

WTM/AB/WRO/WRO/15710/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992

In respect of:

S. No.	Name of the Entity	PAN
1	M/s. Green Money Solution and its Proprietor Mr. Arvind Patidar	BMSPP3526M

In the matter of Unregistered Investment Adviser

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1. The present proceedings emanate from an interim order cum show cause notice dated **August 02, 2021** (hereinafter referred to as “**the interim order**” or “**SCN**”) passed by the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) against M/s. Green Money Solution and its Proprietor Mr. Arvind Patidar (hereinafter also referred to as “**the Noticees**”) wherein it was *prima facie* found that the Noticees were engaged in investment advisory services without obtaining a certificate of registration from SEBI 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, *inter alia*

following directions were issued to *M/s. Green Money Solution and its Proprietor Mr. Arvind Patidar*:

- *to 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;*
- *to not divert any funds collected from investors, kept in bank account(s) and/or in their custody;*
- *to not 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.*
- *to not access the securities market and buy, sell or otherwise deal in securities, either directly or indirectly, in any manner whatsoever;*
- *to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc., in relation to their investment advisory activity or any other unregistered activity in the securities market;*
- *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;*
- *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. The interim order was also in the nature of a show cause notice asking the Noticees to show cause as to why suitable directions be not issued against them under Sections 11(1), 11(4), 11B(1) and 11D of the SEBI Act, 1992 including directions, to prohibit them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and not to be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever and to refund the fees collected from the investors/clients for its unregistered investment advisory activities.
3. I note that the following facts have been recorded in the Interim Order:
 - i) SEBI received a complaint alleging that, Green Money Solution (GMS) had taken money in the name of providing investment advisory services in the securities market and for assistance in opening demat account. The complainant also submitted details about the company, address, bank account, website, contact numbers and email id.
 - ii) To that end, the website of the firm, www.greenmoneysolution.com, particulars of its bank accounts, KYC and Account Opening Forms of its bank accounts were perused to gather information. It was noted that above the website was active as on date of the SCN.
 - iii) SEBI's preliminary examination found that GMS, a proprietorship firm and its sole proprietor, Mr. Arvind Patidar were not registered with SEBI in the capacity of Investment Adviser or in any other capacity. The examination also found that the website provided information that the firm provides advisory services in Indian stock and commodity market. Further, the firm has its bank account in Bandhan Bank, where multiple credits have been made from different sources.

Based on the above observations, the Interim Order *prima facie* found that GMS was engaged in investment advisory services and since neither GMS, nor its proprietor had obtained a certificate of registration with SEBI as an Investment Adviser under the IA Regulations, 2013, the SCN has alleged that the Noticees have violated the provisions mentioned in para 1.

4. The interim order/ SCN was served on the Noticees. An email dated August 3, 2021 was received from the Noticees stating that they had refunded the money due to 80% of the clients of Green Money and the operations had ceased in December 2020 itself. The Noticees, vide email dated August 10, 2021 also stated that they would refund the rest of the money shortly, as they currently did not have funds. They stated that the refunds would be made after making some profit from the stock markets. Thereafter, the matter was placed before me for obtaining a hearing date on November 25, 2021 and an opportunity of hearing was granted to the Noticees on January 7, 2022. On the said date, the Noticees appeared and reiterated their earlier submissions and the hearing was concluded *qua* the Noticees.
5. I have considered the allegations made in the SCN along with the findings of the examination by SEBI stated therein, reply received in the matter and submissions made by the Noticees during the hearing.
6. In this regard I note that the definition of Investment Adviser as given in Regulation 2(1)(m) of the IA Regulations, 2013 is as follows:

“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(1)(l) states as follows:

“investment advice means 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:

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;”

7. I note that, in the reply of the Noticees it has not been denied that the website *www.greenmoneysolution.com* was run by them. The website was created on July 15, 2020 and *inter alia* claim as follows:

- (a) *Green Money Solution is a pure play research house which provides recommendations for trading in Indian commodity market.*
- (b) *Our advisory firm provides Commodity Trading, Swing Trading, Future Trading and Option Trading in Commodity & Bullion Market etc. Its working include research of trading market and providing platform for trading to all the traders. We have a very creative and dedicated research team that always ready to fulfill the needs of our clients for giving all trading market Tips. We give personalized and exclusive service in trading market which consists of Intra Day / Positional / BTST / STBT.*
- (c) **Vision** - *To work for the end to end satisfaction of our client & to provide best of the financial services with personal touch.*
- (d) **Mission** - *To give honest advice to all respected clients, to provide the highest quality report and analysis to the clients & to follow the ethical business practices in the industry.*
- (e) **Goal** - *To become top Leader in advisory services till 2020, our best ethical practices followed by industry, admired by internal and external customers.*

- (f) *We provide recommendations for trading in Indian stock and commodity market. We offer high quality trading tips for equity cash, F&O, Nifty, Gold, Silver, base metal, Energy and agro commodities traded in MCX and NCDEX market.*
- (g) *We provide higher accuracy to our clients with enough time to Trade. We provide excellent customer support to our clients. We know that it's very tough to earn profit from Financial Market but with our assistance our client always get maximum return from the market and maximize their wealth.*
- (h) *The website highlights the various categories of services as below:*
- *MCX Premium*
 - *Intraday Cash Tips*
 - *Intraday Future*
 - *Nifty Future*
 - *Option Call & Put Tips*
 - *Commodity Bullion Tips*
 - *Base Metal & Energy*
 - *HNI Cash*
 - *HNI Future*
 - *HNI Cash*
 - *HNI Future*
 - *HNI Option*
 - *HNI MCX*
 - *Commodity Agri Tips*
 - *HNI Agri*

8. From the above, I note that GMS provided recommendations for trading in Indian stock and commodity market. GMS claimed to offer high quality trading tips for equity cash, F&O, Nifty, gold, silver, base metal, energy and agro commodities traded in MCX and NCDEX market. It claimed to have a creative and dedicated research team that was always ready to fulfill the needs of clients for giving trading market tips. It claimed to give personalized and exclusive service in trading market consisting of Intra Day / Positional / BTST / STBT. Moreover, I note that in their replies, the Noticees have stated that they have closed the business in December 2020, that they have refunded almost 80% of their clients, and would refund the remaining amount shortly. The submissions of the Noticees show that they were carrying unregistered investment advisory activities.
9. The aforesaid services were being offered by the Noticees in lieu of consideration. Pricing details of various services offered as available on the website were as under:
- i. Intraday package with monthly, quarterly, half yearly and yearly options
 - ii. Service products are Stock Cash, Stock future, Stock Option, Stock Cash BTST/STBT, Stock Future BTST/STBT, Stock Option BTST/STBT, Nifty/Bank Nifty Option, Nifty/Bank Nifty Future, Precious Metals, Base Metals and Energy
 - iii. Category of product services are standard, premium and golden pack.
 - iv. All the product packages are categorised as medium risk types.
 - v. The pricing of product packages ranges from Rs. 4,999/- monthly package for Stock Cash (Standard pack) to Rs. 5,19,999/- yearly package for Precious Metal (Golden pack).
 - vi. Refund Policy:
All sales are final. Because Green Money Solution Advisor offers a free trial evaluation to ensure that our products and services will meet your needs without the need to purchase, there will be ABSOLUTELY NO REFUNDS and CANCELLATIONS.
10. The website also mentioned details of the bank account in which investors could make payment for arranging investment advisory services of the Noticees. The details of the bank account were as follows:

S.No	Bank	Account Name	Account No.	IFSC Code	A/c. Type	Branch address
1.	Bandhan Bank	Green Money Solution	10200001064442	BDBL0001369	Current	Bapna Marg, Bhanpura, P.O.Bhanpura, Madhya Pradesh - 458775

11. I note that during the examination, the details of aforesaid bank account of the Noticees were gathered from Bandhan Bank. A perusal of KYC form, account opening form and bank statement of the aforesaid bank account revealed following:
- The current account was opened on July 15, 2020, in the name of Green Money Solution, a proprietorship firm.
 - The status of the bank account is Active.
 - Mr. Arvind Patidar is the proprietor of Green Money Solution.
 - Type of business as mentioned in Account Opening Form is Services
 - As per the field verification by Bandhan Bank, the type of business is Online Work, Broker and consultancy.
 - The proprietor has furnished its PAN Card (BMSPP3526M)
 - Gumastha Certificate dated July 15, 2020 with registration no. 1341226 and nature of establishment as Office – Broker & Consultancy.
 - Address of proprietor is 63, Bagajivala Mohalla, Sandalpur, Mandsaur, Madhya Pradesh – 458775.
12. From the aforesaid details, I note that GMS is a sole proprietorship firm whose owner was Arvind Patidar. The same has also not been denied by the Noticees.
13. Further, I note that a total of 1098 credits were received in the aforementioned bank account during the period July 15, 2020 to May 13, 2021, amounting to a total of Rs. 46,52,170.83/-. I note that the interim order had found, on the preponderance of probability, that this amount was received towards investment advisory services. I note that the Noticees have not disputed the same.

14. From the aforesaid facts, I find that GMS, which is the proprietorship concern of Arvind Patidar, was engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, through its website www.greenmoneysolution.com. Therefore, I find that in terms of Regulation 2(1)(l) of IA Regulations, 2013 the Noticees were providing “investment advice” through their website(s).
15. I note that if an entity is engaged in providing 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 *in lieu* of consideration, including entities which are holding themselves out as investment advisers, will be covered by the definition of “Investment Adviser” as given in Regulation 2(1)(m) of the IA Regulations, 2013. As noted above, GMS received Rs. 46,52,170.83/- in the bank account mentioned on its website for the investment advisory services provided by it. Hence, I find that these services were being offered by the Noticees *in lieu* of the consideration, as noted above.
16. Therefore, I find that GMS and its proprietor, Arvind Patidar, were engaged in the business of providing investment advice to its clients, for consideration, and thus, acting as investment adviser/s, as defined under Regulation 2(1)(m) of the IA Regulations, 2013
17. I also note that, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Act, 1992 and Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 reads 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.”

18. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy *inter alia* the following requirements, as provided under IA Regulations, 2013:

- (i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee;
- (ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
 - a. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognized foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;
 - b. An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
 - c. Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.
- (iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.

19. I note that safeguards provided under IA Regulations, 2013 requires continued minimum professional qualification and net-worth requirement for investment adviser, including 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. These requirements are aimed at protection of investor interest.
20. As per Regulation 3(1) of IA Regulations, 2013 the registration of the investment advisers is mandatory. It 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"*.
21. The activities of the GMS (prop. Arvind Patidar), as brought out above, seen in the backdrop of the aforesaid provisions show that it was acting as an investment adviser. However, it is noted that neither GMS nor its proprietor were registered with SEBI in the capacity of Investment Advisor. Hence, I find that these activities were being carried out by the Noticees without holding the certificate of registration as investment adviser and are in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013.
22. I note that the Noticees have collected Rs. 46.52 lakhs (appx.) as discussed in para 13 above. Further, investment advisory services was the only business that GMS engaged in. I note that the Noticees have also not disputed this amount. I also note that while the Noticees have stated that they have refunded a large percentage of this amount, they have not submitted any document in support of their claim.

DIRECTIONS

23. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4) and 11B read with of Section 19 of the SEBI Act, 1992, hereby direct that:

- a. 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;
- b. The Noticees shall within a period of three months from the date coming into force of this direction, jointly and severally, refund the money received from any complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;
- c. The repayments to the complainants/ investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- d. The Noticees are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who were availing the investment advisory services from the Noticees, as directed in this order, from the bank accounts of the Noticees;
- e. After completing the aforesaid repayments, the Noticees shall file a report of such completion with SEBI addressed to the Division Chief, CIS Division, Investment Management Department, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai-400051, within a period of 15 days, after completion of three months from the coming into force of the directions at para 23(a) and (b) above, duly certified by an independent Chartered Accountant and the direction at para 23(d) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;

- f. 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 6 months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/ investors as directed in para 23(b) above, whichever is later;
 - g. The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 23(f) 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.
24. The direction for refund, as given in para 23(b) 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.
25. This order comes into force with immediate effect.
26. 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.

Date: March 30, 2022

Place: Mumbai

ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA