in the manner specified in Second Schedule.

³[(3) On and from the date of commencement of these regulations, no person, while dealing in distribution of securities, shall use the nomenclature “Independent Financial Adviser or IFA or

¹ Omitted by the SEBI (Investment Advisers) (Amendment) Regulations, 2020, w.e.f. 30-09-2020. Prior to its omission, regulation 3(1) proviso read as under;

“Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under sub-regulation (2) within the said period of six months, till the disposal of such application.”

² Inserted by the SEBI (Investment Advisers) (Amendment) Regulations, 2020, w.e.f. 30-09-2020.

³ Inserted by the SEBI (Investment Advisers) (Amendment) Regulations, 2020, w.e.f. 30-09-2020.

Wealth Adviser or any other similar name” unless registered with the Board as Investment Adviser.”]

Issue, Consideration and Findings –

5.1. In this respect, the issue for consideration is whether Suneel Kumar Patel and Duiji Patel held themselves out as Investment Advisers without obtaining registration from SEBI and whether they collected funds in such capacity from clients.

5.2. I note that the website of Goodwill made the following claims:

“Goodwill Research, a trusted name in the financial research services who provides you with the entire gamut of financial research services under one hub.

It is one of the few organizations providing research and information on Indian capital markets mainly based on Technical Analysis and enjoys a strong reputation amongst investors, brokers and researchers. Our team is highly skilled with experienced analysis. Our efforts are to provide you more & more profit in every trade

Welcome to Goodwill Research Its India’s most popular best commodity advice tips, MCX Tips, We are making money for you by our calls by an expert, We Support to our Client to take MCX Live Calls, live mcx, world market, forex signal”

5.3. The website offered a range of services pertaining to commodities, equity service, HNI service and forex trading. The pricing for the products ranged from Rs. 7,000/- to Rs. 7,80,000/- per service package. The details of the same, as mentioned on the website are as follows:

Sl. No.	Product	Monthly package In Rs.	Quarterly Package In Rs.	Half Yearly Package In Rs.	Yearly Package In Rs.
1	Stock Cash	21500	65000	81700	95000
2	Premium Cash	60000	250000	450000	780000

3	Intraday Future	10000	25000	30000	50000
4	HNI Future	25000	60000	80000	100000
5	Premium Future	50000	115000	220000	350000
6	Call and Put Option	7000	20000	35000	50000
7	Premium Option	50000	110000	220000	350000
8	Premium HNI	35000	51000	75000	110000

5.4. Further, as noted above, the bank details mentioned on website for receiving payments from clients are as under:

Bank account 1	Bank account 2
Name: Suneel Kumar Patel Bank: ICICI Bank Account number: 004101575680 Type of account: Savings IFSC: ICIC0000041 Branch: Malviya Parisar, Indore	Name: Duiji Patel Bank: State Bank of India Account number: 34949510591 Type of account: Savings IFSC: SBIN0000417

5.5. Examination of the statements of the above-mentioned bank accounts showed that numerous UPI payments had been made into these accounts. I note that while Noticee No. 1 (Suneel Kumar Patel) has submitted that their services were offered free of charge, the narrations of the transactions in the ICICI Bank account in his name revealed that the payments were made by various investors/ clients.

Date of transaction	Narration	Credit Amount In Rs.
22-07-2019	BIL/INFT/001758367248/MIB-Advisory/	1200.00
15-03-2019	BIL/INFT/001663954835/Investment/ /ICICI	3000.00
03-06-2019	BIL/INFT/001722603799/Investment/	5000.00
07-06-2019	BIL/INFT/001725792925/Investment/	10000.00
13-06-2019	BIL/INFT/001730298729/Investment/	7000.00

5.6. Noticee No.1 has also submitted that the large number of entries in his account was due to the fact that he had received money from relatives and friends during his hospitalization. The Noticee has also submitted that he used to help people in transferring their money through his account, for which he would get commissions of small amounts. However, he has failed to submit details of the same despite being specifically advised to do so.

5.7. As noted above, the website of Goodwill offered advisory services to investors who subscribe to their packages mentioned on the website. The bank accounts mentioned in the website for the purpose of receiving consideration for the services advertised in the website were held in the name of the Noticees. Hence, it is apparent that the beneficiaries of the website viz., www.goodwillresearch.in, were Suneel Kumar Patel and Duiji Patel.

5.8. Hence, I find that Suneel Kumar Patel and Duiji Patel were placing information in public domain/ advertising about various advisory services in the securities market by using the website www.goodwillresearch.in. The website stated that “independent advice” was offered to clients in the securities market through telephone calls and SMSs. Further, various packages were offered by Suneel Kumar Patel and Duiji Patel through the Goodwill website for such services. As noted in the interim order, the Noticees are jointly and severally liable for acts done in the name of Goodwill Research.

5.9. In this regard, I note that the definition of Investment Adviser as given in Regulation 2(m) of the IA Regulations, states that Investment Adviser means “any person, who for

consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called". Further, Regulation 2(l) of the IA Regulations defines Investment Advice as "advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning."

- 5.10. In light of the aforesaid definitions and the claims made in the website of Goodwill, I find that that Suneel Kumar Patel and Duiji Patel were holding themselves out as Investment Advisers by offering to give investment advice (as defined under regulation 2(l) of IA Regulations) related to investing in, purchasing and selling of securities. The Noticees were also offering various investment packages for subscription. I note that the material available on record does not indicate the exact amount of fees collected by the Noticees, as a result of providing investment advice to investors, in violation of the provisions of the IA Regulations. However, the bank accounts showed multiple credit entries indicating that the said bank accounts have been used for receipt of fee for the investment advice given by the Noticees to their clients, especially given the fact that these bank account details were provided on the website of Goodwill. Thus, I find that Suneel Kumar Patel and Duiji Patel were acting as "Investment Advisers" as defined under regulation 2 (m) of IA Regulations without obtaining due registration from SEBI.
- 5.11. In this regard, I note that Section 12(1) of the SEBI Act *inter alia* provides that no investment adviser shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board. Further, Regulation 3(1) of the IA Regulations provides that 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. By operating as Investment Advisers without obtaining registration from SEBI, I find that the Noticees violated Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations. The activities carried out in the name of Goodwill Research were basically the activities of Suneel Kumar Patel and Duiji Patel. In view of the same, Suneel Kumar Patel and Duiji Patel were jointly and severally liable for

the acts done in the name of Goodwill Research. However, I note that Duiji Patel expired on October 28, 2020, *i.e.* prior to issuance of the Interim Order. In light of the same, the proceedings initiated against her vide the Interim Order shall stand abated.

Directions –

6.1. I, in exercise of powers conferred upon me under sections 11(1), 11 (4), 11B and 11 D of the Securities and Exchange Board of India Act, 1992 and in the interest of investors do hereby pass the following directions against Noticee No.1 (Suneel Kumar Patel): –

- i. The Noticee is directed to cease and desist from holding himself out as an investment adviser, including the activity of acting and representing through any media (physical or digital) as an investment adviser, 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.
- ii. The Noticee shall be restrained from accessing the securities market, and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, and associating with the securities market in any manner, whatsoever, for a period of 4 years.
- iii. The Noticee shall also be restrained for a period of 4 years from holding any position of Director or key managerial personnel in any listed company or any intermediary registered with SEBI, and during the said period, shall also be restrained from associating himself with any listed public company or a public company which intends to raise money from the public or any intermediary registered with SEBI.
- iv. The Noticee shall, within a period of three months, from the date of this order, refund the money received from the clients/investors, as fees or consideration or in any other form, in respect of the unregistered investment advisory activities carried out in the name of Goodwill Research;

- v. The Noticee shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this Order;
- vi. 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 ensure audit trails to identify the beneficiaries of repayments;
- vii. The Noticee is prevented from selling his assets, properties and mutual funds/shares/securities held by him in demat and/or physical form except for the sole purpose of making refunds as directed above. The freeze of bank accounts, which came into force by virtue of Interim Order dated December 16, 2020, shall continue till the entire amount raised for investment advisory service has been refunded. In the meanwhile, debits from such accounts shall be allowed for refund purposes only.
- viii. After completing the aforesaid repayments, the Noticee 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 the completion of refunds in the stipulated period of 3 months, duly certified by an independent Chartered Accountant. The restraint on sale of assets in sub-paragraph (vii) above shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed;
- ix. The Banks shall not allow debits from the bank accounts (joint or otherwise) of the Noticee except for the purposes of compliance with the direction at sub-paragraph (iv) above. Credits however, if any, into the accounts of the aforementioned Noticee may be allowed.

- x. The Depositories shall not allow debits from the demat accounts (joint or otherwise) of the Noticee except for the purposes of compliance with the direction at subparagraph (iv) above.
- 6.2. The directions issued against Noticee No.2 (Duiji Patel) vide the Interim Order shall stand revoked.
- 6.3. The above directions shall come into force with immediate effect.
- 6.4. A copy of this Order shall be forwarded to all the recognized Stock Exchanges, registered Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs; Department of Finance, Government of Gujarat; and Registrar of Firms, Government of Gujarat for information.

Place: Mumbai

Date: October 28, 2021

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA