
BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

in the matter of Samrat Trades

In respect of –

Sr. No.	Noticee/Entity	PAN
1.	Samrat Trades and its Proprietor Altamash Sheikh	CPPPS6004G

1. Background –

1.1. The matter emanates from the complaints received through SEBI's SCORES portal against an unregistered entity namely, Proficient Research, a partnership firm ("Proficient Research") and Samrat Trades.

1.2. Consequently, SEBI conducted an examination in relation to the affairs of Proficient Research and Samrat Trades. The examination entailed, *inter alia*, an

analysis of the details available on the website of Proficient Research and Samrat Trades, complaints filed by the complainants against Proficient Research and Samrat Trades and bank account details of Proficient Research and Samrat Trades.

2. Summary of the Interim Order –

2.1. Pursuant to the findings of the examination by SEBI, an Interim Order dated November 26, 2019 was passed against the Noticee (“**Interim Order**”) for the alleged violations of the provisions of the SEBI Act, 1992 (“**SEBI Act**”) and Securities and Exchange Board of India (Prohibition of Fraudulent; Unfair Trade Practices relating to Securities Market) Regulations, 2003 (“**PFUTP Regulations**”) and Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (“**IA Regulations**”).

2.2. In this regard, the Interim Order relying on the examination of complaints by SEBI has *inter alia* alleged that—

A. Proficient Research was a partnership firm formed by way of a partnership deed dated June 13, 2014 amongst Altamash Sheikh, Mohd Sohail Khan and Vidhi Singh Parihar. The partnership firm was in the business of “*Advisory Services under capital market i.e. advisory which enables a person to invest in share market and / or commodity market*” from June 13, 2014. Proficient Research on its website had also disclosed the bank accounts details and the link to PayU Money payment gateway for payment of advisory fee. The payments through cash / other

deposits were observed in the account of Proficient Research from July 2014 to December 2016. So, Proficient Research had received amounts towards advisory services from July 2014 to December 2016. As Proficient Research was a partnership firm, the Partners were responsible for the conduct of the business of the firm and were liable for any non-compliance. As per 3(1) of IA Regulations and Section 12(1) of SEBI Act, any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of the SEBI Act/IA regulations. So, to carry out investment advisory services registration with SEBI was mandatory. The characteristics and features of the business activity being carried out by Proficient Research during the period June 13, 2014 to December 2016 was in the nature of investment advisory services, and were being done without a certificate of registration from SEBI. So, the Interim Order has alleged that being a partner of Proficient Research, Altamash Sheikh had carried out unregistered investment adviser activities through Proficient Research from June 13, 2014 to December 2016 thereby *prima facie* violating Section 12(1) of SEBI Act read with Regulations 3(1) of the IA Regulations.

- B. For obtaining registration from SEBI under IA regulations, an applicant has to submit an application in the prescribed FORM – A as specified in the first schedule of the IA Regulations, along with *inter alia* information with respect to “*whether the applicant is engaged in investment advisory services prior to making application*”

under these regulations”. It was seen that Altamash Sheikh, proprietor, Samrat Trades in reply to the said question, had submitted that he was not involved / engaged in investment advisory services prior to making the said application. On the basis of the declaration and other documents attached to the Application Form, SEBI granted registration to Altamash Sheikh, proprietor, Samrat Trades under IA Regulations on June 06, 2018. It was also noted that Altamash Sheikh (PAN:CPPPS6004G), Partner, Proficient Research and Altamash Sheikh (PAN: CPPPS6004G), proprietor, Samrat Trades were one and the same person. So, Altamash Sheikh while applying to SEBI for registration as an Investment Advisor through the proprietorship Samrat Trades, had submitted false and misleading information to SEBI. Altamash Sheikh by not disclosing the unauthorized / unregistered investment advisory services carried out through Proficient Research, has not acted in honesty and fairness, thereby violating the Clause 1 of Code of Conduct for Investment Adviser read with regulation 15(9) of IA Regulations. Also, Altamash Sheikh, after obtaining SEBI registration, has continued to suppress his earlier investment advisory services carried out through Proficient Research from SEBI, thereby violating Clause 1 of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations.

- C. Complaints were received on SEBI’s SCORES Portal against SAMRAT Trades during the period August 2018 to March 2019. One of the complainants in his complaint to SEBI had mentioned that the Noticee had made false

commitments about its products to him. Similarly another complainant in his complaint had stated that he had paid three installments, however, did not receive any profits from Samrat Trades; instead the employees of Samrat were demanding more money from him. Samrat Trades was selling its various products/packages to innocent investors by making misleading statements and had not acted honestly or in the best interests of the client, thereby it had failed in its fiduciary duty towards its clients. So, Samrat Trades' proprietor Altamash Sheikh has violated the provision of regulation 15(1) and Clause 1 of Code of Conduct for Investment Adviser read with regulation 15 (9) of IA Regulations. Samrat Trades proprietor Mr. Altamash Sheikh was promising unrealistic returns on investments by selling membership cards such as Diamond Card, and extracting money from the clients instead of advising the clients on investments. So, Samrat Trades' proprietor Altamash Sheikh has also violated the provisions of Regulations 4(2) (k) and 4 (2) (s) (i) of PFUTP Regulations, 2003.

Interim Directions

A. Considering the facts, as brought out in the examination by SEBI, the following directions have been passed against the Noticees :

“ 42.1 Samrat Trades and its proprietor Mr. Altamash Sheikh (PAN: CPPPS6004G) is directed to:-

42.1.1. 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 until further orders;

42.1.2. not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders;

42.1.3. not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders;

42.1.4. 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 until further orders.

42.2. Banks including Axis Bank and State Bank of India, wherein Samrat Trades and its proprietor Mr. Altamash Sheikh (PAN:CPPPS6004G) are holding bank accounts, are directed not to allow any debits/withdrawals or credits from the said accounts, without the permission of SEBI, until further orders. The Banks are also directed to ensure that all the above direction are strictly enforced.

42.3. Any person while working under Samrat Trades proprietor Mr. Altamash Sheikh or under his instructions as employee or otherwise, shall cease and desist from undertaking the activity of investment advisory services, including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, till further orders.”

3. Personal Hearing, and Replies and Written Submissions from the Noticee –

3.1. Pursuant to the Interim Order, the Noticee has inspected the documents relied upon, filed its replies and sought opportunities of hearing.

3.2. The details with respect to the inspection of documents in the matter are provided hereunder:

Table - 1

Noticee No.	Name of the Noticee	Date of Inspection	Represented by
1	Altamash Sheikh, proprietor of Samrat Trades	March 17, 2020	Mr. Mohammad Ayyub Khan, Advocate

3.3. The details of the personal hearing in the matter are provided hereunder:

Table- 2

Noticee No.	Name of the Noticee	Date of Hearing	Represented by
1	Samrat Trades and its proprietor, Altamash Sheikh	August 06, 2021	Mr. Manish Gupta, Advocate

3.4. In response to the Interim Order, replies have also been submitted by the Noticee.

A summary of the replies/written submissions as submitted by the Noticee is provided hereunder:

Altamash Sheikh, Proprietor of Samrat Trades

3.4.1. Samrat Trades through its proprietor Altamash Sheikh has submitted its reply to the Interim Order by way of a letter dated February 02, 2021. The Noticee has also provided written submissions (received on August 23, 2021) post the personal hearing dated August 06, 2021. It has been submitted that –

- a. the allegations in the Interim Order and the information which has been produced before SEBI was biased and incomplete;
- b. Altamash Sheikh was never a Partner in Proficient Research and had worked with various organizations where as a routine practice he was asked to submit his PAN and AADHAR;
- c. during the course of his employment, the organization had asked him to sign on plain sheets of papers and on some stamp papers stating that those documents were required for employment purpose;
- d. he had never entered in to any Partnership with Mohd Sohail Khan and Vidhi Singh Parihar;

- e. the business being carried out by Proficient Research was that of Research Analyst and not that of an Investment Adviser;
- f. whether Altaamsh Sheikh was a partner in Proficient or not was irrelevant, for the purposes of the present proceedings, as this question was pending adjudication in another matter, and SEBI was bound to observe the principles of Doctrine of Double Jeopardy;
- g. Regulation 3(1) of the Investment Advisors Regulations did not apply to him as he had never acted as an Investment Adviser nor had he held himself out in his individual capacity as Investment Adviser;
- h. the allegation that he submitted false statement in his application form for registration as an Investment Adviser was not correct;
- i. the application for Investment Adviser was filled by a Professional hired by him, therefore “NO” was selected in the application;
- j. the undertaking given by the Noticee at the time of applying for the Certificate of Registration was due to difference of understanding in the application form;
- k. the proceedings were merely based on one of the statements made in the application form while applying for registration, which cannot be sustained in law;

- l. the allegation that Altamash Sheikh solicited and induced investors to deal in the securities market on the basis of his investment advice was not correct;
- m. the navigation line continuously running on the website of Samrat Trades stated, *“WE DO NOT OFFER ANY ASSURED/ GUARANTEED / PROFIT SHARING/DEMAT ACCOUNT OR BROKING SERVICES / PORTFOLIO MANAGENIENT), SERVICES.INVESTING IN MARKET IS SUBJECT TO MARKET RISK HENCE READ ALL OUR DISCLOSURE AND T&C CAREFULLY BEFORE INVESTING”*;
- n. Samrat Trades had not demanded more money from clients to join higher plans i.e. upgrade from Diamond Plan to Bonanza Plan etc.;
- o. Vimal Singhal in his complaint has twisted the facts and made his own interpretations;
- p. majority of the clients were satisfied with the services rendered by the Samrat Trades and a total of 28 complaints had been raised, out of which 19 had been resolved and in case of 8 complaints ATR had already been submitted to SEBI’s SCORES portal and only one complaint was pending;
- q. SEBI has already closed all the complaints and reopening the same would be violative of the cardinal principles of law laid down in the Latin maxim

‘Remo debett bis vexari pro eadem cause’ and also barred by doctrine of res judicata as provided under Section 11 of the Civil Procedure Code;

- r. the accounts of the Samrat trades had been audited by the qualified Practising Chartered Account and Tax Audit Report has been submitted to the Income Tax Department, and Samrat Trades has duly submitted the Income Tax Return and other Statutory Compliances under other laws relating to Income and Expenses;
- s. Samrat Trades has been engaged in providing services of Investment Advisory on a fair basis and has not misguided or misled any client to influence their decision ; and
- t. Samrat Trades has never promised/assured returns to the clients.

3.5. Relevant Provisions

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) ...

(1B) ...

(1C) ...

(2) Every application for registration shall be in such manner and on payment of such fees as may be determined by regulations.

(3) The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations:

Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

Provisions of the SEBI (PFUTP) Regulations, 2003 —

Regulation 4 (2)

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”.

(s) mis-selling of securities or services relating to securities market

Explanation- For the purpose of this clause, “mis-selling” means sale of securities or services relating to securities market by any person, directly or indirectly, by—

(i) knowingly making a false or misleading statement,

Provisions of the SEBI (Investment Advisers) Regulations, 2013 —

Regulation 15 (1) and (9)

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.

(2)...

9)An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

Clause 1, Code of Conduct

THIRD SCHEDULE

Securities and Exchange Board of India (Investment Advisers) Regulations,
2013

CODE OF CONDUCT FOR INVESTMENT ADVISER

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.

4. Issues –

I. Whether Altamash Sheikh was involved in unregistered Investment Advisory activities in violation of the provisions of the SEBI Act read with the IA Regulations?

II. Whether the Investor Adviser registration obtained by Samrat Trades' Proprietor Altamash Sheikh was by furnishing false information to SEBI in violation of IA Regulations?

III. Whether, as a registered intermediary, Samrat Trades' Proprietor Altamash Sheikh by offering assured returns on investments and by making misleading statements etc. has violated the provisions of PFUTP Regulations and IA Regulations?

5. Consideration and findings –

Issue I. Whether Altamash Sheikh was involved in unregistered Investment Advisory activities in violation of the provisions of the SEBI Act read with the IA Regulations?

5.1. This issue has already been considered in para no.5 of my order of even date, passed in the matter of Proficient Research. The observations in the above-mentioned paragraph of the order in the matter of Proficient Research may be read and treated as part of this order. Accordingly, I find that Altamash Sheikh by being a partner in Proficient Research has engaged in investment advisory activities without the necessary registration.

Issue II. Whether the Investor Adviser registration obtained by Samrat Trades' Proprietor Altamash Sheikh was by furnishing false information to SEBI in violation of IA Regulations?

5.2. Regulation 3 of the IA Regulations provides that no person shall act as an Investment Adviser or hold itself out as an Investment Adviser without a certificate of registration from SEBI under the IA Regulations. In this regard, Regulation 3 (2) provides that an application for grant of certificate of registration should be made in Form A as specified in the First Schedule of the IA Regulations.

5.3. Application in Form A dated March 22, 2018 submitted by Altamash Sheikh, proprietor of Samrat Trades is available on record. Part 1 (g) of the said form reads, “ (g) Whether the applicant is engaged in investment advisory services prior to making application under these regulations?” The above question has been answered with a “NO”.

5.4. It has already been brought out above that the Noticee was a partner in Proficient Research and, as such, had engaged in investment advisory services without seeking

registration from SEBI. Thus, it is evident that the Noticee has not disclosed that prior to his application as an Investment Adviser he had engaged in investment advisory services.

5.5. It has been submitted by the Noticee that for filing the application for registration as an Investment Adviser, a qualified professional had been hired who had filled Form A, and therefore ‘NO’ was selected in the said application. This argument is not acceptable. Altamash Sheikh in the Application Form has given the declaration that *“I/We hereby agree and declare that the information supplied in the application, including the attachment sheets, is complete and true.”* The same has also been signed by him. Having signed the declaration as part of the Application Form, Altamash Sheikh is estopped from contending that he was not aware of the contents or responses.

5.6. Furthermore, it has been advanced by the Noticee that “NO” was selected in reply to question at 1 (g) due to a difference in understanding of the real import of the question. It has been stated by the Noticee that since the general instructions to the Application Form did not elaborate (by way of examples) if an applicant engaged in Investment Advisory activities as a partner in a firm or as a director in a company came within the purview of the question at 1 (g), there was a misunderstanding about the import of the question at 1(g) of the Application form due to which “NO” was given as the answer. I find that this contention does not hold merit and warrants no consideration.

5.7. Clause 1 of Code of Conduct for Investment Adviser read with regulation 15(9) of IA Regulations requires an investment adviser to act honestly, fairly and in the best interests of its clients and in the interest of integrity of the market. In the above circumstances, I find that Altamash Sheikh has failed to comply with the requirement of Clause 1 of Code of Conduct for Investment Adviser read with regulation 15(9) of IA Regulations.

Issue- III. Whether, as a registered intermediary, Samrat Trades' Proprietor Altamash Sheikh by offering assured returns on investments and by making misleading statements etc. has violated the provisions of PFUTP Regulations and IA Regulations?

5.8. The allegations that have been made against the Noticee in the Interim Order are that –

5.8.1. Samrat Trades' proprietor, Altamash Sheikh was promising unrealistic assured returns on investments by selling membership cards such as Diamond Card as well as by advertising / disseminating information on its website instead of providing appropriate financial advice to the clients. So, it has been alleged in the Interim Order that the Noticee has violated the provisions of Regulation 4(2)(k) and 4(2)(s)(i) of the PFUTP Regulations.

5.8.2. Samrat 'Trades' proprietor, Altamash Sheikh was selling its various products/packages to investors by making misleading statements and had not acted honestly or in the best interests of its clients, thereby failing in its fiduciary duty towards its client. So, it has been alleged in the Interim Order that the Noticee has violated the provision of regulation 15 (1) and Clause 1 of Code of Conduct for Investment Adviser read with regulation 15(9) of IA Regulations.

Promise of Unrealistic Assured Returns and Failing in its Fiduciary Capacity towards its Clients

5.9. The Interim Order has prima facie held that the Noticee was promising unrealistic assured returns. An analysis of the investor complaints throws light on this aspect, as shown in the table below:

Table- 3

Sl. No.	Complainant	Details of Complaint
1.	Vimal Kumar Singhal	Complaint dated September 30, 2018 was received by SEBI from Vimal Kumar Singhal. The events preceding the filing of complaint with SEBI are narrated hereunder: The Complainant had received an email dated August 17, 2018 from Samrat 'Trades' (email id: service@samratrtrades.com) offering the Complainant Diamond Card membership. The said mail described the Diamond Card as “a tailor made offering for both investors and traders.” It has also been stated in the said email that the service charge for the Diamond Card would be Rs. 2,40,000

		and the expected profit would be Rs. 8,20,000. It has further been stated that the said Card would be active for 45-50 days from the date of joining, and if any losses were incurred by the client then the validity of the card would be extended till the client was able to get the expected profit of Rs. 8,20,000. ▪ An email dated August 22, 2018 was addressed by the Complainant to Samrat Trades (email id: service@samratrtrades.com). The Complainant through the mail informed Samrat Trades that he had opted for the Diamond Plan worth Rs. 2,40,000, which was supposed to deliver a profit of INR 8,20,000 within a period of 40-50 days. However, he was informed by one Nitin and Saurabh that the Diamond Plan was not 'vacant' (presumably meaning 'not available') and the complainant had to opt for another plan worth Rs. 5,55,000. ▪ The Complainant requested that he be provided with the service of the Diamond Plan or his money be refunded. ▪ Subsequently, by way of an email dated August 28, 2018 the Complainant again brought to the notice of Samrat Trades the problem he was facing. ▪ In the month of September, the Complainant wrote multiple emails to Samrat Trades for the resolution of the issues faced by him.
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2.	Ashish Pawar	Complaint dated September 28, 2018 was received by SEBI from Ashish Pawar. The events preceding the filing of the complaint with SEBI are narrated hereunder: ▪ An email dated September 20, 2018 was received by Ashish Pawar from Samrat Trades stating that <i>“As per the telephonic conversation, you have paid INR 7,600/- and remaining INR 42,400/- you have to pay today and remaining you have to pay as a second installment after satisfactory return 70-80 thousand.”</i> ▪ Consequently, a transfer of Rs. 20,000 was made by the Complainant to Samrat Trades on September 21, 2018. After that a transfer of Rs. 22,400 was made by the Complainant to Samrat Trades on September 26, 2018. ▪ Even after the payments were made, Samrat Trades had been continuously demanding money from him for crediting profit in his account.
3.	Chandrasekhar G	Complaint dated March 11, 2019 was received by SEBI from Chandrasekhar G. The events preceding the filing of complaint with SEBI are narrated hereunder: ▪ The Complainant had received an email dated December 10, 2018 from Samrat Trades offering the Diamond Plan Card for service charge of Rs. 1,25,000/-. The Complainant opted for the said Plan. ▪ After a few days, the Complainant was asked to opt for the Bonanza Plan which had a service charge of Rs.5,90,000/-. ▪ Subsequently, Samrat Trades vide email dated December 28, 2018 confirmed the receipt of Rs. 3,50,000/- from the complainant and requested the payment of the remaining Rs.

		2,40,000/- to get the Bonanza plan, whose service charge was Rs.5,90,000/-. Further, by way of email dated March 06, 2019, the Complainant informed SEBI that at first he was offered the Diamond Plan Card. Thereafter, he was offered a yearly plan with service charge of 6 lakhs with yearly assured return of Rs. 24 lakh.
4.	Prasantha Parh	Complaint dated February 17, 2019 was received by SEBI from Prasantha Parh. The Complainant alleged that as per the Diamond membership Plan, Samrat Trades for service charge of Rs.1.25 lakh had committed to give profit of Rs.4 lakh.

5.10. From, the above instances, it is quite clear that the Noticee had a bouquet of packages that it was offering to its clients namely, Diamond, Bonanza etc. with the assurance of guaranteed returns. Further, it is seen from Samrat Trades' website under the section Premium Currency Derivatives Services that the Noticee was offering 'packages' to prospective clients with respect to currencies. The said packages were in two parts: Domestic Forex and International Forex. The details as extracted from the website are provided hereunder:

"Domestic FOREX: In this 'Pack' Samrat Trades supporting Indian customers in the field of Binary Options trading, FOREX options trading, FOREX Futures and other related market. Currencies Covered in this package are - US Dollar-Indian Rupee (USDINR), Euro-Indian Rupee (EURINR), Pound Sterling-Indian Rupee (GBPINR), Japanese Yen-Indian Rupee (JPYINR). It is mainly chosen by those traders having interest and knowledge of different currencies. This is a perfect choice to get enormous profit in the money market.

International FOREX: This PACKAGE is one step ahead of 'Domestic FOREX' with the currencies covering - Great Britain Pound-United States Dollar (GBP/USD), Euro- United States Dollar (EUR/USD), Euro-Japanese Yen (EUR/JPY), United States Dollar - Japanese Yen (USD/JPY), Great Britain Pound - Japanese Yen (GBP/JPY). This package also helps to achieve unlimited profit in the International FOREX market.”

Also, it is seen from Samrat Trades' website that the Noticee was offering another currency related product namely, Premium IForex Services. The website describes the product as being “*designed for an exclusive group of traders, who do heavy trading in the Forex market. The unique proposition for this segment is that the recommendation generated in this product goes through highest level of scrutiny before it is delivered to the subscriber of this segment.*” The website further claims that “*In PCG Iforex service (presumably the Premium IForex Services) we give target of 50 pips with risk reward ratio of 1:1.5.*”

5.11. It is seen from the above that even with the currency services offered by the Noticee, the Noticee had created products that were being offered with a guarantee of returns and profits.

5.12. The Noticee in his defence has stated that they never offered any guarantee of assured returns and a navigation line continuously ran on their website containing the message. “*WE DO NOT OFFER ANY ASSURED/ GUARANTEED / PROFIT SHARING/DEMAT ACCOUNT OR BROKING SERVICES / PORTFOLIO MANAGENIENT), SERVICES.INVESTING IN MARKET IS SUBJECT TO MARKET RISK HENCE READ ALL OUR DISCLOSURE*

AND TERMS AND CONDITIONS CAREFULLY BEFORE INVESTING”

While the above may be true, the emails on record, whereby Diamond Plan etc. were offered to the clients, show that the said plans envisaged a guaranteed return and was used as an attraction to lure clients.

5.13. The Noticee has claimed that Vimal Singhal in his complaint had twisted the facts and made his own interpretations about the activities of the Noticee. I find this argument unacceptable. The issues raised by Vimal Singhal in his complaints resonate with the issues faced by other investors. The same have been captured in Table No. 3. The fact that there are similar complaints from various investors, points towards the lack of bona fides on the part of Altamash Sheikh, proprietor of Samrat Trades. I note that even from a sample analysis of the complaints, the practices followed by Altamash Sheikh as proprietor of Samrat Trades are violative of the IA Regulations and PFUTP Regulations.

5.14. Investments in securities markets are subject to risks and hence the returns are unpredictable. Therefore guarantee of assured profits by the Noticee in any manner through its plans/schemes is fraudulent and might have induced the investors to invest in such plans/schemes.

5.15. The Interim Order has alleged that the Noticee was selling its various products/packages to innocent investors by giving out misleading statements.

5.16. In this regard, the complaint received from Anuj Agarwal is of particular relevance.

In his complaint Anuj Agarwal has annexed various emails exchanged between him and Samrat Trades.

5.17. Complaint received by SEBI from Anuj Agarwal: It has been narrated therein that on August 17, 2018 the Complainant received a call from one Ms. Sonia offering the Rs. 7500 pack which will give an amount of Rs. 35000 return as profits. He was told that he needs to pay Rs. 2,000 and the rest after the profits. The complainant paid Rs. 2,000. Also, on the same day again, the Complainant received a call from one Ms. Preety (a senior of Ms. Sonia) asking him to opt for the Rs. 15,000 plan. So, the Complainant additionally paid Rs. 3,500. After the next day, he again got a call from Ms. Preety regarding a Rs. 55,000 service. The complainant was informed that he needed to pay only Rs. 10,000 and the previously paid Rs. 5,500 will be added up in this service. So, he paid Rs. 10,000 on August 21, 2018. After three days, he again got a call from Ms. Preety regarding a Rs. 3,50,000 service, which was part of a limited lucky draw. He was informed that he was required to pay only Rs. 39,500. So, on August 31, 2018 he paid Rs. 29,500 in addition to the Rs. 10,000 paid earlier.

5.18. Ultimately, it has been stated by the complainant that a total of Rs. 3,64,806 was paid by him in 13 tranches between August 17, 2018 to October 29, 2018.

5.19. In his complaint, the complainant provides various instances where he had been asked to pay more money so as to be able to be a part of a Plan. The complainant has provided various emails and SMSes exchanged between him and the employees of Samrat Trades. Further, the complainant has provided emails whereby he has drawn the attention of Samrat Trades to the promise that he would earn profits but he was incurring losses.

5.20. The Complainant has also referred to call records of conversations with the employees of Samrat Trades stating that the employees of Samrat Trades had in its possession the user id and password of the broking account of the complainant. The Complainant has stated that an employee of Samrat Trades was coercing the complainant to borrow money so that he can make additional payment of Rs.60,000/- towards GST. The Complainant, relying on the recorded conversations, has also stated that an employee of Samrat Trades kept saying that since he was a client who had paid Rs.3,00,000/-, he could surely make additional payment of Rs.60,000/- for GST. The Complainant has also stated that during such conversations an employee assured him that he would recover all the losses incurred and he would receive Rs.85,000/- to Rs. 1 lakh in a week's time, provided he makes the additional payment towards GST.

5.21. From the findings in the preceding paragraphs, it is clear that the activities of the Noticee were being carried out by misstating the benefits of the plans and misleading the clients into investing more money.

5.22. As already stated, Clause 1 of Code of Conduct for Investment Adviser read with regulation 15(9) of IA Regulations requires an investment adviser to act honestly, fairly and in the best interests of its clients and in the interest of integrity of the market. Similarly, Regulation 15(1) of the IA Regulations casts a fiduciary duty on an Investment Adviser towards client. Further, Regulation 4(2) (k) and 4(2) (s) (i) provide that dealing in securities involving dissemination of false information to influence the decision of investors and mis-selling of securities or services relating to the securities market shall be deemed to be a manipulative, fraudulent or an unfair trade practice. I find that the Noticee by selling its various products/packages to innocent investors through misleading statements and false information has induced the investors in trading in securities thereby violating PFUTP Regulations. I also find that the Noticee by offering assured returns on various products/packages to its clients, knowing full well that investments were subject to market risks, has failed in its duty to act in a fiduciary capacity vis-à-vis the client, thereby violating the provisions of the IA Regulations.

6. Conclusion –

6.1. Thus, upon a consideration of the allegations brought out in the Interim Order and the replies of the Noticee, it is concluded that Altamash Sheikh, who had carried out Investment Advisory services without valid registration between July 2014 to December 2016, as a partner in Proficient Research, has suppressed this information in the Application Form dated March 22, 2018 submitted to SEBI for registration as an Investment Adviser. Consequent to the receipt of registration as an Investment Adviser, the Noticee has also guaranteed assured returns to his clients and offered various products/packages to prospective clients through misleading statements and false information. Further, it is concluded that the Noticee has conducted his business in a manner contrary to the norms prescribed in the IA Regulations and has operated in disregard of the fiduciary duty cast upon it vis-à-vis its clients.

7. Directions –

7.1. 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: –

7.1.1. The Noticee (**Altamash Sheikh, proprietor of Samrat Trades**) 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.

7.1.2. 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 be restrained from associating themselves with any listed public company or a public company which intends to raise money from the public or any intermediary registered with SEBI.

7.1.3. The Noticee is directed to resolve all complaints received through SEBI's SCORES portal or otherwise, including any complaint received subsequent to the issuance of this order, within a period of three months from the date of this Order.

7.1.4. The Noticee shall within a period of three months from the date of this Order, furnish a compliance report to SEBI, duly certified by a Chartered Accountant, certifying that the directions in 7.1.3 have been complied with.

7.1.5. 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 2 years or till such time the directions in 7.1.3 and 7.1.4 are complied with, whichever is later.

7.1.6. The directions contained in 42.1.3 and 42.3 of the Interim Order shall continue to be in force till the compliance of the directions in 7.1.3 and 7.1.4 of this Order.

7.2. The above directions shall come into force with immediate effect.

7.3. The period of debarment as directed by way of this Order shall run concurrently in respect of the Noticee, as mentioned in 7.1 above, who may already be undergoing any period of debarment.

7.4. These directions are without prejudice to any other action against the Noticee which may be initiated by SEBI.

7.5. A copy of this order shall be served upon the Noticee immediately. A copy of this Order shall also be forwarded to :

- i. all the recognised Stock Exchanges, registered Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions; and
- ii. the Government of Madhya Pradesh for action, if any.

Place: Mumbai

Date: November 01, 2021

G. MAHALINGAM

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA