

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

FINAL ORDER

UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of

Sl. No.	Name of the Noticee	PAN
1.	M/s Money Streets Advisory Services LLP	ABGFM6563R
2.	Mr. Zulfiqar Ahmed	ABTPZ7804K
3.	Mr. Ifteqaar	ADVPI9206N

Background

1. The present proceedings emanate from an *ex-parte ad interim order* dated December 14, 2020 (hereinafter referred to as “***interim order***”) passed by the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) under Sections 11, 11B and 11D of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) against M/s Money Streets Advisory Services LLP (hereinafter referred to as “***Noticee no. 1/Money Streets***”), a Limited Liability Partnership Firm and its partners Mr. Zulfiqar Ahmed (hereinafter referred to as “***Noticee no. 2/Zulfiqar***”) and Mr. Ifteqaar (hereinafter referred to as “***Noticee no. 3/ Ifteqaar***”) and collectively referred to as “***Noticees***”) as the unregistered investment advisory activities allegedly being carried by the *Noticees* were *prime facie* found to be in violation of the provisions of Section 12(1) of the SEBI Act read with regulation 3(1) of the SEBI

Final Order in respect of M/s Money Streets Advisory Services LLP and its partners Mr. Zulfiqar Ahmed and Mr. Ifteqaar

(Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations, 2013**”).

2. I find that the *interim order* passed in the matter contains following observations with respect to the *Notices*:
 - i. SEBI received a complaint dated January 21, 2019 from Mr. Kota Venkataram (hereinafter referred to as “**Complainant**”) *inter alia* alleging that the *Notices* are involved in unauthorized Investment Advisory activities.
 - ii. As per the information gathered from the website of the *Noticee no. 1* i.e., www.moneystreets.in, (which was hosted for the first time on February 21, 2017) it was noted that Money Streets had claimed to be India’s leading investment advisory firm that was engaged in providing various advisory services in the segments such as Nifty future, Nifty option, intraday cash, stock future, stock option Bullion, metals, energy to leading fund houses, brokerage houses, HNI clients and retail clients. It was observed that the *Notices* are not registered with SEBI to perform the functions of an Investment Adviser in the securities markets.
 - iii. From the examination of the payment page of the said website, it is observed that Money Streets had listed details of its bank account maintained with ICICI Bank (A/c No. 029705004355) and also had a live link to PayU Money payment gateway (linked with the said ICICI bank account) through which payments could also be made to it.
 - iv. As per the information gathered from the bank statements collected from the ICICI Bank and PayU Money, it was observed that the total amount mobilized/credited by the *Notices* in the said bank account and the accounts of PayU Money stood at INR 92,53,505.07/- involving a total of 847 credits during the period July 17, 2017 to December 11, 2020.

- v. It was further gathered that the *Notices* through their website www.moneystreets.in *inter alia* claimed that “...only we are giving profit assurance at the end of every month”.
3. On the basis of the aforesaid observations, the evidence gathered during the examination and considering the nature of the alleged activities undertaken by the *Notices*, it was thought proper to pass an order and issue directions as a preventive measure for protecting the interest of investors in securities market and consequently, following directions were issued against the *Notices* in the *interim order*:
- i. *The Notices shall 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. *The Notices shall not to divert any funds collected from investors, kept in bank account(s) and/or in their custody until further orders*
 - iii. *The Notices shall 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. *The Notices shall immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., in digital mode or otherwise, including the website, in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*
 - v. *The Notices shall not access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
 - vi. *The Notices shall 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. The Noticees shall 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*
 - viii. If the Noticees 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. The Noticees 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.*
 - ix. ICICI Bank (Account Number 029705004355) wherein Money Streets is holding bank account, is directed not to allow any debits/ withdrawals from and not to allow any credits to the said account, without the permission of SEBI. The payment gateway PayU money wherein Money Streets is holding an account shall be deactivated till further orders. The Banks and payment gateway are directed to ensure that all the above directions are strictly enforced.*
 - x. The Depositories are directed to ensure, till further directions, that they neither permit any debits nor any credits in the demat accounts held by the Noticees either individually or jointly.*
 - xi. The Registrar and Transfer Agents are directed to ensure, till further directions, that they neither permit any transfer nor redemption of the securities including Mutual Fund units, held by the Noticees either individually or jointly.*
4. The aforesaid *interim order* issued to the Noticees was also in the nature of a Show Cause Notice (hereinafter also referred to as “**SCN**”) whereby the Noticees were called upon to show cause as to why the investment advisory plans floated by the Noticee no. 1 through its website in securities market should not be held as “Investment Advisory Services” in terms of the IA Regulations, 2013 and thereby the activity of the Noticees be not treated as unregistered activity in violation of

the SEBI Act and relevant Regulations. The *Notices* were also show caused as to why appropriate directions, under Sections 11, 11(4), 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, including appropriate directions for the prohibition on it from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period, and directions not to be associated with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI for a particular period should not be passed against them. The *Notices* were also asked to explain as to why directions to refund, jointly and severally, the fees collected from the investors/clients for its unregistered IA activities under Sections 11 and 11B (1) of SEBI Act, should not be issued against them. Further, the *Notices* 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 *Notices*, in that regard.

5. I note from the records available before me that the *interim order* was delivered to all the *Notices* (except for the *Notice no. 3* i.e., Mr. Ifteqaar) at their addresses available on record through SPAD on December 18, 2020. Subsequently, the *Notice no. 2* (Mr. Zulfiqar Ahmed) vide his letter dated January 06, 2021 (written on behalf of all the three *Notices*) while confirming the receipt of the *Interim Order* by him, has sought extension of one month's time to file his reply citing his inability to find proper legal support due to ongoing winter vacation and Covid exigencies. It is observed that the *Notice no. 2* has signed the said letter dated January 06, 2021 as 'Designated Partner' of the *Notice no. 1* i.e., Money Streets. However, after noticing that the *Notices* have neither filed any reply/objections to the *interim order* nor have sought any personal hearing, SEBI vide its emails dated February 17, 2021 (addressed at mailmezulfi1992@gmail.com), asked the *Notice no. 2* to provide the details of latest communication address, email ID and contact/mobile number of the *Notice no. 3* and to indicate if they would like to

avail an opportunity of personal hearing. Further, SEBI vide its email dated February 18, 2021 (addressed at moneystreets@gmail.com) advised the *Noticee no. 1* to provide the aforesaid details pertaining to the *Noticee no. 2* and also indicate if the *Notices* are willing to avail an opportunity of personal hearing. In response, the *Noticee no. 2* vide his email (i.e., mailmezulfi1992@gmail.com) dated February 22, 2021 provided the said details pertaining to the *Noticee no. 3* however, did not confirm regarding the personal hearing. Thereafter, vide email dated 22, 2021 (addressed at email id mailmeifthi@gmail.com), the *Noticee no. 3* was forwarded a copy of the *Interim Order* and was also advised to indicate if he and the *Noticee no. 1* are desirous to avail an opportunity of personal hearing. Subsequently, the *Noticee no. 2* vide email dated February 23, 2021 and the *Noticee no. 3* vide email dated July 07, 2021 requested for an opportunity of personal hearing on behalf of the *Notices*.

6. Accordingly, in conformity with the principles of natural justice, an opportunity of personal hearing was provided to the *Notices* on December 01, 2021 vide hearing notice dated July 19, 2021. It is noted that the aforesaid hearing notice was delivered upon the *Noticee nos. 2* and *3* through SPAD on July 20, 2021. Further, a scanned copy of the said hearing notice was also forwarded to the aforesaid email address of the *Notices* vide email dated July 19, 2021 and the same got delivered to them. Subsequently, the *Noticee no. 2* filed his reply vide email dated December 01, 2021. On the scheduled date of hearing held through video conferencing on December 01, 2021, the *Noticee no. 2* through his Authorized Representative appeared and made oral submissions in line with his email reply dated December 01, 2021. I note that the *Noticee nos. 1* and *3* did not appear on the scheduled date of hearing.
7. The contents of the reply dated December 01, 2021 and submissions of the *Noticee no. 2* made during the course of hearing, are summarized as under:
 - a) The *Notices no. 2* denies all the allegations made in the SCN.

- b) SEBI has failed to point out that if complaint has been received against the *Noticee no. 2* and thus the SCN is not maintainable against him. Merely mentioning that some complaints have been received but not mentioning any details of such complaints make the entire proceeding *void ab-initio* thus the entire SCN deserves to be set aside.
 - c) The *Noticee no. 2* was merely working as employee in the *Noticee no. 1* and has received salary from it. The HR manager of the *Noticee no. 1* at the time of his appointment as Research Analyst, had taken his signatures on some blank stamp papers, some other blank forms & papers for some security purpose and later those papers/forms may have been misused by the HR manager and/or owners in order to frame the *Noticee no. 2* in legal cases.
 - d) The HR informed the *Noticee no. 2* that he will be promoted and demanded him to sign certain blank cheques.
 - e) The *Noticee no. 2* had no idea of the said website and has not operated the said website.
 - f) The amounts alleged to be collected in the said accounts belonging to the *Noticee no. 1* have not been transferred to the personal accounts of the *Noticee no. 2*, however, he used to receive certain salary and incentives based on the performance criterion of *Noticee no. 1*.
 - g) Prior to receiving this SCN, the *Noticee no. 2* had neither known the clients nor had he ever had the knowledge of their grievance. The *Noticee no. 2* has never had any control over the sales team/ sales department or other departments of the said firm as his job responsibility was limited to research team.
 - h) The *Noticee no. 2* has not executed the said LLP Agreement.
8. I have carefully perused the facts recorded in the *interim order*, the submissions made by the *Noticees* and other materials available on record. I note that the

limited issue that require adjudication in the extant proceedings in light of the charges so levelled against the *Notices* in the *interim order* is as under:

- *Whether acts of the Notices as imputed in the interim order cum SCN, have violated the provisions of the SEBI Act, 1992 and the IA Regulations, 2013 while providing the services related to Investment Advisory without having proper registration.*

9. Before I proceed to examine the issue framed above, it would be appropriate to refer to the relevant provisions of securities laws alleged to have been violated by the *Notices*, which are being reproduced hereunder:

“SEBI ACT, 1992

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:*

SEBI (INVESTMENT ADVISER) REGULATIONS, 2013

Application for grant of certificate.

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:*

10. As stated earlier SEBI had received a complaint *inter alia* alleging that the *Notices* were involved in unauthorized Investment Advisory activities. From further scrutiny, it emerged that the *Notices* were hosting a website called www.moneystreets.in which was found to be active at the time of passing of the *interim order*. As per information gathered from the website of the *Noticee no. 1* it

was observed that the *Notices*, at the time of asking the *Complainant* to invest, claimed the following through their website:

- i. *“MONEYSTREETS is India’s leading stock advisory firm. We provide advisory in Nifty future, Nifty option, intraday cash, stock future, stock option Bullion, metals, energy. In India, there are so many other advisory firms, they promise huge profit, but no one will give you profit assurance. But, here in India only we are giving you profit assurance at the end of every month.*
- ii. *Moneystreets is a very well-known name in stock market circles. From more than 2 years we are giving advisory services to leading fund houses, brokerage houses, HNI clients and retail clients. We have the largest and best technical expert team who has the experience of more than 10 years in stock market and witnessed the most ups and downs in Indian stock market. We have dedicated telephonic support team for each and individual service to ensure that our paid clients can reach us in a very quick time to clarify their doubts, worked technical analysis and research.”*

11. I note that the following pricing details for availing various types of services from them were also announced on the above said website of the *Notices*:

Services	Monthly (In Rs.)	Quarterly (In Rs.)	Half Yearly (In Rs.)	Yearly (In Rs.)
HNI Services				
Stock Future	14,999	24,999	74,999	-
Stock Cash	14,999	24,999	74,999	-
Nifty Future	14,999	24,999	74,999	-
Nifty Options	14,999	24,999	74,999	-
Stock Options	14,999	24,999	74,999	-
Equity Combo	24,999	44,999	99,999	-
Bullions	14,999	24,999	74,999	-
Base Metals	14,999	24,999	74,999	-
Energy	14,999	24,999	74,999	-
MCX Combo	24,999	44,999	99,999	-
Normal Services				
Stock Cash	6,100	13,300	20,500	31,100
Stock Future	6,100	13,300	20,500	31,100

Nifty Future	5,100	11,300	17,500	24,300
Delivery	4,100	9,300	15,100	20,500
Nifty Options	5,700	12,500	19,300	27,100
Stock Options	6,400	13,900	21,400	28,900
Equity Combo	12,500	26,100	39,700	53,700
Bullions	6,100	13,300	20,500	31,100
Base Metals	5,700	12,300	19,300	27,100
Energy	6,100	13,200	20,500	31,100
MCX Combo	13,300	27,700	42,100	56,500
NCDEX	15,100	31,300	47,500	63,700
Premium Services				
Stock Future	14,999	24,999	74,999	-
Stock Cash	14,999	24,999	74,999	-
Nifty Future	14,999	24,999	74,999	-
Nifty Options	14,999	24,999	74,999	-
Stock Options	14,999	24,999	74,999	-
Equity Combo	24,999	44,999	99,999	-
Bullions	14,999	24,999	74,999	-
Base Metals	14,999	24,999	74,999	-
Energy	14,999	24,999	74,999	-
MCX Combo	24,999	44,999	99,999	-

12. From the aforesaid narration of facts, the reply submitted by the *Noticee no. 2* in response to the allegations made in the SCN and his submissions so advanced in the course of personal hearing, I find that Money Streets Advisory Services LLP, which is a Limited Liability Partnership Firm, was indeed engaged in giving advice in an unauthorized manner relating to investing in, purchasing, selling or otherwise dealing in securities and various other investment products of securities, as was proclaimed by the said firm through its website www.moneystreets.in. In this regard I note that one of the reasons which enticed the investors for availing its services/packages, as mentioned in its website, was that it claimed/offered that “...*only we are giving profit assurance at the end of every month.*” At this juncture, it is pertinent to look at the definition of Investment Adviser (or short “**IA**”) as articulated in regulation 2 (1) (m) of the IA

Regulations, 2013 which 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, I have also perused regulation 2(1)(l) of the IA Regulations, 2013 which 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.*”

13. In the light of the aforesaid definitions and the content published on the website of the *Notices* as well as the allegations imputed in the *interim order*, I note that the *Notices*, through their website were offering investment advice as defined under regulation 2(1)(l) of the IA Regulations, 2013 by offering to give advice related to investing in, purchasing and selling of securities and were also offering various service packages to investors at large, for subscription to securities which were nothing but purely in the nature of the services of investment advisory.
14. I also note that the *interim order* has recorded that the aforesaid investment advisory services were being offered by the *Notices* in lieu of monetary considerations which was being paid by the concerned investors into the ICICI Bank Account number 029705004355 and through PayU Money payment gateway which was also linked with the said ICICI Bank account, as per the instructions of the *Notices*, the details of which were also provided on the website of the *Notices* under the payment option section. As noted above, the ICICI Bank account statement, Know Your Client (KYC) details & Account Opening Form (AoF) of the *Notices* and information gathered from PayU Money reveal that an aggregate amount of around INR 92,53,505.07 has been credited in the said account during the period from July 17, 2017 to December 11, 2020. It is also noted that the aforesaid bank account and payment gateway received a total

of 847 credits¹ during the aforesaid period as per the latest bank statement referred to in the *interim order*. An illustrative list of narrations supporting the credit entries in the ICICI Bank Account of Money Streets shows that these deposits are in the nature of advisory services as depicted in the *Interim Order* are as under:

Date of transaction	Narration	Credit (Rs.)
05/02/2018	BIL/001387392654/SHARE TRADING/NSP	40000
07/02/2018	BIL/001388886032/share trading/NSP	25000
09/04/2018	BIL/001428759157/Tips/NSP	3000
27/04/2018	BIL/001439603726/Investment/NSP	25000
07/05/2018	BIL/001447107863/tips/NSP	700
05/07/2018	BIL/001486352015/for Registration/NSP	10000
29/01/2020	MMT/IMPS/002908087755/Jasir trede/Unregister/CANAR	10000
29/01/2020	MMT/IMPS/002908087800/Jasir trede/Unregister/CANAR	10000
05/02/2020	BIL/INFT/001913775863/Investment/	7500
07/02/2020	MMT/IMPS/003813357464/jasir tip provi/Unregister/C	5000
04/03/2020	UPI/006409417748/For trade signa/ibru7832@okhdfc/F	1000

15. Considering the afore-discussed factual analysis about the activities of the *Notices* as proclaimed by them on their own website, the examination of bank statement of the *Notices* (supported by the KYC/ bank account statements documents of the *Notices*) and most importantly, the fact that there has been no denial or

¹ The credits received in the Bank account from payment gateway is excluded from the amount and the total number of credit transactions to avoid double counting.

objection to the charges/allegations levelled in the SCN by the *Noticee nos. 1 and 3* either during the course of hearing held on December 01, 2021 (which they failed to attend) or in the form of a reply refuting such charges, it leaves no further scope for any doubt to conclude that the alleged activities indulged into by the *Noticee nos. 1 and 3* squarely fall under the category of investment advisory services as defined under regulation 2 (1)(l) of the IA Regulations, 2013.

16. As regards, the *Noticee no. 2*, I note that he has raised a preliminary objection regarding the maintainability of the SCN by contending that merely mentioning that some complaints have been received but not mentioning any details of such complaints, make the entire proceeding *void ab-initio* against him hence the entire SCN deserves to be set aside. I note that the aforesaid contention may look appealing on its face but on a deeper examination, I find that his objections lack any substance. In this regard, I note that the complaint referred to in the *interim order* was merely a trigger for initiation of an investigation into the affairs of the *Noticee no. 1*. The findings/charges so brought out in the SCN did happen only after the completion of the investigation which supported the allegations and its findings now independently stand on the foundation of the tangible documentary evidences such as bank account statements, account opening forms, KYC details, LLP Agreement etc. which have already been recorded in the SCN and supplied to the *Noticee no. 2*. The said findings/charges so recorded in the SCN are capable of being challenged on the strength of documentary evidences. However, the *Noticee no. 2* has not been able to contest these findings/charges stated in the SCN by producing any documentary evidence let alone any clinching evidence. In any case, I note that it has been more than 17 months since the SCN was issued to him in December 2020 and having not raised this preliminary objection all this while (despite getting one month's extension to file his reply as sought vide his letter dated January 06, 2021), I am of the considered view that, at this belated stage he should not be allowed to raise the aforesaid contention which is not only devoid of merit but also just a technical argument advanced by the *Noticee no. 2*

with a sinister design to delay the conclusion and evade the consequences of the proceedings.

17. I note that the *Noticee no. 2* has further, tried to distance himself from the *Noticee no. 1* by making submissions that he was forced to sign on blank stamp papers for some security purpose; that he was demanded by the HR to sign certain cheques so that he could be promoted; that his role in the *Noticee no. 1* was limited to research only and he never had any control over the sales team/ sales department or other departments of the said firm etc. In this context, I note that the *Noticee no. 2* has merely advanced the aforesaid arguments but has failed to adduce any evidence before me either during the course of hearing or otherwise in support of such contentions. He could have at least produced his appointment letter issued by the *Noticee no. 1* to indicate his precise role & duties and the exact designation held by him in the *Noticee no. 1* and which would have also gone on to demonstrate whether he had any control over the sales team/sales department or other departments of the said firm or his job responsibility was limited to only management of the research and research team of *Noticee no. 1* as being claimed by him. He has further miserably failed to bring on record his salary slips issued by the *Noticee no. 1* and bank account statements to show credit of salary so as to substantiate his submissions that he was indeed in the employment of the *Noticee no. 1* and was receiving salary and incentives based on the performance criterion of *Noticee no. 1*. It is also equally inexplicable that he has just shifted the entire responsibility onto one HR manager of the *Noticee no. 1* even without giving any further details about him such as his name, email etc. for my satisfactions, which strongly indicates that all these explanations are mere afterthought exercises and lack any force of logic or evidence. In any case he has not brought on record any material/details to impress upon me that he has taken any action before any appropriate forum, against the said HR manager of the *Noticee no. 1* for misuse of the blank stamp papers, forms and papers signed by him and also for misusing such blank stamp papers to execute LLP Agreement.

18. I note that the *Noticee no. 2* has contended that he has not executed the said LLP Agreement. In this regard, I note that the *Noticee no. 2*, while seeking extension of time to file reply to the SCN vide his letter dated January 06, 2021, has referred to himself in the said letter as one of the Designated Partners of the *Noticee no. 1*. From a perusal of the LLP Agreement dated September 4, 2017 of the *Noticee no. 1* as available on record, I note that the *Noticee nos. 2 and 3* are its Designated Partners who contribute/own 50% in the *Noticee no. 1* and have accordingly signed the said LLP Agreement. In this context, I note that it is not the case of the *Noticee no. 2* that his signature on the LLP Agreement is forged. Also, the placement of the signature of the *Noticee no. 2* in the said LLP Agreement very strongly indicates that the signatures were put in by him at relevant places exactly at the end of the print of the LLP Agreement and not on any blank stamp papers as claimed by the *Noticee no. 2*. Further, it is also pertinent to note that the *Noticee no. 2* has appended his signature on the Certificate (generated by a third party government agency) which accompany the said LLP Agreement. Considering the aforesaid facts coupled with the undisputed fact that the *Noticee no. 2* has not pursued any action against the said HR Manager or any other person who allegedly forced him to sign on the blank forms and papers as noted in detail above, it only reinforces my aforesaid findings that the *Noticee no. 2* has tried to resort to such lame and feeble excuses in an unsuccessful attempt to escape from the rigor of the charges levelled against him in the SCN hence such pleas are liable to be rejected.

19. Further, Clause 5 of the said LLP Agreement stipulates that the Designated Partners i.e., the *Noticee nos. 2 and 3* are entitled to share profit and losses in the ratio of their contribution in the *Noticee no. 1*. Thus, considering this fact and the fact that the *Noticee no. 2* failed to produce his bank account statement and salary slips to prove that he was mere an employee (not a partner) further belies his contention that he was in the employment of the *Noticee no. 1* and was receiving salary from it. Therefore, I find that the *Noticee no. 2* has merely denied the charges and has not produced any documentary evidence to refute the charges levelled

against him or to support his aforesaid contentions. Under the circumstances, I find no merit in the aforesaid submissions of the *Noticee no. 2* and the same are liable to be rejected. Hence, without any hesitation, I conclude that the alleged activities indulged into by the *Noticee no. 2* also squarely fall under the category of investment advisory services as defined under regulation 2(1)(l) of the IA Regulations, 2013.

20. Further, the credit entries in the bank account of the *Noticees* are supported by narrations such as trading, investment, tips, unregister etc., which clearly highlight the fact that the monies that were being received into the said Bank Account were received towards fees from the business operations of the *Noticees* as an Investment Adviser. Considering the fact that the website of the *Noticees* clearly showed that its services were in the nature of investment advisory services coupled with the fact that the aforesaid Bank Account and PayU Money payment gateway were specified in the website itself for receiving fees from the clients, it leads to an unassailable conclusion that the said pay-in amounts as reflected in the said ICICI Bank Account and PayU Money payment gateway were in fact the amounts received towards consideration in lieu of the advisory services offered by the *Noticees*.
21. In view of the above and as discussed earlier, I have no iota of doubt left in my mind that in terms of regulation 2(1) (l) of the IA regulations, 2013 such kind of advisory services rendered by the *Noticees* in fact constituted “investment advice” and the *Noticees* were providing investment advice, in lieu of consideration which was received and credited into their ICICI Bank Account and PayU Money payment gateway. Therefore, there is no ambiguity left that Money Streets Advisory Services LLP, and its Designated Partners Mr. Zulfiqar Ahmed and Mr. Ifteqaar were engaged in the business of providing investment advice to the public, in lieu of monetary consideration and were thus, acting as an ‘investment adviser’, as defined under regulation 2(1)(m) of the IA Regulations, 2013.

22. It is relevant to note here that in order to protect the interest of investors and to preserve the integrity of the securities market, the IA Regulations, 2013 provide various safeguards to ensure that the interest of the investors who receive investment advice is protected. One such safeguard provided under the said Regulations is that any person carrying out investment advisory activities has to obtain registration from SEBI as mandated under regulation 3(1) of the IA Regulations, 2013, which, *inter alia*, 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 SEBI and has to conduct its activities in accordance with the provisions of IA Regulations, 2013. Further, various crucial safeguards provided under IA Regulations, 2013 include a minimum professional qualification and net-worth requirement for an entity/person to perform as a registered investment adviser, disclosure of all conflicts of interest, prohibition on investment adviser to enter into transactions on its own account which is contrary to the advice given by investment adviser to its clients for a period of 15 days from the day of such advice given, mandatory risk profiling of investors, maintaining documented process for selecting investments for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc.
23. The activities of the *Noticees*, as brought out from various materials described above including their website, seen in the backdrop of the aforesaid regulatory provisions show that the *Noticees* were clearly holding themselves out and acting as an IA. However, it is noted that the *Noticees* are not registered with SEBI in the capacity of IA. Hence, I find that these activities/ representations as were being made by the *Noticees* without holding the certificate of registration as investment adviser, are in gross violation of Section 12(1) of SEBI Act, 1992 read with regulation 3(1) of the IA Regulations, 2013.
24. In order to ensure protection of investors who receive investment advice, it is imperative that any person carrying out investment advisory activities has to

necessarily obtain registration from SEBI and has to conduct its activities in accordance with the provisions of the relevant SEBI Regulations.

25. In my view, unregistered investment advisors like the *Notices* in the present case, can put the interest of the investors at great risk by misleading them or misutilising their funds to the detriment of the interest of the investors. In the present case, the *Notices* on their website have, *inter alia*, mentioned that Money Streets offers advices in stocks, future and option (F&O) etc. The *Notices* on their website have further represented that Money Streets is India's leading investment advisory firm and only they can give profit assurance at the end of every month.
26. As stated above, SEBI Act, 1992 and IA Regulations, 2013 mandate that an investment advisor has to hold a valid certificate of registration to act as such. However, as already pointed out above, the *Notices* were not holding any certificate of registration from SEBI to act as investment advisor.
27. I note that the materials available on record do not indicate the exact amount of fees collected by the *Notices*, as a result of providing investment advice to investors in violation of the provisions of the IA Regulations, 2013. However, the *interim order* records that the *Notices* have received credits worth of INR 92.53 Lakh (INR 92,53,505.07) directly in their ICICI Bank account number 029705004355 & also through the PayU Money payment gateway which was also published on their website to enable the investors to make payment to the *Notices*.
28. In view of the foregoing discussions and my observations/findings about the activities engaged in by the *Notices* in rendering investment advisory in an unauthorized and illegal manner, as has been established both on the basis of various facts & circumstantial evidences, in order to achieve the avowed object of SEBI Act, 1992, I, in exercise of the powers conferred upon me in terms Sections 11, 11(4), 11B (1) and 11D, read with of Section 19 of the SEBI Act,

1992, while disposing of the allegations levelled in the *interim order* cum SCN hereby direct the following:

- i. The *Notices* shall within a period of three months from the date of this Order, 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. To give effect and implement the above direction, the *Notices* shall cause public notice to be issued 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 their contact person such as names, addresses and contact details, within 15 days of coming into force of this Order;
- 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 *Notices* 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 *Notices*, as directed in this Order, from the bank account of the *Notices*, wherein debit has been frozen by virtue of *interim order* dated December 14, 2020;
- v. The *Notices* shall resolve all the complaints pending against them and file a report of such resolution with SEBI addressed to the Division Chief, SEBI-Southern Regional Office(SRO), Overseas Towers, 7th Floor, 756-L,

Anna Salai, Chennai – 600002, within a period of 30 days from date of this Order;

- vi. After completing the aforesaid repayments, the *Notices* shall file a report of such completion with SEBI addressed to the Division Chief, SEBI- Southern Regional Office (SRO), Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai – 600002, within a period of 15 days, after completion of three months from the coming into force of this Order, duly certified by an independent Chartered Accountant. The restraint on sale of assets in sub paragraph (iv) shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed;
- vii. The *Notices* 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 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to investors as directed in sub-paragraph (i) above, whichever is later;
- viii. The *Noticee no. 2* and the *Noticee no. 3* are 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 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to investors as directed in sub-paragraph (i) above, whichever is later;
- ix. The *Notices* shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in sub-paragraph (vii) and (viii) above, either directly or indirectly, investment advisory services or any other activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities law;

- x. The *Notices* shall not to divert any funds collected from investors, kept in bank account(s) and/or in their custody except for the purpose of refund as directed in sub-paragraph (i); and
- xi. The *Notices* shall 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 for the purpose of refund as directed in sub-paragraph (i) and until the refund is completed and a report as mandated under sub-paragraph (vi) is filed with the SEBI.
29. The direction for refund, as given in paragraph 28(i) above, does not preclude the clients/investors of the *Notices* from pursuing the other legal remedies available to them under any other law, against the *Notices* for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
30. This Order shall come into force with immediate effect.
31. Obligation of the *Notices*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the *Notices* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.
32. A copy of this Order shall be served upon the *Notices*, all the recognized Stock Exchanges, Depositories, registrar and transfer agents and Banks for necessary compliance with the above directions.

-Sd/-

DATE: MAY 27, 2022

PLACE: Mumbai

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA