

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/53792	Date: September 21, 2022
Circular Ref. No: 128/2022	

To All NSE Members,

Sub: Final Order in the matter of Wasankar Wealth Management Limited

This is with reference to NSE circular no. NSE/INVG/27457 dated August 28, 2014 referring to SEBI order no. WTM/RKA/MIRSD/105/2014 dated August 27, 2014 and NSE circular no. NSE/INVG/28334 dated December 12, 2014 referring to SEBI order no. WTM/RKA/MIRSD/157/2014 dated December 10, 2014.

SEBI vide its Order no. WTM/AB/MIRSD/MIRSD5/19480/2022-23 dated September 21, 2022, has hereby debarred below entities from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in securities, directly or indirectly in any manner whatsoever, for the below mentioned period from the date of coming into force of this order.

Entity no.	Details of Entity	PAN
1	M/s Wasankar Wealth Management Limited	AAACW8073C
2	Wasankar Investment	AAIPW1864A
3	Shri Prashant Jaidev Wasankar	AAIPW1864A
4	Abhijeet Chaudhari	AIUPC8611M
5	Mrs. Bhagyashree Wasankar	AALPW3274H
6	Mrs. Mithila Wasankar	ANFPM0123J
7	Mr. Vinay Wasankar	AALPW3215A

Entities nos. 1, 2 and 3 are 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 a period of 10 years.

Entities nos. 4-7 are 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 a further period of 6 months in addition to the period of debarment already undergone by the virtue of interim SEBI order dated August 27, 2014.

In respect of direction of debarment given above for Entities nos. 1, 2 and 3, the period of debarment already undergone by the virtue of interim SEBI order dated August 27, 2014 shall be set off against the debarment period imposed under the present order.

The Order shall come into force with immediate effect.

The detailed order is available on SEBI website (<http://www.sebi.gov.in>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page under "Home-Regulation-Members-Action against Members-Regulatory Actions".

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Ritik Bhriegu (Extension:23020), Mr. Atish Agarwal (Extension:26026)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of
National Stock Exchange of India Limited

Atish Agarwal
Senior Manager

Annexure: Final Order in the matter of Wasankar Wealth Management Limited

WTM/AB/MIRSD/MIRSD5/19480/2022-23

**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 respect of:

S. No.	Entity Name	PAN
1	M/s Wasankar Wealth Management Limited (Noticee No. 1)	AAACW8073C
2	Wasankar Investment (Noticee No. 2)	AAIPW1864A
3	Shri Prashant Jaidev Wasankar (Noticee No. 3)	AAIPW1864A
4	Abhijeet Chaudhari (Noticee No. 4)	AIUPC8611M
5	Mrs. Bhagyashree Wasankar, (Noticee No. 5)	AALPW3274H
6	Mrs. Mithila Wasankar, (Noticee No. 6)	ANFPM0123J
7	Mr. Vinay Wasankar (Noticee No. 7)	AALPW3215A
8	Mr. Jayant Chaudhari (Noticee No. 8)	AAQPC6502P
9	Mrs. Kumud Chaudhari (Noticee No. 9)	AHFPC4567N
10	Mrs. Sarla Wasankar (Noticee No. 10)	AAUPW4670Q
11	Paridhi Trading Company Pvt. Ltd (Noticee No. 11)	AAACP6270E

In the matter of Wasankar Wealth Management Limited

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') received complaints stating *inter alia* that Wasankar Wealth Management Limited (hereinafter referred to as '**WWML**') and Wasankar Investments (hereinafter referred to as '**WI**') are collecting money from public in Nagpur promising a return of 300% on an investment for 48 months, a return of 250% on an investment for 30 months and a return of 125% return on an investment for 12 months. Pursuant to receipt of complaints, SEBI conducted an inspection on May 8–9, 2014 into alleged irregularities of the following entities for the period from the date of grant of Certificate of registration till the date of Inspection:
 - i. Wasankar Wealth Management Ltd. [Stock Broker of Inter Connected Stock Exchange Ltd. ("ICSE") – SEBI Regn. No. INB241474130 and sub-broker affiliated to ISE Securities and Service Ltd. ("ISE Securities"): SEBI Registration No. INS23A550931 at National Stock Exchange Ltd. ("NSE") (registered on January 29, 2013) and SEBI Registration No. INS01A552636 at BSE (registered on March 6, 2013)] (hereinafter referred to as "Noticee no.1 / WWML") and
 - ii. Wasankar Investments, a sub-broker affiliated to ISE Securities: SEBI Regn. No. INS236775719 at NSE) (hereinafter referred to as "Noticee no.2/WI"). Prashant Wasankar (hereinafter referred to as Noticee no. 3 is the Chairman and Director of Noticee no.1 and sole Proprietor of Noticee no. 2.
2. It was observed during the inspection that, Prashant Wasankar and his connected/related entities have solicited and induced their clients and other investors to deal in securities and have also collected funds and deposits from their clients and other investors through misrepresentations and promise of assured high returns under various schemes. It was also observed that Prashant Wasankar and his connected/related entities had defaulted in making repayments/refunds to their clients and investors under various schemes.
3. In view of the above observation of the inspection, SEBI, vide an *ad interim ex-parte* order dated August 27, 2014 (hereinafter referred to as the '**interim order**'), *inter alia*

directed Wasankar Wealth Management Limited, Wasankar Investments, Mr. Prashant Wasankar, Mr. Vinay Wasankar (Promoter of WWML), Ms. Mithila Wasankar (Director of WWML), Mr. Abhijeet Chaudhari (Director of WWML) and Ms. Bhagyashree Wasankar (Director of WWML):

- a. to cease and desist from undertaking the portfolio management activities or any unregistered activity in the securities market, directly or indirectly, in any manner whatsoever; and also prohibited from mobilizing or pooling funds from its clients, other general investors or public and from offering any portfolio management activities or any other unregistered activity, in whatever form;
- b. to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to the portfolio management activities or any unregistered activity in the securities market;
- c. to refund the monies so collected from their clients and other investors in its various schemes along with income, profits or returns promised to them under such schemes or interest at the rate of 10% per annum, whichever is higher, from the date of investment till the date of refund, within a period of seven days from the date of the order and submit a repayment report to SEBI.
- d. Prohibition on Shri Prashant Wasankar and his related entities from transferring the funds/deposits mobilized from the clients or other investors or from disposing of or alienating any asset that has been created from the funds/deposits received from their clients or other investors for purposes other than refund as directed hereinabove;
- e. Restraint on Shri Prashant Wasankar and his related entities from buying, selling or dealing in the securities market, either directly or indirectly, in any manner whatsoever, till further directions.

4. SEBI, vide order dated December 10, 2014 (hereinafter referred to as the '**confirmatory order**'), confirmed directions issued vide the said interim order dated August 27, 2014.
5. Pursuant to the interim order, SEBI conducted an investigation into the activities of Prashant Wasankar and his connected/related entities. After conclusion of investigation a show cause notice dated February 08, 2021 (hereinafter referred to as "**SCN**") was issued by SEBI to the aforesaid 11 Noticees calling upon them to show cause as to why suitable directions, as may be appropriate, under Sections 11B and 11(4) of Securities and Exchange Board of India (hereinafter referred to as "SEBI Act, 1992") should not be issued against them.
6. The SCN *inter alia* alleges that Mr. Prashant Wasankar and his connected/related entities i.e. the aforesaid Noticees, have solicited and induced the clients of WWML and WI and other investors to deal in securities and have also collected funds and deposits from their clients and other general investors through misrepresentation and allurements of high returns through various schemes to such clients and investors, when in reality Mr. Prashant Wasankar and his connected/related entities had defaulted in making repayments/refunds to their clients and investors. Further, WWML solicited and collected funds/deposits from their clients and other investors to make investment in certain schemes of WWML and WI that were in the nature of portfolio management schemes without obtaining registration as a portfolio manager under the SEBI (Portfolio Managers) Regulations, 1993 (hereinafter referred to as "**PMS Regulations**"). The SCN alleges that the *modus operandi* of Mr. Prashant Wasankar and his connected/related entities indicates a scheme, plan, device or artifice or contrivance that is, besides being in contravention of the SEBI Act, 1992 the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as "**SCRR**"), the SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as "**the Stock Brokers Regulations**") and SEBI Circular no. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004, is 'fraudulent' as defined in Regulation 2(1)(c) of the SEBI (Prohibition of

Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”).

7. Based on the above, the SCN alleges that WWML i.e. Noticee no. 1 and 2 violated Section 12(1) of the SEBI Act, 1992 read with Regulation 3 of the PMS Regulations, Section 12A (a) (b) and (c) of the SEBI Act, 1992 and Regulation 2(1)(c), 3 (b), (c) and (d) and Regulation 4(1) and 4(2) (k) of PFUTP Regulations and SEBI Circular no. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004. Noticee no. 1 also violated Section 12(1) of the SEBI Act, 1992 read with Regulation 11(1) of the Stock Brokers Regulations and Rule 8(3)(f) of SCRR. Mr. Prashant Wasankar (Noticee no. 3), Mr. Abhijeet Chaudhari (Noticee no. 4), Ms. Bhagyashree Wasankar (Noticee no. 5), Ms. Mithila Wasankar (Noticee no. 6) and Mr. Vinay Wasankar (Noticee no. 7), Mr. Jayant Chaudhari (Noticee no. 8), Mrs. Kumud Chaudhari (Noticee no. 9), Mrs. Sarla Wasankar (Noticee no. 10) and Paridhi Trading Company Pvt. Ltd. (Noticee no. 11) violated and Section 12A (a) (b) and (c) of the SEBI Act, 1992 and Regulation 2(1)(c), 3 (b), (c) and (d) and Regulation 4(1) and 4(2) (k) of PFUTP Regulations. Noticee no. 3 to 7 also violated Section 12(1) of the SEBI Act, 1992 read with Regulation 3 of the PMS Regulations.

8. The brief facts of the case, as mentioned in the SCN are as follows:

- i. WWML was incorporated as a private limited company on July 16, 2008 with Mr. Prashant Wasankar and Mr. Vinay Wasankar as its promoters. Subsequently, WWML converted into a public limited company with effect from April 01, 2010. Mr. Prashant Wasankar has 60% shareholding while his wife, Ms. Bhagyashree Wasankar has 37% shareholding in WWML. Mr. Prashant Wasankar, Ms. Mithila Wasankar and Mr. Abhijeet Chaudhari are the directors of WWML. The details of these promoters and directors are enumerated hereunder:

Sr.No.	Name	Designation	PAN	DIN
1	Mr. Prashant Wasankar	Promoter/Director	AAIPW1864 A	02222183

2	Mr. Vinay Wasankar	Director	AALPW3215 A	0221788 9
3	Ms. Mithila Vinay Wasankar	Director	ANFPM 0123 J	0274833 6
4	Mr. Abhijeet Chaudhari	Director	AIUPC 8611 M	0274552 5

- ii. Wasankar Investments (WI) is a proprietorship firm owned by Mr. Prashant Wasankar and is also registered as sub-broker with NSE with trade name Wasankar Investments (WI), (SEBI Registration Number INS236775719). As per the records, WWML and WI have the common address at 247 Wasankar House, Shivaji Nagar, Nagpur – 440010
- iii. During May 8-9, 2014, SEBI undertook an inspection at the offices of WWML and WI in Nagpur. Some of the findings of the inspection are as under:
 - a. WWML has other group companies, namely, Wasankar Agro Wealth Pvt. Ltd., H. & W. Agro Pvt. Ltd., Om Bhagwate Capital Services Pvt. Ltd. and Paridhi Trading Co. Pvt. Ltd. These entities are not registered with SEBI in any manner.
 - b. WWML and Mr. Prashant Wasankar solicited and mobilised funds/deposits from clients and general public for making investment primarily in the following two manners:
- iv. **First Method of mobilisation of funds from public-**
 - a. Mr. Prashant Wasankar and his connected/related entities solicited and mobilised funds/deposits from their clients and other investors in the form of cash or cheque for making investments.
 - b. The clients/investors gave the cheques in the names of Mr. Prashant Wasankar and his connected/related entities.
 - c. In addition to these funds, the investors also paid the membership fees to WWML, WI or Mr. Prashant Wasankar.

- d. In respect of such investments, Mr. Prashant Wasankar would issue a promissory note on the letter head of WI along with a certificate of investment in the name of WI acknowledging such investment by the investor
- e. Mr. Prashant Wasankar would also issue postdated refund cheque(s) on the day of investment.
- f. The promissory note would contain details such as the terms and conditions of the schemes. It would be signed by Mr. Prashant Wasankar and bear the stamp of WI.
- g. The details of the various schemes for which funds were collected by Mr. Prashant Wasankar and his connected/related entities are as under :-

RATE OF INTEREST			
PLANS	MEMBERS	NON MEMBERS	MINIMUM INV.
DOUBLE	33 MONTHS	48 MONTHS	50K
TRIPLE	48 MONTHS	NA	5LK
YEARLY PAY OUT 25%, 27.5%, 30%, 32.5%	48 MONTHS	NA	5LK
40%	18 MONTHS	24 MONTHS	50K
YEARLY	25%	18%	50K
90 DAYS	5.25%	3.75%	1LK
QUARTERLY FOR 2 YEARS	5.25%	3.75%	1LK
MONTHLY	1.60%	NA	5LK
TERMS & CONDITIONS			
Loan Facility will be available to Members Only			
Pre-Mature withdrawal: For Non Members 4.00% For Members 2.5% . No spot charges with one month notice .			
If the document is misplaced, FIR and Indemnity process has to be completed and the final payment or renewed documents will only be made / issued after Six months of maturity.			
The above rates are subject to change without any prior notification			
OFFICE TIMINGS: MONDAY TO FRIDAY (10.30 AM TO 6 PM) SATURDAY (10.30 AM TO 4 PM) SUNDAY (10.30 AM TO 1 PM)			

v. **Second Method of mobilisation of funds from public –**

- a. The investor would give funds for investment partly in cash and partly in cheque. The cheque would be drawn in favour of the stock broker ISE

- Securities & Services Ltd. and a receipt for the cash as well as cheque would be issued to the investors by WWML.
- b. Mr. Prashant Wasankar would issue promissory notes to the investors containing details like maturity of the scheme and payment of the scheme amount.
 - c. WWML collected funds/deposits from the investors even during the period when it was not registered as an intermediary.
- vi. There are instances where payments have been made to the clients/investors by Mr Prashant Wasankar and his connected/related entities.
 - vii. Some of the postdated cheques issued by Mr. Prashant Wasankar for the payment of the maturity amount to the investors were observed to have been dishonored.
 - viii. WWML paid an amount of Rs. 74.57 lakhs as incentives to its employees for the financial year 2012-13.
 - ix. WWML gave loans to certain individuals/entities as Inter Corporate Deposits to the tune of Rs.11.78 crore during the period April, 2012 to March 2014.
 - x. Mr. Prashant Wasankar and his connected/related entities have 63 bank accounts in various banks. The credits in these 63 bank accounts for the period April 2013 to May 20, 2014 amount to Rs. 111 crore (approx).
 - xi. There are 56 instances of cash deposits amounting to Rs. 1.61 crore in the 10 bank accounts of Mr. Prashant Wasankar and his connected/related entities in the Indian Overseas Bank.
 - xii. Mr. Prashant Wasankar is having 13 bank accounts in various banks and an amount of Rs. 40.23 crore has been deposited in his accounts.
 - xiii. WWML has 10 bank accounts and an amount of Rs. 20.38 crore has been deposited during the period from April 01, 2013 to May 20, 2014 in its accounts.
 - xiv. Mr. Prashant Wasankar has not traded in cash market.

- xv. WWML has traded to the tune of Rs. 9.08 crore in F&O segment for proprietary trading from April 01, 2013 to May 20, 2014.
- xvi. The amount of deposits seen in the bank accounts is much more than the turnover during the period.
- xvii. Mr. Prashant Wasankar and his connected/related entities collected the funds/deposits mostly from senior citizens and women from the states of Maharashtra, Andhra Pradesh, Bihar, Chhattisgarh, Chandigarh, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Orissa, Panjab, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal. They have also collected funds/deposits from some investors from the United Arab Emirates and the United States of America.
- xviii. There was huge mismatch in the data provided by WWML with regard to the number of clients and the fee collected from them. Prior to inspection, WWML had submitted that it had collected fee amounting to Rs.16.02 crores from 2560 clients.
- xix. However, as per the data maintained by WWML in its computer, WWML started collecting fees from the clients from the financial year 2008-09 onwards when it was not even a SEBI registered intermediary. One of files maintained by WWML in its computer has a list of 9576 clients/investors names and their mobile numbers. On its website, WWML claims to have a client base of more than 5000. The details as submitted by WWML and the details of the number of clients and the amount of fee collected by WWML maintained by it in soft copy in its computers are as under:

No.	Year	Number of clients		Membership fee collected (In Rupees)	
		Submitted by entity	As found in inspection	Submitted by entity	As found in inspection
1	2008-09	nil	286		28,30,000
2	2009-10	678	1502	2,84,75,000	3,11,84,000
3	2010-11	732	1258	4,28,15,000	4,34,75,000
4	2011-12	405	604	4,17,60,000	3,97,85,000

No.	Year	Number of clients		Membership fee collected (In Rupees)	
		Submitted by entity	As found in inspection	Submitted by entity	As found in inspection
5	2012-13	745	722	4,72,03,874	7,22,61,250
6	2013-14	Nil	232	Nil	1,03,86,250
	TOTAL	2560	4604	16,02,53,874	19,99,21,500

xx. WWML offered various discount schemes for senior citizens.

xxi. Some of the details regarding the discount schemes offered by WWML and as enumerated in one of the files named *"Anniversary Offer"* in its computer are as under:

"Membership Discount for Limited period:

- Age 55 – 65 year - 50% off for 1 year @ 25000 and 3 year @ 62500 membership.*
- Age 65 years and above - 75% off for 1 year @ 12500 and 3 year @ 31250 membership.*
- For Family Member of Existing Member (below 55 years) - 25% off for 1 year and 3 year membership.*
- Also Avail Complimentary Membership.*
- New Liquid Fund with flexibility available.*
- Kindly RESTRUCTURE your Portfolio for better performance."*

xxii. Similarly, a file named *"Calling Script"* in the computer of WWML, purportedly meant for its wealth management activities, contained details as under:

- We are offering Membership Discount for Limited period (Till 10th November 2013)*
- Age 55-65 year - 50% off for 1 year @ 25000 and 3 year @ 62500 Membership (This offer has witnessed a great response since introduction in July 2013).*
- Age 65 years and above -75% off for 1 year @ 12500 and 3 year @ 31250 Membership.*
- For Family Member of Existing Member (below 55 years) - 25% off for 1 year and 3 year Membership.*
- Also Avail Complimentary Membership.***
- "If invest 15 lacs (Age 55-65 years)- Complimentary Membership and If invest 10 lacs (Age 65 years and above) - Complimentary Membership."*

- g. "We have Liquid Plan –we can invest any amount and can withdraw anytime. (If client wants to know more about it then say that for more information will ask Wealth Manager to call)."
- h. Even can Restructure your Portfolio for better performance. (If client wants to know more about it then say that for more information will ask Wealth Manager to call)."
- i. "We have Some New Plans. (If client wants to know more about it then say that for more information will ask Wealth Manager to call)."
- xxiii. Further, SEBI has analysed the bank accounts of Mr. Prashant Wasankar and his connected/related entities for the period April 2013 to May 20, 2014. Details of the analysis are as under:
- a. On analysis of the 63 bank accounts, it was observed that fund transfers took place from the bank accounts of Bhagyashree Wasankar, Prashant Wasankar, Vinay Wasankar, Wasankar Wealth Management Ltd with one of the group company Paridhi Trading Company Pvt. Ltd.
- c. The debits from the bank accounts of Bhagyashree Wasankar, Prashant Wasankar, Wasankar Wealth Management Ltd to one of the group company Paridhi Trading Company Pvt. Ltd amounting to Rs. 11,60,674 noticed for the period April 2013 to May 20, 2014. The details are mentioned below.

Tran Date	PARTICULARS	DR	Name of the Bank Ac holder	Name of the bank	A/c No.
05/04/13	FT-01020340001176-PARIDHI TRADING COMP	1000000	BHAGYASHREE WASANKAR	HDFC BANK LTD	*01021330023092
05/04/13	FT-01020340001176-PARIDHI TRADING COMP	100000	PRASHANT WASANKAR	HDFC BANK LTD	*01021330023100
05/04/13	FT-01020340001176-PARIDHI TRADING COMP	60674	WASANKAR WEALTH MANAGEMENT LIMITED	HDFC BANK LTD	*1020340000556
	Total	11,60,674			

- d. Further, it was also noticed that funds had been transferred to Mr. Jayant Chaudhari, Mrs. Kumud Chaudhari and Mrs. Sarla Wasankar from the bank

accounts of Mr. Prashant Wasankar, Mr. Vinay Wasankar, Mr. Abhijeet Chaudhari, Mrs. Bhagyashree Wasankar, Mrs. Mithila Wasankar and Wasankar Wealth Management Ltd and also vice-versa (**Annexure III**). The details are as under:

xxiv. **Analysis of debits**

- a. Debit(s) amounting to Rs.5,40,000 noticed from the bank account(s) of Mr. Abhijeet Chaudhari to Mr.Jayant Chaudhari for the period from April 2013 to May 20, 2014.
- b. 3 instance(s) of debit(s) amounting to Rs.15,90,000 noticed from the bank account(s) of Mrs. Bhagyashree Wasankar to Mr.Jayant Chaudhari for the period from April 2013 to May 20, 2014.
- c. 1 instance(s) of debit(s) amounting to Rs.6,00,000 noticed from the bank account(s) of Mrs. Bhagyashree Wasankar to Mrs. Sarla Wasankar for the period from April 2013 to May 20, 2014.
- d. 3 instance(s) of debit(s) amounting to Rs. 27,62,000 noticed from the bank account(s) of Mrs. Bhagyashree Wasankar to Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
- e. 7 instance(s) of debit(s) amounting to Rs. 64,00,000 noticed from the bank account(s) of Mr. Prashant Wasankar to Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
- f. 2 instance(s) of debit(s) amounting to Rs. 18,60,000 noticed from the bank account(s) of Mr. Prashant Wasankar to Mr.Jayant Chaudhari for the period from April 2013 to May 20, 2014.
- g. 7 instance(s) of debit(s) amounting to Rs. 74,00,000 noticed from the bank account(s) of Mr. Prashant Wasankar to Mrs. Sarla Wasankar for the period from April 2013 to May 20, 2014.
- h. 3 instance(s) of debit(s) amounting to Rs. 8,80,000 noticed from the bank account(s) of Mr. Vinay Wasankar to Mrs. Sarla Wasankar for the period from April 2013 to May 20, 2014.
- i. 5 instance(s) of debit(s) amounting to Rs.61,00,000 noticed from the bank account(s) of Mr. Vinay Wasankar to Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
- j. 2 instance(s) of debit(s) amounting to Rs.11,00,000 noticed from the bank account(s) of Mr. Vinay Wasankar to Mr.Jayant Chaudhari for the period from April 2013 to May 20, 2014.

- k. 7 instance(s) of debit(s) amounting to Rs.11,79,253 noticed from the bank account(s) of Wasankar Wealth Management Ltd to Mrs. Sarla Wasankar for the period from April 2013 to May 20, 2014.
- l. 20 instance(s) of debit(s) amounting to Rs. 1,34,58,000 noticed from the bank accounts of Mr.Jayant Chaudhari to the bank accounts of Mrs. Bhagyashree Wasankar, Mr. Vinay Wasankar, Mrs. Mithila Wasankar and Mr. Prashant Wasankar for the period from April 2013 to May 20, 2014.
- m. 18 instance(s) of debit(s) amounting to Rs. 1,45,10,000 noticed from the bank accounts of Mrs.Sarla Wasankar to the bank accounts of Mrs. Bhagyashree Wasankar, Mr. Vinay Wasankar, Mrs. Mithila Wasankar and Mr. Prashant Wasankar for the period from April 2013 to May 20, 2014

xxv. **Analysis of Credits**

- a. 1 instance(s) of credit(s) amounting to Rs. 35,000.00 noticed in the bank accounts of Mrs. Mithila Wasankar from Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
- b. 2 instance(s) of credit(s) amounting to Rs.1,35,000.00 noticed in the bank accounts of Mrs. Mithila Wasankar from Mr.Jayant Chaudhari for the period from April 2013 to May 20, 2014.
- c. 1 instance(s) of credit(s) amounting to Rs.600000.00 noticed in the bank accounts of Mrs. Mithila Wasankar from Mrs. Sarla Wasankar for the period from April 2013 to May 20, 2014.
- d. 1 instance(s) of credit(s) amounting to Rs. 1,80,000.00 noticed in the bank accounts of Mr. Abhijeet Chaudhari from Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
- e. 1 instance(s) of credit(s) amounting to Rs. 10,00,000.00 noticed in the bank accounts of Mrs. Bhagyashree Wasankar from Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
- f. 2 instance(s) of credit(s) amounting to Rs. 10,50,000.00 noticed in the bank accounts of Mrs. Bhagyashree Wasankar from Mrs. Sarla Wasankar for the period from April 2013 to May 20, 2014.
- g. 3 instance(s) of credit(s) amounting to Rs.13,20,000.00 noticed in the bank accounts of Mr. Prashant Wasankar from Mrs. Sarla Wasankar for the period from April 2013 to May 20, 2014.

- h. 4 instance(s) of credit(s) amounting to Rs. 12,38,000.00 noticed in the bank accounts of Mr. Prashant Wasankar from Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
 - i. 4 instance(s) of credit(s) amounting to Rs. 23,00,000.00 noticed in the bank accounts of Mr. Prashant Wasankar from Mr. Jayant Chaudhari for the period from April 2013 to May 20, 2014.
 - j. 1 instance(s) of credit(s) amounting to Rs. 5,00,000 noticed in the bank accounts of Mr. Vinay Wasankar from Mrs. Kumud Chaudhari for the period from April 2013 to May 20, 2014.
 - k. 14 instances of credits amounting to Rs 1,00,00,000 noticed from the bank accounts of Mr. Jayant Chaudhari to the bank accounts of Mrs. Bhagyashree Wasankar, Mrs. Mithila Wasankar, Mr. Vinay Wasankar, and Mr. Prashant Wasankar for the period from April 2013 to May 20, 2014.
 - l. 12 instances of credits amounting to Rs 1,22,29,875 noticed from the bank accounts of Mrs. Sarla Wasankar to the bank accounts of Mr. Abhijeet Chaudhari, Mr. Prashant Wasankar and Wasankar Wealth Management Ltd for the period from April 2013 to May 20, 2014.
- xxvi. It was also observed that fund transfers noticed in the bank accounts of Mr. Prashant Wasankar, Mr. Vinay Wasankar, Mr. Abhijeet Chaudhari, Mrs. Bhagyashree Wasankar, Mrs. Mithila Wasankar, Wasankar Wealth Management Ltd (who are already debarred from securities market vide orders dated August 27, 2014 and December 10, 2014) with Mr. Jayant Chaudhari, Mrs. Kumud Chaudhari and Mrs. Sarla Wasankar. Further, debits from the bank accounts of Bhagyashree Wasankar, Prashant Wasankar, Wasankar Wealth Management Ltd to one of the group company Paridhi Trading Company Pvt. Ltd amounting to Rs. 11,60,674 noticed for the period April 2013 to May 20, 2014.
- xxvii. The details/relationship of the Shri Prashant Wasankar and his connected / related entities are as under.

S. No.	Name	Role / Relationship with WI / WWML or its personal
1.	Mr. Prashant Wasankar	- Sub broker with Trade Name - Wasankar Investment. - Name of the proprietor - Shri Prashant Wasankar - Promoter and Director, WWML

S. No.	Name	Role / Relationship with WI / WWML or its personal
		60% shareholding in WWML - Elder brother of Mr. Vinay Wasankar - Brother-in-law of Mr. Abhijeet Chaudhari - Brother-in-law of Mithila Wasankar
2.	WWML	Stock Broker of Inter Connected Stock Exchange and sub broker of ISE Securities Ltd, Member, NSE and BSE.
3.	WI (Proprietor - Mr. Prashant Wasankar)	sub broker of ISE Securities Ltd, Member, NSE
4.	Ms. Bhagyashree Wasankar	- W/o Prashant Wasankar - Ex. Director of WWML 37% shareholding in WWML
5.	Mr. Abhijeet Chaudhari	- Director of WWML - Brother of Ms. Bhagyashree Wasankar - Brother-in-law of Mr. Prashant Wasankar
6.	<u>Ms. Mithila Wasankar</u>	- Director of WWML <u>W/o Mr. Vinay Wasankar</u>
7.	<u>Mr. Vinay Wasankar</u>	- Promoter of, WWML - Younger brother of Mr. Prashant Wasankar. - Husband of <u>Ms. Mithila Wasankar.</u>
8.	Jayant Chaudhari	- Father of Mr. Abhijeet Chaudhari - Father in law of Mr. Prashant Wasankar - Father of Mrs. Bhagyashree Wasankar
9.	Kumud Chaudhari	- Mother of Mr. Abhijeet Chaudhari - Mother of Mrs. Bhagyashree Wasankar - Mother in law of Mr. Prashant Wasankar
10.	Sarla Wasankar	- Mother of Mr. Prashant Wasankar - Mother-in-law of Mrs. Bhagyashree Wasankar
11.	Paridhi Trading Co. Pvt Ltd	Group Company

xxviii. While SEBI was examining the matter, the EoW registered an FIR on May 09, 2014 against Mr. Prashant Wasankar, Ms. Bhagyashree Wasankar and other directors of WWML pursuant to a complaint by an investor for collecting huge funds from the said complainant and other investors by luring them into making investments and promising to pay higher returns on deposits. The said complainant also claimed to

have been cheated by Mr. Prashant Wasankar and his connected/related entities who allegedly misappropriated the funds/deposits of the investors and refused to return principal amounts to the investors. The complainant has claimed to have been cheated by Mr. Prashant Wasankar and his connected/related entities to the tune of Rs. 2,74,36,000/-.

xxix. As per charge sheet no. 121/2104 (Special MPID Case No. 04/2014) under section 406, 506, 120(B) IPC r/w Section 3 of MPID Act, 1999 (Financial Establishment) submitted by EOW before Hon'ble Session Judge Court No. 06, Nagpur, fund mobilisation has been done partly in cash and party in cheque.

xxx. The SCN alleges that Mr. Prashant Wasankar and his connected/related entities had been collecting money from the public and thereby violated the following provisions of law:

- a. WWML solicited and collected funds/deposits from its clients/other investors for making investments on their behalf even when it was neither registered as a sub-broker nor as any other intermediary and as such acted in contravention of Section 12(1) of the SEBI Act, 1992 read with regulation 11(1) of the SEBI Stock Brokers Regulations. The text of the relevant provisions are as follows:

Section 12(1) of the SEBI Act, 1992

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 53[regulations] made under this Act:

- b. WWML, being a registered intermediary indulged in fund based activities involving personal financial liability, which it cannot undertake, being a member

of a recognised stock exchange and SEBI registered stock broker, sub-broker and as such contravened Rule 8(3)(f) of the SCRR.

- c. WWML and WI had dealt with other stock brokers for proprietary trading without obtaining prior permission from the stock exchanges and therefore, did not comply with the requirements of SEBI Circular no. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004.
- d. During the course of inspection, Mr. Prashant Wasankar and his connected/related entities furnished in-correct information to SEBI regarding their bank accounts thereby violated the provisions of Regulation 21, and clauses A(1), A(2), A(3) and A(5) of the Code of Conduct for Stock Brokers read with regulations 9 and clauses A(1), A(2) and D(4) of the Code of Conduct for Sub-Brokers read with regulation 15 of the Stock Brokers Regulations.
- e. The schemes devised/offered and operated by Mr. Prashant Wasankar through his connected/related entities were with their complete knowledge and as such they were not only responsible for misleading the clients of WWML and WI and other general investors from the public but also for collecting funds from them and promising unrealistic returns and for other contraventions as mentioned above.
- f. It is further alleged that, by their acts and omissions, Mr. Prashant Wasankar and his connected/related entities have solicited, enticed and induced their clients and other investors to deal in securities and have also collected funds and deposits from their clients and other general investors through misrepresentation and allurements of high returns through various schemes to such clients and investors, when in reality Mr. Prashant Wasankar and his connected/related entities had defaulted in making repayments/refunds to their clients and investors. They also solicited investments from the clients

and other investors to make investment in certain schemes of WWML and WI that were in the nature of portfolio management schemes without obtaining registration as a portfolio manager. claiming to give high returns even when WWML was not a SEBI registered intermediary. The *modus operandi* of Mr. Prashant Wasankar and his connected/related entities indicates a scheme, plan, device or artifice or contrivance that is, besides being in contraventions of the SEBI Act, the SCRR, the Regulations and the circular as discussed above, is 'fraudulent' as defined in regulation 2(1)(c) of the PFUTP, Regulations. Thus, Mr. Prashant Wasankar and his connected/related entities acted in fraudulent and deceitful manner in terms of provisions of section 12A (a) (b) and (c) of the SEBI Act and regulation 3 (b), (c) and (d) and regulation 4(1) and 4(2) (k) of the PFUTP Regulations.

9. The SCN was served to Noticee nos. 5 and 7 through post) and to all the other Noticees i.e. Noticee nos. 1, 2, 3, 4, 6, 8, 9, 10, 11 by publication in newspaper on August 07, 2021. Service of SCN was completed on August 07, 2021.

Replies submitted by Noticees:

10. I note that Noticee no. 3, Mr. Prashant Wasankar has submitted reply dated August 08, 2021 on behalf of all the Noticees. Noticee no. 7 i.e. Mr. Vinay Wasankar has submitted a separate reply dated August 23, 2021. Mr. Prashant Wasankar also filed additional reply dated December 11, 2021.
11. The matter was put up before me on August 03, 2021 for granting a date of hearing. However, it was observed that SCN has been delivered to only 2 Noticees out of the 11 Noticees in the SCN. Accordingly, the matter was returned for completing the service of SCN on all the Noticees. Subsequently, the SCN was served through newspaper publication on the remaining 9 Noticees and the matter was placed before me on September 09, 2021 for granting a hearing. The personal hearing was initially scheduled for March 02, 2022 and the same was preponed to January 19, 2022. On January 19, 2022, only Noticee no. 3 and 4

appeared for the virtual hearing and submitted that they are lodged in Nagpur Central Prison where they received the SCN through email but the Annexure to the SCN have not been provided to them. None of the other Noticees appeared for the hearing scheduled on January 19, 2022 and Noticee no. 3 submitted that he is representing all the other Noticees. However, Noticee no. 3 did not submit any authority letter from other Noticees. As other Noticees neither appeared for the hearing nor made any request for adjournment, accordingly, hearing for these other Noticees was concluded. Subsequently, it was informed that that notice for hearing scheduled on January 19, 2022 could not be delivered to Noticee no. 7. As requested by Noticee no. 3 and 4, the SCN along with Annexure was forwarded to prison authorities through email and through post and a final opportunity of personal hearing was granted to Noticee no. 3, 4 and 7 on March 10, 2022. Meanwhile, Noticee no. 3 vide letter dated February 06, 2022 also submitted authority letter for representing Noticee nos. 1,2,4,5,6,7,8,9,10 and 11. Due to administrative exigency the hearing scheduled for March 10, 2022 was rescheduled for March 24, 2022 on which date Noticee no. 3 and 4 appeared for hearing through video conferencing and made submissions on behalf of all the Noticees. Accordingly, the hearing for all the Noticees was concluded.

Consideration of submissions and findings thereon:

12. Before dealing with the issues involved in the matter, it would be appropriate to refer to the provisions of laws which have been alleged to have been violated by the Noticees and the relevant extracts of the same are reproduced below:

Section 12(1) of the SEBI Act, 1992

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:

Rule 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957 (the SCRR)

8(3) No person who is a member at the time of application for recognition or subsequently admitted as a member shall continue as such if—

(f) he engages either as principal or employee in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability, provided that—

- (i) the governing body may, for reasons, to be recorded in writing, permit a member to engage himself as principal or employee in any such business, if the member in question ceases to carry on business on the stock exchange either as an individual or as a partner in a firm,
- (ii) in the case of those members who were under the rules in force at the time of such application permitted to engage in any such business and were actually so engaged on the date of such application, a period of three years from the date of the grant of recognition shall be allowed for severing their connection with any such business,
- (iii) nothing herein shall affect members of a recognised stock exchange which are corporations, bodies corporate, companies or institutions referred to in items (a) to (n) of sub-rule (8).

Section 12A (a) (b) and (c) of the SEBI Act and regulation 3 (b), (c) and (d) and regulation 4(1) and 4(2) (k) of the PFUTP Regulations.

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.—For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—

(k)"disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;

13. I have considered the material available on record i.e. the SCN, Noticees' replies dated August 14, 2021, August 23, 2021, December 11, 2021 and February 06, 2022 and submissions made by the Noticees during the personal hearing.
14. As regards the submission made by the Noticees vide reply dated August 08, 2022 that the annexures to SCN are not available with them, I note that the SCN alongwith annexure was provided to the Noticees vide SEBI emails dated January 19, 2022 and February 25, 2022. Further, during the hearing conducted on January 19, 2022, the Noticees were informed that the all the relevant documents in the instant proceedings have been enclosed as annexure to the SCN and that they can file their reply in the present proceedings based on the documents provided to them. During the hearing conducted on March 24, 2022, the Noticees had confirmed the receipt of the SCN along with annexures and submitted that they have understood the nature of the accusations levelled against them in the SCN and will make

submissions based on the documents provided to them. During the said hearing, Noticees had made submissions on merits while reiterating the contents of the replies dated August 08, 2021, August 23, 2021 and December 11, 2021.

15. I note that WWML was incorporated as a private limited company on July 16, 2008 with Mr. Prashant Wasankar and Mr. Vinay Wasankar as its promoters. Subsequently, WWML was converted into a public limited company with effect from April 01, 2010. Mr. Prashant Wasankar (Noticee no. 3) has 60% shareholding while his wife, Ms. Bhagyashree Wasankar (Noticee no. 5) has 37% shareholding in WWML. Mr. Prashant Wasankar, Ms. Mithila Wasankar and Mr. Abhijeet Chaudhari are the directors of WWML. I further note that WWML was registered as a stock broker with Inter Connected Stock Exchange Ltd. (SEBI Registration No. INB241474130) and a sub-broker with Bombay Stock Exchange Ltd. (BSE) since March 06, 2013 and National Stock Exchange of India Ltd. (NSE) since January 29, 2013 having SEBI Registration Numbers INS01A552636 and INS23A550931, respectively. WWML was also registered as an investment adviser with SEBI (SEBI Registration Number INA000000219) since 2013. Wasankar Investments (WI) is a proprietorship firm owned by Mr. Prashant Wasankar and is also registered as sub-broker with NSE with trade name Wasankar Investments (WI), (SEBI Registration Number INS236775719). As per the records, WWML and WI have the common address at 247 Wasankar House, Shivaji Nagar, Nagpur – 440010. As already noted in previous paras, SEBI conducted inspection at the offices of WWML and WI in Nagpur during May 8-9, 2014. Inspection revealed that Prashant Wasankar and his connected/related entities i.e Noticee no. 1 -7 have solicited, enticed and induced their clients and other investors to deal in securities and have also collected funds and deposits from their clients and other general investors through misrepresentation and allurements of high returns through various schemes offered to such clients and investors whereas Prashant Wasankar and his connected/related entities had defaulted in making repayments/refunds to their clients and investors. In view of the above observation of the inspection, SEBI, vide the *ad interim ex-parte* order dated August 27, 2014, *inter alia* directed Wasankar Wealth Management Limited, Wasankar Investments, Mr. Prashant Wasankar, Mr. Vinay Wasankar (Promoter of WWML) , Ms. Mithila Wasankar (Director of WWML), Mr. Abhijeet Chaudhari (Director of WWML) and Ms. Bhagyashree Wasankar to refund the

monies so collected from clients and other investors in its various schemes along with income, profits or returns promised to them under such schemes or interest at the rate of 10% per annum, whichever is higher, from the date of investment till the date of refund. Vide order dated December 10, 2014, SEBI confirmed the directions issued vide the said interim order dated August 27, 2014.

16. The main allegation against Noticee is that they were taking money from investors by promising them high assured returns. The SCN further alleges that Noticee were taking money from the investors since 2008. Whereas they got registration in securities market as brokers/ sub-brokers in 2010. In view of the fact that Noticees were managing the funds of the investors and were promising them high assured returns, SCN is alleging that Noticees were running unregistered portfolio management schemes in violation of Section 12(1) of the SEBI Act read with regulation 3 of the SEBI (Portfolio Managers) Regulations, 1993. In response to this Noticees have submitted that they were charging membership fees for Investment Advisory Services to the investors and since Investment Advisors Regulations came in 2013 there was no illegality in providing such advice or charging such fees at the relevant time.

In its reply, Noticee no. 1 had *inter alia* submitted as under:

“Yes, it is true that investors “Paid” the Membership fees to WWML. But it is not true that the Membership fees was paid to WI or PW. It is very much on record that WWML used to offer the Membership against a fee. The receipt towards the fee amount (in Cheque) was issued subscription duty levied with all taxes & class like service tax, education cess by WWML. The receipts from the membership fees were part of revenue and were booked in the profit loss a/c of the WWML. All members were provided with variety of investment advisory Services, mentioned on the invoices & the brochure on record and are part of the charge sheet filed by the complainants. The witnesses during their deposition at the Hon. MPID court Nagpur(Here in after called as “Court”) have affirmed in their testimonials that the membership fees was non–returnable as per the terms & condition mentioned in the elaborated membership Enrolment form or Record along with all the above stated details. Hence the membership is not an alleged investment or in any way related to the alleged investments.

A line needs to be drawn between the alleged promissory Note (PN) and the alleged certificate of Investment along with a diligent introspection over the contents & the format of both the alleged documents. Whereas, the PN refers to loan borrowed & acknowledged by PW and /or WI and the COI refers to investment acknowledge by the investor himself. Why any investor will acknowledge his own investment especially when the document is going to be retained by the investor only?"

.....
"24& 25 In order to file the reply kindly provide the following:

- (i) Provide the year wise Membership fees revenue reported in the Audited profit & Loss A/C of WWML from 2008 to 2014, duly signed by PW & certified by the Auditor.
- (ii) Provide details of the regulation which prohibited any non-registered (SEBI) intermediary prior to the year 2013 from offering Investment Advisory Services for against fees/charges.
- (iii) Kindly confirm is'nt it true that SEBI enacted the law/regulations for Investment Advisory Services in 2013 to govern them? Also, that WWML was almost among the first batch to secure the SEBI registration for Investment Advisory, despite tough norms, in 2013 only?
- (iv) Forensic audit report of the alleged computer belonging to WWML along with the alleged incriminating data for us to defened.
- (v) Provide list of the 9576 clients along with their names & mobile numbers. Also, provide Statements of Some of them along with documentary evidences against PW & others.
- (vi) Details like Name, address & contact numbers of the allegedly understated memberships, year wise, in the SCN along with Statement from some of them like in (v) above.
- (vii) Bank Statements of WWML with Membership fees receipts duly marked, which matches with the Membership alleged to have under reported.

I want to place on record that every member was provided with free add on card/membership, which was meant for the spouse and /or the HUF A/C only. So, when there were 2500 odd members on record it actually mean double i.e., 5000 members/ A/C heads. The above stated information is available in the charge sheet with sufficient documentary evidences. However, I shall file my final reply in this regard only after studying the above stated seven set of document & data."

“It is imperative to note that WWML has generated a total revenue of over Rs 55 crore from membership fees & brokerage (stock trading) between 2008 and 2014. All the statutory dues including service tax & income tax along with deposit of TDS (tax deducted at source) were duly paid, financial audit conducted & on record for all those years. Also, all the tax return etc. are duly complied with partial compliance of the financial year 2013-14 was affected for the previous year as a practice was underway, which is evident from the fact that audit reports of the past years bears the date of May – June of the next year for FY2013-14. We even paid Advance, Income Tax & Partial TDS.”

17. I have perused the allegations contained in the SCN in light of the material available on record i.e. the SCN along with the annexures as provided to the Noticees and the replies/submissions of the Noticees. I note that Annexure 1 and 2 of the SCN are interim and confirmatory orders respectively. Annexure 3 is a summary of fund transfers amongst the Noticees and Annexure 4 is a copy of a Promissory Note issued to one Mr. Ritesh Pankaj Dalal by Noticee no. 2 and signed by Noticee no. 3 on behalf of Noticee no. 2. The said promissory note stated that Noticee no. 2 will repay loan of Rs. 5 lakhs together with interest after 48 months from the date of borrowing i.e. 06-05-2012. Total repayment amount due including interest is Rs. 15 lakhs. It is observed from Annexure 4 i.e. copy of the Promissory Note that the Noticees being registered intermediaries had been raising money from investors whereby the investors are assured of high returns on the funds invested by them after a fixed period. The details of the various schemes for which funds were collected by Noticee no. 3 (Prashant Wasankra) as found during SEBI's inspection and as mentioned in the promissory note enclosed as Annexure 4 to the SCN are as under:

RATE OF INTEREST			
PLANS	MEMBERS	NON MEMBERS	MINIMUM INV.
DOUBLE	33 MONTHS	48 MONTHS	50K
TRIPLE	48 MONTHS	NA	5LK
YEARLY PAY OUT 25%, 27.5%, 30%, 32.5%	48 MONTHS	NA	5LK
40%	18 MONTHS	24 MONTHS	50K
YEARLY	25%	18%	50K
90 DAYS	5.25%	3.75%	1LK

QUARTERLY FOR 2 YEARS	5.25%	3.75%	1LK
MONTHLY	1.60%	NA	5LK
TERMS & CONDITIONS			
Loan Facility will be available to Members Only			
Pre-Mature withdrawal: For Non Members <u>4.00%</u> For Members <u>2.5%</u> . No spot charges with one month notice .			
If the document is misplaced, FIR and Indemnity process has to be completed and the final payment or renewed documents will only be made / issued after Six months of maturity.			
The above rates are subject to change without any prior notification			
OFFICE TIMINGS: MONDAY TO FRIDAY (10.30 AM TO 6 PM) SATURDAY (10.30 AM TO 4 PM) SUNDAY (10.30 AM TO 1 PM)			

18. I further note from the SCN that Noticee no. 2 had issued Promissory Note to one Ritesh Dalal wherein details regarding date of borrowing i.e. May 6, 2012, amount borrowed i.e. Rs. 5 Lakh and date of repayment i.e. May 6, 2016 for Rs. 15 lakhs, were clearly mentioned. The assured repayment amount was three times the invested amount and was to be paid within a fixed period of forty-eight months. The aforesaid Promissory Note signed by Noticee no. 3 consisted of all the terms and conditions of the investment schemes. The investment scheme as detailed in the promissory note also provided different returns for members and non-members which acted as an inducement for the investors to pay membership fees in addition to the invested amount. Moreover, the said promissory note also described various plans available for investment for investors/clients such as “Double”, “Triple” and “Yearly Pay Out”, “40%”, “Yearly”, “90 Days”, “Quarterly for 2 years” and “monthly” were described both for the investors who take up the membership of Noticee no. 2 and for non-members. For instance, under the “Yearly” plan investors who pay the membership fees would earn 25% returns and non-members would earn 18% returns. The Noticees in their replies have not provided any explanation as to the contents of the aforesaid promissory note enclosed as Annexure 4 to the SCN. As mentioned above, the promissory note clearly provided details of various investment options for investors and assured returns for each investment option. In its reply, what the Noticees have contended is that the membership fees was not refundable and hence was not an investment by the investors. The Noticees have also contended that the membership fees was charged for providing investment advisory services to the members. I note that the Noticees have not provided any explanation as to

why the details of various investment options such as “Triple”- “48 Months” “Minimum Investment- “50K” were mentioned in the promissory note, if the membership fees was being collected for providing only investment advisory services.

19. As regards, the activities of Noticee no. 1, I note that the Noticees in their reply have submitted that investors paid the Membership fees to Noticee no. 1 (Wasankar Wealth Management Ltd.) and not to Noticee no. 2 (Wasankar Investments) or Noticee no. 3 (Prashant Wasankar) and that the receipts from the membership fees were part of revenue and were booked in the profit loss account of the Noticee no. 1. I also note from the reply dated August 23, 2021 that Noticee no. 1 admittedly raised funds from investors and generated a total revenue of Rs. 55 crore and claimed that the said revenue was generated through charging membership fees and brokerage for stock trading between 2008 and 2014. As mentioned in para 24 of the SCN, Noticee no.1 has submitted before SEBI that it collected Rs. 16.02 crores as membership fees for investment advisory services from 2560 clients. Further, as mentioned in para 25 of the SCN, as per the findings of the inspection conducted by SEBI at the office of Noticee no. 1 and 2, the number of clients from whom membership fees was collected by Noticee no. 1 during 2008-2014 were 4604 and the amount raised was Rs. 19,99,21,500/-. The details of the number of clients and the amount of fees collected by Noticee no. 1 as available in its computers during the inspection and as submitted by Noticee no. 1 have been reproduced in the SCN as follows:

No.	Year	Number of clients		Membership fee collected (In Rupees)	
		Submitted by entity	As found in inspection	Submitted by entity	As found in inspection
1	2008-09	nil	286		28,30,000
2	2009-10	678	1502	2,84,75,000	3,11,84,000
3	2010-11	732	1258	4,28,15,000	4,34,75,000
4	2011-12	405	604	4,17,60,000	3,97,85,000
5	2012-13	745	722	4,72,03,874	7,22,61,250
6	2013-14	Nil	232	Nil	1,03,86,250
	TOTAL	2560	4604	16,02,53,874	19,99,21,500

20. While explaining the discrepancy in the number of clients submitted by the Noticees and the number of clients as found in inspection, Noticees have submitted that every member

was provided with a free add-on card/membership, which was meant for the spouse and/or the HUF Account only. Therefore, if there were 2500 members on record, it actually meant that double i.e. 5000 members/ account heads existed. In this regard, I note that the Noticees have not provided any documentary evidence showing that add-on membership was given to the family of membership holder. In absence of any documentary evidence, I am not inclined to accept the contention of the Noticees. I further note that the total revenue of Rs. 55 crores during 2008-2014 on account of investment advisory services and broking services as claimed by Noticee no. 1 also remains unsubstantiated in absence of any documentary evidence to that effect.

21. The Noticees have also questioned the genuineness of the promissory note enclosed as Annexure 4 of the SCN and contended that SEBI has not provided any certification or statement that the said promissory note has been verified from the original one. In this regard, I find that SEBI is not required to authenticate the promissory note as the contents of the promissory note vis-à-vis the details of various investment plans offered by Noticee no. 3 and its connected entities were corroborated through documents found during the inspection conducted at the office of Noticee no. 1 and 2. Moreover, the said promissory note has the signature similar to the signature of Noticee no. 3 as found in his reply submitted to SEBI and who along with other connected entities operated Noticee no. 1 and 2 as described in para 8(i) and (ii) above. In view of the above, I find that a reasonable inference can be drawn that the said promissory note is genuine and the contents mentioned therein indicate the nature of the activities undertaken by Noticee no. 2 and 3. The Noticees in their reply have also not contended that the signature of Noticee no. 3 on the promissory note is not genuine or the promissory note per se has been forged. Moreover, I note that the Noticees have as such not provided any explanation of the contents of the promissory note as detailed above.
22. I further note from the SCN and the interim order that during the inspection conducted by SEBI on May 8-9, 2014, files named "Anniversary Offer" and "Calling Script" was found in the computer of WWML (Noticee no. 1), with respect to its wealth management activities, containing following details:

File - "Anniversary Offer"

"Membership Discount for Limited period:

- a. *Age 55 – 65 year - 50% off for 1 year @ 25000 and 3 year @ 62500 membership.*
- b. *Age 65 years and above - 75% off for 1 year @ 12500 and 3 year @ 31250 membership.*
- c. *For Family Member of Existing Member (below 55 years) - 25% off for 1 year and 3 year membership.*
- d. *Also Avail Complimentary Membership.*
- e. *New Liquid Fund with flexibility available.*
- f. *Kindly RESTRUCTURE your Portfolio for better performance."*

File – "Calling Script"

- a. "We are offering Membership Discount for Limited period (Till 10th November 2013)
- b. Age 55-65 year - 50% off for 1 year @ 25000 and 3 year @ 62500 Membership (This offer has witnessed a great response since introduction in July 2013).
- c. Age 65 years and above -75% off for 1 year @ 12500 and 3 year @ 31250 Membership.
- d. For Family Member of Existing Member (below 55 years) - 25% off for 1 year and 3 year Membership.
- e. Also Avail Complimentary Membership.**
- f. "If invest 15 lacs (Age 55-65 years)- Complimentary Membership and If invest 10 lacs (Age 65 years and above) - Complimentary Membership."
- g. "We have Liquid Plan –we can invest any amount and can withdraw anytime. (If client wants to know more about it then say that for more information will ask Wealth Manager to call)."
- h. Even can Restructure your Portfolio for better performance. (If client wants to know more about it then say that for more information will ask Wealth Manager to call)."
- i. "We have Some New Plans. (If client wants to know more about it then say that for more information will ask Wealth Manager to call)."

23. As mentioned above, the aforesaid files found in the computer of Noticee no. 1 during the inspection show that Noticee no. 1 collected funds from investors and offered the option to withdraw their investments as per the terms of the schemes/plans offered by Noticee no. 1. I also note that Noticee no.1 induced the investors for investing large sums of amount to the

tune of 10 - 15 lacs by offering complementary memberships for availing its services. In response to the above allegation in the SCN, Noticees have submitted the following:

“Yes, it is true, as a part of the company’s mission of “Inclusive Financial literacy & Investors Awareness”, which is also reflected in the company’s slogan or tag line “Empowering investors Since 1989” associated with the name of the Company – WWVML, we had conducted some drives. We had been conducting many educational programmes for investors to empower them with various aspects like risk profiling, risk management, portfolio building & restructuring, financial planning & wealth mapping etc. to list a few. I shall elaborate on details later in this reply. Similarly, for ensuring quality research & analysis on companies, economy & markets we had to spend on the required resources like gadgets, application, data subscription, report subscription, team of qualified & experienced professionals including the related hardwares & softwares. Membership fees, a first of its kind model in the country, was a win-win solution for both the company (WWML) & the investors/clients/members, whereby the company got capital to fund the required resources & the investors get benefit in terms of value for their investments. The objective/purpose behind charging membership fees was known to all who subscribed for it. It is nothing new since the subscription charges towards providing research report, trade & investment calls, recommendations etc. were very much in prevalence.

Yes, it is true that we offered discount on membership fees, which was part of the periodical or occasional Empowerment Campaign but for a limited period.

But, for the point wise specific reply to this sub points in point nos. 27 & 28 I need documentary evidence, duly verified by SEBI & signed by the company, of the contents so reproduced.”

24. From the aforesaid reply, I note that the Noticees have not denied the contents of the files “Anniversary Offer” and “Calling Script”. What the Noticees have contended is that membership fees was charged in order to spend funds on the resources for ensuring quality research & analysis on companies, economy & markets and that discount on membership fees was offered as a part of periodical investor empowerment campaign. The Noticees also submitted that they require the contents of the files “Anniversary Offer” and “Calling Script” as reproduced in the SCN to be duly verified by SEBI and signed by WWML (Noticee no. 1). In this regard, I note that Noticees have not provided any explanations as to why investment of funds was sought under the above-mentioned schemes in addition to the membership fees if the sole purpose of charging the membership fees was to carry out investor empowerment campaigns and research & analysis on companies, economy and markets as claimed by the Noticees. I note that the abovementioned scheme clearly states that

complimentary membership will be provided to clients aged Age 55-65 years and 65 years and above on an investment of 15 lacs and 10 lacs, respectively. Further, the clients also have an option of investing in a liquid plan where withdrawal of invested amount is permissible at any point in time. Therefore, in view of the above, I find that the contention of the Noticees that membership fees was charged as a part of investor empowerment programmes of Noticee no.1 and for conducting research and analysis on markets and economy appears to be an afterthought and holds no merit. As regards, the demand of the Noticees that the contents of the files “Anniversary Offer” and “Calling Script” as found in Noticee no.1’s computer and reproduced in the SCN be produced to them with the signature of Noticee no.1, I note that SEBI is not required to provide duly verified contents of these files along with the signature of Noticee no. 1 as these files were found in the computer of Noticee no. 1 during the inspection conducted by SEBI on May 8-9, 2014 and forms a part of the findings of the inspection recorded by SEBI.

25. Thus, that having regard to the complaints received against Noticee no. 1 and the scheme details mentioned in para 11 of the SCN, and in absence of any explanation from the Noticees as regard the contents of the promissory note issued by Noticee no. 2, I find that Noticee nos. 1, 2, 3, collected funds from clients and promised high returns through investing their funds in securities. Such activities are akin to Portfolio Management Scheme which is regulated under the SEBI (Portfolio Managers) Regulations, 1992. Since the Noticee nos. 1, 2 and 3 did not have a valid certificate of registration from SEBI for offering portfolio management services, such services were being offered by the Noticee without obtaining the required regulatory approvals in violation of Section 12(1) of the SEBI Act read with regulation 3 of the SEBI (Portfolio Managers) Regulations, 1993.
26. I note that Noticee no. 4-7 were directors of WWML (Noticee no. 1) at the relevant time and Noticee no. 5 and 7 resigned from the board of Noticee no. 1 on July 01, 2010. In this regard, I note that as per the data found in the computer of Noticee no. 1, during the inspection conducted by SEBI on May 8-9, 2014, Noticee no. 1 started collecting membership fees from the clients from F.Y. 2008-09 onwards. It was found that in F.Y. 2008-09, Noticee no. 1 collected fees from 286 clients. Further the Noticees in their reply dated February 08, 2022

have submitted that Noticee no. 1 generated a total revenue of over Rs. 55 crore from membership fees and brokerage from stock trading between 2008 and 2014. From the discussion in paragraph 26 above, it is established that Noticee no. 1 was engaged in activities akin to Portfolio Management Services by running schemes wherein clients could invest funds to the tune of 10-15 lacs and avail complimentary and discounted membership of Noticee no. 1. In view of the above, I find that Noticee no. 1 was engaged in activities akin to Portfolio Management services since 2008 and Noticee nos. 4-7 who were directors of Noticee no. 1 were responsible for the acts of Noticee no. 1.

27. From the documents available in the MCA records of Noticee no. 1, I note that Noticee no. 5 and 7 resigned from the board of Noticee no. 1 on July 01, 2010. However, I also note that Noticee nos. 5 and 7 along with Noticee nos. 3, 4 and 6 have signed the Special Resolution on behalf of the board of directors of Noticee no. 1 on September 06, 2010. The said Special Resolution was regarding altering the Objects clause of the Memorandum of Association of Noticee no. 1 by inserting the following clause:

“To carry on business as brokers or sub-brokers for dealing in equity, commodities, currency and any other products that may be launched by recognized stock exchanges in India and abroad, to buy sell, hold, invest in shares, debentures, bonds, gold units & Mutual Funds, ETF, Currencies & Commodities Market, whether for own business or for commission, brokerage or otherwise for any other person firm or body corporate, paid, unpaid, partly paid shares, stocks, bonds debentures bonds, gold bonds, unit, Mutual Funds, ETF, Currencies & Commodities Market.”

The above Special Resolution shows that the object clause of MoA of Noticee no. 1 was altered to authorize it *“to buy sell, hold, invest in shares, debentures, bonds, gold units & Mutual Funds, ETF, Currencies & Commodities Market, whether for own business or for commission, brokerage or otherwise for any other person firm or body corporate .”*

From the minutes of the extra ordinary general meeting of the members of Noticee no. 1 held on September 06, 2010 as available in the MCA records, I note that the above Special Resolution was proposed by Noticee no. 5 and seconded by Noticee no. 6. I

further note that Noticee nos. 4, 5, 6, and 7 along with Noticee no. 3 signed the said Special Resolution on behalf of the directors of the Noticee no. 1 which shows that they were engaged in and aware of the operations of Noticee no. 1. Noticee nos. 4, 5, 6 and 7 are family members of Noticee no. 3 and the entity WWML (Noticee no. 1) was a family run company operated by Noticee no. 3 along with his family members. Noticee no. 5 is wife of Noticee no. 3, Noticee no. 4 is brother-in-law of Noticee no. 3, Noticee no. 7 is younger brother of Noticee no. 3 and Noticee no. 6 is wife of Noticee no. 7. Therefore, I find that the activities of Noticee no. 1 were carried out with the knowledge and consent of all the directors of Noticee no. 1 which belong to one family. The fact that Noticee no. 5 and 6 proposed alteration of Object clause of Memorandum of Association of Noticee no. 1 and that Noticee nos. 4, 5, 6 and 7 signed the Special Resolution for the said purpose shows that they were engaged in the business carried out by Noticee no. 1. Therefore, I find that Noticee nos. 4, 5, 6 and 7 were responsible for the activities of Noticee no. 1. In view of the above, I find that Noticee nos. 4, 5, 6, and 7 have also violated Section 12(1) of the SEBI Act, 1992 read with regulation 3 of the SEBI (Portfolio Managers) Regulations, 1993.

28. I note that for seeking a certificate of registration for acting as a portfolio manager, an entity is required to satisfy inter alia the following requirements, as provided under PMS Regulations, 1993:
- i. An application for seeking certificate of registration to be made to SEBI, in Form A as specified in the First Schedule to PMS Regulations, 1993 along with requisite non-refundable application fee;
 - ii. The principal officer of the applicant portfolio manager shall be appropriately qualified/experienced with either of the following:
 - a. a professional qualification in finance, law, accountancy or business management from a university or an institution recognized by the Central Government or any State Government or a foreign university; or
 - b. an experience of at least ten years in related activities in the securities market including in a portfolio manager, stock broker or as a fund manager;

c. a CFA charter from the CFA Institute

iii. The applicant portfolio manager shall not have networth of less than two crores rupees.

29. I note that the requirements stipulated in the PMS Regulations, 1993, for obtaining registration as portfolio manager, were aimed at protecting the interest of investors in the securities market.

30. Section 12(1) of the SEBI Act, 1992 provides as under:

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.

31. 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". It is noted that the Noticee was not registered with SEBI in the capacity of Investment Advisor. Hence, I find that these activities were being carried out by the Noticees nos. 1, 2,3, 4 and 6 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.

32. As per Regulation 3 of PMS Regulations, 1993 (since repealed) the registration of the portfolio managers is mandatory. It provides that, "No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations." It is noted that the Noticees nos. 1, 2,3, 4 and 6 were not registered with SEBI in the capacity of Portfolio Manager. Hence, I find that these activities were being carried out by these Noticees without holding the certificate of registration as portfolio manager and are in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3 of the PMS Regulations, 1993 (since repealed).
33. I note that the Noticee has been found to be in violation of the provisions of the PMS Regulations, 1993 (since repealed). I note that the PMS Regulations, 1993 have been repealed by Regulation 42 of the PMS Regulations, 2020. Regulation 42(2)(a) of the PMS Regulations, 2020 provides that "Notwithstanding such repeal, —(a) anything done or any action taken or purported to have been done or taken including registration or approval granted, fees collected, registration or approval, suspended or cancelled, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;"
34. In this regard, it would be appropriate to refer to the judgment of Hon'ble Supreme Court of India in Sahara Real Estate Corporation and Others Vs. SEBI & Ors. (2013) 1 SCC1, wherein, it was held that:

"103. Repeal and Saving Clause under ICDR 2009 would clearly indicate that the violation under DIP Guidelines was a continuing one. Regulation 111 of ICDR reads as follows:

"Repeal and Savings

111. (1) On and from the commencement of these regulations, the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 shall stand rescinded.

(2) Notwithstanding such rescission;

(a) anything done or any action taken or purported to have been done or taken including observation made in respect of any draft offer document,

any enquiry or investigation commenced or show cause notice issued in respect of the said Guidelines shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) any offer documents, whether draft or otherwise, filed or application made to the Board under the said Guidelines and pending before it shall be deemed to have been filed or made under the corresponding provisions of these regulations.”

104. Regulation 111(1) of ICDR 2009 rescinded the DIP Guidelines from 26.8.2009 and clause (2) of Regulation 111 contains the saving clause. The expression “anything done” or “any action taken” under Regulation 111(1) are of wide import and would take anything done by the company omitted to be done which they legally ought to have done. Non-performance of statutory obligations purposely or otherwise may also fall within the above mentioned expressions. Failure to take any action by SEBI under DIP Guidelines, in spite of the fact that Saharas did not discharge their statutory obligation, would not be a ground to contend that 2009 Regulations would not apply as also the saving clause. 2009 Regulations, in my view, will apply to all companies whether listed or unlisted. Further, in the instant case, SEBI was not informed of the issuance of securities by the Saharas while the DIP Guidelines were in force and Saharas continued to mobilize funds from the public which was nothing but continued violation which started when the DIP Guidelines were in force and also when they were replaced by 2009 Regulations. Further, it may also be recalled that any solicitation for subscription from public can be regulated only after complying with the requirements stipulated by SEBI, in fact, an amendment was made to Schedule II of the Companies Act vide notification No. GSR 650(3) dated 17.9.2002 by inserting a declaration which has to be signed by the directors of the company filing the prospectus, which reads as under:

“That all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in prospectus is contrary to the provisions of the Companies Act, 1956 or the securities and Exchange Board of India Act, 1992 or rules made there-under or guidelines issued, as the case may be.”

35. I find that ratio of the aforesaid judgment of Hon’ble Supreme Court in Sahara case (supra) with respect to interpretation of repeal and saving clause of ICDR 2009 squarely applies to the facts of the present case. In this case, the Noticee has been found to be in violation of the provisions of the PMS Regulations, 1993 (since repealed). Regulation 42(2)(a) of the PMS Regulations, 2020 *inter alia* provides that any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such

repeal, shall be deemed to have been done or taken under the corresponding provisions of PMS Regulations, 2020. Therefore, violation of PMS Regulations, 1993 (since repealed) can be pursued under the corresponding provisions of the PMS Regulations, 2020.

36. The SCN also alleged that Noticee no. 1 being a registered intermediary indulged in fund based activities involving personal financial liability, which it cannot undertake, being a member of a recognized stock exchange and SEBI registered stock broker, sub-broker in violation of Rule 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957. In this regard, in view of the discussion at para 24-27 above, I find that Noticee no. 1 floated schemes for collecting funds from investors and investing them in securities market while offering them the option to withdraw their investments as per the terms of the schemes/plans offered by Noticee no. 1. Therefore, I find that Noticees no. 1 being registered intermediary engaged in the business of raising funds which is other than the business of Stock Broker/Sub-broker in securities market and as a result, had involved themselves in personal financial liability in violation of Rule 8(3)(f) of the SCRR.
37. As regards, the violation of PFUTP Regulations by Noticee no. 1-7, as discussed in paragraph 26-28 above, it is established that Noticee nos. 1-7 engaged in illegal mobilization of funds for investment in securities market and promised assured returns to the investors. I further note that the claims of providing assured returns to investors are active concealment of the material fact that investments in the securities market are subject to market risk and an investment made by a client may also run into losses and may even become zero. In light of the same, the act of Noticees nos. 1-7 to engage in mobilization of funds with a promise of assured returns to the clients is a non-genuine and deceptive act and has been, made with an intent to influence the client to avail its services. The act of mobilization of funds through issuance of promissory notes operated as fraud on the investors in the securities market. By engaging in such illegal mobilization of funds for investing in securities market Noticees nos. 1-7 have violated Sections 12A(a)(b)(c) of the SEBI Act, Regulations 3(b)(c)(d) and Regulations 4(1) of PFUTP Regulations. I further note that the Noticees cannot make promise to give assured returns as investment in securities market are subject to risk associated with the market. Regulation 4(2)(k) of PFUTP Regulations provides that

dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities. In view of this, I find that by disseminating false and misleading information about investment schemes with assured returns in the securities market, Noticees nos. 1-7 violated Regulations 4(2)(k) of PFUTP Regulations.

38. As regards Noticee nos. 8, 9, 10 and 11, I note that the SCN alleges that these Noticees have violated Sections 12A(a)(b)(c) of the SEBI Act, Regulations 3(b)(c)(d) and Regulations 4(1) of PFUTP Regulations. I note that Noticee no. 8, 9 and 10 are relatives of Noticee no. 3, 4 and 5. Further, Noticee no. 11 is a group company of Noticee no. 1. The relationship and connections between the Noticees as provided in the SCN are provided below:

S. No.	Noticee	Relationship with other Noticees
1.	Mr. Prashant Wasankar	• Sub broker with Trade Name - Wasankar Investment. Name of the proprietor - Shri Prashant Wasankar • Promoter and Director, WWML • 60% shareholding in WWML • Elder brother of Mr. Vinay Wasankar • Brother-in-law of Mr. Abhijeet Chaudhari • Brother-in-law of Mithila Wasankar
2.	WWML Stock Broker of Inter Connected Stock Exchange and sub broker of ISE Securities Ltd, Member, NSE and BSE.	Mr. Prashant Wasankar (Promoter/Directors) Mr. Vinay Wasankar (Directors) Ms. Mithila Vinay Wasankar (Directors) Mr. Abhijeet Chaudhari (Directors)
3.	WI sub broker of ISE Securities Ltd, Member, NSE	(Proprietor - Mr. Prashant Wasankar)
4.	Ms. Bhagyashree Wasankar	• W/o Prashant Wasankar • Ex. Director of WWML • 37% shareholding in WWML
5.	Mr. Abhijeet Chaudhari	• Director of WWML • Brother of Ms. Bhagyashree Wasankar • Brother-in-law of Mr. Prashant Wasankar

S. No.	Noticee	Relationship with other Noticees
6.	Ms. Mithila Wasankar	• Director of WWML • W/o Mr. Vinay Wasankar
7.	Mr. Vinay Wasankar	• Promoter of, WWML • Younger brother of Mr. Prashant Wasankar. • Husband of <u>Ms. Mithila Wasankar.</u>
8.	Jayant Chaudhari	• Father of Mr. Abhijeet Chaudhari • Father in law of Mr. Prashant Wasankar • Father of Mrs. Bhagyashree Wasankar
9.	Kumud Chaudhari	• Mother of Mr. Abhijeet Chaudhari • Mother of Mrs. Bhagyashree Wasankar • Mother in law of Mr. Prashant Wasankar
10.	Sarla Wasankar	• Mother of Mr. Prashant Wasankar • Mother-in-law of Mrs. Bhagyashree Wasankar
11.	Paridhi Trading Co. Pvt Ltd	Group Company

In view of the above connections, I note that Noticee no. 3 along with his relatives/family members was operating Wasankar Investments (Noticee no. 2) and Wasankar Management Ltd. (Noticee no. 1). Noticee no. 3 is the promoter and director of Noticee no. 1 and sole proprietor of Noticee no. 2. All the other directors of Noticee no. 1 were family members/relatives of Noticee no. 3. Further, Noticee no. 8 (Mr. Jayant Chaudhari), Noticee no. 9. (Kumud Chaudhari) and Noticee no. 10 (Mrs. Sarla Wasankar) are connected to Noticees nos. 3-7 through family relationships and Noticee no. 11 is admittedly a group company of Noticee no. 1.

39. The observation in the SCN against Noticee nos. 8-11 is that there were bank transactions between these Noticees and Noticee nos. 1-7. An analysis of bank transactions of Noticee nos. 8-11 with Noticee nos. 1-7 has also been provided in paragraph 29 of the SCN. However, the SCN does not bring out as to how these transactions in the account of Noticee no. 8-11 are a part of manipulative device or contrivance in contravention of the provisions of SEBI Act or the rules or the regulations made thereunder. I note that Noticee no. 8-11 were not directors of Noticee no. 1 and hence these Noticees were not involved in managing the day to day affairs of Noticee no.1 or exercising any control over the operations of Noticee

no. 1. Moreover, there is nothing available on record before me that shows that Noticee nos. 8-11 were involved in the activities of Noticee nos. 1, 2 and 3 in any capacity. The SCN provides that numerous bank transactions have been found between Noticee nos. 1-7 and Noticee nos. 8-11 and that these Noticees were connected to Noticee nos. 3-7 through family relationships. However, the SCN does not elaborate as to how these transactions are violations of Section 12A (a) (b) and (c) of the SEBI Act, 1992 and Regulation 3 (b), (c), (d) and Regulation 4(1) and 4(2) (k) of PFUTP Regulations which are violated by Noticee nos. 1-7. I also note that the SCN does not show that monies in the accounts of the Noticees no. 8-11 are from the illegal activities of Noticee nos. 1-7. Therefore, in absence of any evidence or facts that indicate that Noticee nos. 8 -11 were engaged in illegally mobilizing funds from investors along with Noticee nos. 1-7, I find that the allegations against Noticee nos. 8-11 are not established.

40. The SCN also alleges that Noticee no. 1 and 2 had dealt with other stock brokers for proprietary trading without obtaining prior permission from the stock exchanges in violation of SEBI Circular no. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004. Further, the aforesaid Circular also specifies that a sub-broker of a stock exchange can deal with only one Stock broker of another stock exchange for proprietary trading after intimating the names of such Stock broker to his parent stock exchange. It is alleged in the SCN that the Noticee no. 1 and 2 being registered as sub-brokers and affiliated with ISE Securities, had traded with other stock brokers without obtaining prior permission from the stock exchange(s).

In their replies, Noticees had inter alia submitted as under:

“34....

(c) Kindly provide the following other relevant documentary evidence so as to enable me to the file final reply

- (i) Documentary evidences like reports or correspondence from the subject stock brokers, the Stock Exchanges along with trading statement & others to show that WWML & WI had deal it with other Stock brokers for proprietary trading without obtaining prior permission from the Stock Exchange.*
- (ii) If any Share trading account is opened after following the elaborate registration process with the so called checks & balances in place as claimed by the tech*

savy SEBI, how the irregularity, as alleged, is possible kindly confirm. Does it mean there is a grey area in the system or the Stock brokers or Stock Exchanges are not vigilant or do not cross check or comply with the SEBI circulars? Why main broker should not be held responsible for such violations especially when they are subject to various kind of audits? Is not clear why the registration form, which is so elaborated, do not contain such verifying / restraining fields to ensure compliances report from Stock Brokers. Why Indian laws do not ensure pre-emptive checks & believe mostly in prosecutions involving time, cost & lot?

I confirm to the best of my knowledge, no such violation has ever happened.

.....”

41. I note that the details of the brokers with whom Noticee no. 1 and 2 have traded in violation of SEBI Circular no. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004 have been provided in the SEBI order dated July 15, 2021 as follows:

7.4 The details of trading with other stock brokers are provided below:

TABLE V – DETAILS OF TRADING WITH OTHER STOCK BROKERS		
Sr. No.	NAME OF THE SUB-BROKER	NAME OF THE STOCK BROKER
1.	WASANKAR INVESTMENTS	ISE SECURITIES & SERVICES LTD.
		A C CHOKSI SHARE BROKERS PVT. LTD.
		KISAN RATILAL CHOKSEY SHARES AND SECURITIES PRIVATE LTD.
		VENTURA SECURITIES LTD
2.	WASANKAR WEALTH MANAGEMENT LTD.	A C CHOKSI SHARE BROKERS PVT. LTD.
		ISE SECURITIES & SERVICES LTD.

42. In view of the above, I find that Noticee no. 1 and 2 traded with other stock brokers without obtaining prior permission of the Stock Exchanges(s) in violation of SEBI Circular no. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004.
43. From order dated July 15, 2021, I note that the Certificate of registration granted to Noticee no. 1 as a Stock broker (SEBI Regn. NO. INB241474130) no longer subsists. ICSE, of which the Noticee was a member, has ceased to be a recognized stock exchange on account of SEBI's Exit Order dated December 8, 2014, which had allowed ICSE's exit as a stock exchange. Accordingly, Noticee no. 1 has ceased to be a member of any recognized stock exchange. Further, as per the information received from BSE and NSE, it is noted that Noticee no. 1 has ceased to be registered as Sub-broker with effect from May 4, 2018 (SEBI

Regn. No. INS01A552636), at BSE and with effect from June 29, 2018 (SEBI Regn. No. INS23A550931), at NSE. Whereas Noticee no. 3's Certificate of registration (SEBI Regn. No. INS236775719) as Sub-broker at NSE was deemed to be cancelled/ withdrawn in terms of the SEBI Circular dated August 3, 2018, with effect from March 31, 2019.

44. I note that the following Orders for repeated violations have *inter alia* also been passed by SEBI against the Noticees:

- (i) SEBI Order no. WTM/PS/8/IMD/DoF-I/MAY/2015 dated May 18, 2015–SEBI had conducted an examination into the fund-raising activity of WWML and found that WWML had made an offer of Non-Convertible Preference Shares (“NCPS”) in the financial years 2009–2010, 2010–2011 and 2012–2013, raising an amount of ₹12.89 Crore from 228 allottees. Vide an Ad Interim Ex-parte Order dated July 31, 2014, the same was prima facie found to be in violation of the provisions of SEBI Act, 1992 and Companies Act, 1956. Thereafter, SEBI passed a Final Order dated May 18, 2015 and issued the following directions under Sections 11, 11(4), 11A and 11B of the SEBI Act, 1992:
 - a. The Noticees therein (including Noticee nos. 1, 3, 4, 5, 6, 7 of these proceedings i.e. WWML, Prashant Wasankar, Abhijeet Chaudhari, Bhagyashree Wasankar, Mithila Wasankar, and Vinay Wasankar, shall jointly and severally refund the money collected by the Company through the issuance of Non-Convertible Preference Shares (which have been found to be issued in contravention of the public issue norms stipulated under the Companies Act, 1956), to the investors including the money collected from investors, till date, pending allotment of Non-Convertible Preference Shares, if any, with an interest of 15% per annum compounded at half yearly intervals, from the date when the repayments became due (in terms of Section 73(2) of the Companies Act, 1956) to the investors till the date of actual payment.
 - b. Wasankar Wealth Management Limited (Noticee no. 1 of these proceedings) is directed not to, directly or indirectly, access the capital market by issuing prospectus, offer document or advertisement

soliciting money from the public, from the date of the Order till the expiry of four (4) years from the date of completion of refunds to investors, made to the satisfaction of SEBI, as directed above.

- c. The Noticees therein (including Noticee nos. 1, 3, 4, 5, 6, 7 of these proceedings) shall be restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, from the date of the Order till the expiry of four (4) years from the date of completion of refunds to investors, made to the satisfaction of SEBI, as directed above.
- (ii) SEBI Adjudication Order no. EAD-12/ AO/SM/223 –228 /2017-18 dated March 19, 2018 - The Noticees therein ie. Noticee nos. 1, 3, 4, 5, 6 and 7 of these proceedings failed to comply with the aforesaid SEBI order dated May 18, 2015. SEBI initiated adjudication proceedings against these noticees for non-compliance with the aforesaid directions issued vide SEBI order dated May 18, 2015. Vide order dated March 19, 2018, the adjudication officer imposed a penalty of Rupees 1 Crore to be paid jointly and severally by Noticee nos. 1,3, 4, 5, 6 and 7.
- (iii) SEBI Order no. WTM/MPB/EFD–1–DRA–IV/146/2018 dated March 1, 2018– SEBI had initiated proceedings against Noticee nos. 1 and its Promoters and Directors including Noticee nos. 3, 4, 5, 6, 7 of these proceedings in terms of the Intermediaries Regulations in order to determine whether Noticee no. 1 continues to satisfy the criteria for ‘fit and proper person’ in terms of Regulation 6(f) and Regulation 7(2)(e) of the Investment Advisers Regulations read with Schedule II of the Intermediaries Regulations, in view of the SEBI Order dated May 18, 2015. Accordingly, SEBI passed an Order dated March 1, 2018 and issued the following directions under the erstwhile Regulation 28(2) of the Intermediaries Regulations, 2008:

- a. The Certificate of registration granted by SEBI to WWML as an Investment Advisor, shall stand cancelled on account of its failure to satisfy the criteria for 'fit and proper person'.
 - b. Prashant Wasankar (in his capacity as Director of WWML), is debarred from being employed or associated with any registered intermediary or other registered person in the capital market for a period of 14 (fourteen) years from the date of completion of refund as directed in SEBI Order dated May 18, 2015.
- (iv) SEBI Order no. WTM/GM/EFD/DRA1/12610/2021-22 dated July 15, 2021- SEBI had initiated enquiry proceedings against Noticee nos. 1 and 3 of these proceedings in terms of the Intermediaries Regulations in order to enquire into the alleged violations of the following provisions of the SEBI Act, 1992, PFUTP, SCRR, Stock Broker Regulations and the SEBI Circular No. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004. Vide Order dated July 15, 2021, SEBI closed the proceedings against Noticee nos. 1 and 3 while observing that the violations committed by Noticee no. 1 and 3 are severe in nature, however, in light of cessation of/ surrender/ deemed cancellation of the Certificates of registration of WWML (Noticee no. 1) and Prashant Wasankar (Noticee no. 3) and also the restraints operative against them in terms of the SEBI interim and confirmatory orders, it will not serve any purpose to issue further directions against these Noticees at this stage.
- (v) SEBI Adjudication no. Order/PM/NK/2019-20/7311 dated March 20, 2020- SEBI had initiated Adjudication proceedings against WWML (Noticee no. 1 of these proceedings) for providing in-correct information to SEBI regarding its bank accounts during the inspection conducted by SEBI in violation of Regulation 21 of the SEBI violating the provisions of Regulation 21 of Stock Brokers Regulations and Clauses A(1), A(2), A(3) and A(5) of the Code of Conduct for Stock Brokers read with Regulation 9 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and Clauses A(1), A(2) and D(4) of the Code of

Conduct for Sub-Brokers read with Regulation 15 of Stock Brokers Regulations. The Adjudicating Authority imposed a penalty of Rs. 2 Lacs on Noticee no. 1 for violation of the above mentioned provisions.

(vi) SEBI Adjudication no. Order/PM/NK/2019-20/7312 dated March 20, 2020- SEBI had initiated Adjudication proceedings against Wasankar Investments (Noticee no. 2 of these proceedings) for providing in-correct information to SEBI regarding its bank accounts during the inspection conducted by SEBI in violation of Regulation 21 of the SEBI violating the provisions of Regulation 21 of Stock Brokers Regulations and Clauses A(1), A(2), A(3) and A(5) of the Code of Conduct for Stock Brokers read with Regulation 9 of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and Clauses A(1), A(2) and D(4) of the Code of Conduct for Sub-Brokers read with Regulation 15 of Stock Brokers Regulations. The Adjudicating Authority imposed a penalty of Rs. 2 Lacs on Noticee no. 2 for violation of the above mentioned provisions.

45. The material available on record suggests that EOW has registered an FIR on May 09, 2014 against Mr. Prashant Wasankar (Noticee no. 3), Ms. Bhagyashree Wasankar (Noticee no. 5) and other directors and promoters of WWML (Noticee no. 1) pursuant to a complaint by an investor for collecting huge funds from the said complainant and other investor for collecting huge funds from the said complainant and other investors by luring them into making investments and promising to pay higher returns on deposits. Charge sheet no. 121/2104 (Special MPID Case No. 04/2014) has been filed under section 406, 506, 120(B) IPC r/w Section 3 of the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (hereinafter referred to as '**MPID Act, 1999**') before Hon'ble Session Judge Court No. 06, Nagpur. From the above, I note that EOW has treated the schemes of WWML i.e. Noticee no. 1 as falling under MPID Act, 1999 and the proceedings thereunder are underway. The proceedings under MPID Act, 1999 also contemplate refund of monies/ deposit to the investors.

46. I note that in the case of Disc Assets Lead India Limited wherein EOW proceedings, initiated under TNPID Act were brought to the notice of SEBI after passing of a direction for refund to an unregistered CIS, SEBI passed an order dated September 21, 2016 *inter alia* stating SEBI shall not take any further coercive steps for implementation of its Order dated March 30, 2016 till EOW completes its proceedings.
47. I note that, if any person raises fund by providing unregistered portfolio management services then directing such entity not to access the securities market and not to deal in securities in any manner, for a particular period besides direction for making refund would be most preferred direction for regulator. In the present case before me, the refund to the investors, may be directed by the Competent Authority under the MPID Act, 1999, therefore, I find that directing the Noticees to simultaneously make refund under these proceedings, which would lead to another set of proceedings overlapping with the proceedings under MPID Act, 1999 is not desirable, when both the proceedings, are mainly aimed at refund to the investors/depositors. Further, such simultaneous directions, if any, may give an opportunity to the Noticees to wriggle out of the proceedings initiated under MPID Act, 1999. Therefore, direction for refund being given under this order, shall have effect to only in case the proceedings under MPID Act, 1992 does not culminate into refund to investors.
48. As regards debarment aspect of these proceedings, it is observed that EOW/ Competent Authority appointed under the MPID Act, 1999 has already started the proceedings under the MPID Act, 1999. As noted above, the findings recorded in the interim order, confirmatory order and allegations in SCN, regarding the schemes of the Company being PMS do not stand vitiated. Therefore, the conduct of Noticees calls for appropriate direction for debarment for violations as alleged in the SCN.
49. I note that the following actions for repeated violations have been taken by SEBI against the Noticees:
- (i) SEBI vide order dated May 18, 2015, *inter alia* directed Noticee nos. 1, 3, 4, 5, 6, 7 to refund the monies collected by the Noticee no. 1 through issuance of Non-

Convertible Preference Shares and restrained these Noticees from accessing the securities market for a period of 4 years from the completion of refunds.

- (ii) The Adjudicating Authority of SEBI imposed a penalty of Rs. 1 Crore vide order dated March 19, 2018 on Noticee nos. 1,3, 4, 5, 6 and 7 for non-compliance with the aforesaid directions
- (iii) Vide order dated March 01, 2018, SEBI *inter alia* cancelled the certificate of registration of Noticee no. 1 for carrying out Investment Advisory services and debarred Noticee no. 3 (in his capacity as director of Noticee no. 1) from being employed or associated with any registered intermediary or other registered person in the capital market for a period of 14 years from the date of completion of refund as directed in SEBI Order dated May 18, 2015.
- (iv) SEBI vide order dated July 15, 2021, held that Noticee no. 1 and 3 violated the provisions of SEBI Act, 1992, PFUTP, SCRR, Stock Broker Regulations and the SEBI Circular No. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004. The violations committed by Noticee no. 1 and 3 were observed to be severe in nature, however, no further directions were passed against these Noticees in light of cessation / surrender/ deemed cancellation of the Certificates of registration of these Noticees and also the restraints operative against them in terms of the SEBI interim and confirmatory orders.
- (v) Vide two separate Adjudication Orders dated March 20, 2020, the Adjudicating Authority imposed penalty of Rs. 2 lacs each on Noticee no. 1 and 2 for providing in-correct information to SEBI regarding its bank accounts during the inspection conducted by SEBI.

Directions:

50. In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B read with Section 19 of the Securities and Exchange Board of India Act, 1992, hereby issue the following directions:

- (i) Noticees nos. 1-7 shall comply with the direction of refund as given in para 14(iv) interim order dated August 27, 2014 within a period of 45 days from the date of this order.
- (i) Noticee nos. 1-7 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;
- (ii) 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;
- (iii) Noticee nos. 1-7 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 portfolio manager services from the Noticee, as directed in this order, from the bank accounts of the Noticee;
- (iv) After completing the aforesaid refund, the Noticee nos. 1-7 shall file a repayment report of such completion with SEBI addressed to the “Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051”, within a period of 15 days, after completion of 45 days from the coming into force of the directions at para 50(i) above, duly certified by an independent Chartered Accountant and the direction at para 50(iii) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors, to the satisfaction of SEBI;

- (v) Noticee nos. 1, 2 and 3 are 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 a period of 10 years.
- (vi) Noticee nos. 4-7 are 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 a further period of 6 months in addition to the period of debarment already undergone by the virtue of interim order dated August 27, 2014.
- (vii) The direction for refund, as given in para 50(i) above, shall have effect only in case the proceedings under MPID Act, 1992 does not culminate into refund to investors. The direction for refund in such case, as given in para 50(i) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
- (viii) In respect of direction of debarment given in para 50(v) above, the period of debarment already undergone by the virtue of interim order shall be set off against the debarment period imposed under the present order.
- (ix) The proceedings with respect to Noticee nos. 8, 9, 10 and 11 are disposed of in view of the discussion at paragraph 39 above.

51. The order comes into force with immediate effect.

52. A copy of this order shall be sent to the Noticee, 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.

Sd-

Date: September 21, 2022

Place: Mumbai

**ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**