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National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/53923	Date: September 30, 2022
Circular Ref. No: 136/2022	

To All NSE Members,

Sub: **Confirmatory order in the matter of Pradeep Chaudhary (Proprietor Profit Guruji)**

This is with reference to NSE Circular No. NSE/INVG/48161 dated May 03, 2021, in respect of SEBI Order No. WTM/MPB/IMD/WRO/188/2021 dated April 30, 2021.

SEBI now vide its order No. WTM/AB/WRO/WRO/19878/2022-23 dated September 29, 2022, stated that we find no reason to deviate from the prima facie findings recorded in the Interim Order dated April 30, 2021 that the conduct of the entity - Pradeep Chaudhary (Proprietor Profit Guruji) (PAN: ABYPO6213C), appears to be not in the interest of investors and the securities market. Thus, pending completion of an inspection/examination, SEBI find no reason to modify the directions issued vide the Interim Order. Consequently, SEBI do hereby confirm the directions issued against the entity vide the Interim Order.

The order shall come into effect 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:

National Stock Exchange of India

Mr. Apurv Garg (Extension: 24546), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

Annexure: Confirmatory order in the matter of Pradeep Chaudhary (Proprietor Profit Guruji)

WTM/AB/WRO/WRO /19878/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

CONFIRMATORY ORDER

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

In respect of:

NOTICEE	PAN
Pradeep Chaudhary (Proprietor Profit Guruji)	**ABYPO6213C**

IN THE MATTER OF UNREGISTERED INVESTMENT ADVISORY SERVICES BY PRADEEP CHAUDHARY (PROPRIETOR PROFIT GURUJI)

Background

1. This proceeding emanates from a complaint dated July 15, 2020 ("Complainant"), received by Securities and Exchange Board of India ("SEBI"), against Profit Guruji, which is a sole proprietorship of Pradeep Chaudhary (Noticee). It was alleged by the complainant that he got acquainted with the Noticee, who used to run a YouTube channel which provided trading strategies, and based on his promise of generating assured returns on availing the package offered by the Noticee, the complainant opened a trading account and handed over its control to the Noticee. It was also stated that the complainant suffered a loss of Rs. 3,35,000 due to the trades carried out in his account.

2. Pursuant to the receipt of the said complaint, the matter was examined by SEBI to ascertain the veracity of the information brought out in the complaint and to determine whether there had been any violation of the provisions of the Securities and Exchange Board of

India Act, 1992 ("SEBI Act"), the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 ("IA Regulations") and any other Rules or Regulations.

3. Consequent to the examination, it was observed that the Noticee was, *prima facie*, engaged in providing investment advisory activities without obtaining registration from SEBI in violation of provisions of the SEBI Act and the IA Regulations. Accordingly, in order to prevent the Noticee from continuing to act as an unregistered investment advisor, to prevent further mobilisation of funds from the public, and to prevent the diversion of money already collected from investors, an Interim Order dated April 30, 2021 ("Interim Order") was passed, issuing the following directions:-

"51.1 to cease and desist from acting as an Investment Adviser including the activity of acting and representing through any media (physical or digital) as an Investment Adviser, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever;

51.2 not to divert any funds collected from investors, kept in bank account(s) and/or in their custody;

51.3 not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.

51.4 to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, video, Whatsapp, YouTube videos, Telegram Channel, websites, communications etc., in relation to their investment advisory activity or any other unregistered activity in the securities market;

51.5 not to access the securities market and buy, sell or otherwise deal in securities, either directly or indirectly, in any manner whatsoever;"

4. The Noticee submitted his reply to the Interim Order vide letter dated August 05, 2021. An opportunity of hearing was subsequently granted on July 20, 2022, wherein the Noticee

entered appearance in person. The summary of the submissions made by the Noticee is given below:-

a. It was admitted that the YouTube channel Profit Guruji is run by the Noticee. It was submitted in this regard that the Noticee provides share market and stock trading information on the channel to educate the public at large.

b. The Noticee denied that he had ever demanded or got any consideration in lieu of the recommendations made on his YouTube channel.

c. It was submitted that it was in fact the complainant who got in touch with the Noticee stating his inclination to start trading in the stock market. The complainant also sought the Noticee's recommendation regarding a stock broker with whom he could open his account and accordingly the Noticee recommended the name of Astha Broking Company ('Astha').

d. The complainant, thereafter, opened a trading account with Astha. Pursuant to the same, the complainant also started approaching the Noticee seeking tips for investing in the market.

e. It was submitted by the Noticee that he had refused to give any stock specific tips to the complainant and had informed the complainant that he was engaged in running the YouTube channel for educational purposes only.

f. The Noticee categorical denied that he had received payments from the complainant. The Noticee also denied the allegation that he had forced the complainant to open his account with Astha and submitted that his involvement was limited to suggesting the name of the broker.

g. The Noticee submitted that the complainant started trading in the market after opening the account with Astha and at no point did he have control over the account of the complainant. It was further submitted that the complainant had initially made some profits but later when his trades resulted in losses, the complainant started blaming the Noticee. The complainant then resorted to filing complaints against the Noticee and also demanded compensation from him for the losses suffered.

h. The Noticee reiterated that he was in no way responsible for the losses suffered by the Complainant.

i. In respect of the allegation that the Noticee was running Telegram channels providing investment advice, it was submitted that the Noticee used to earlier run a Telegram channel which was later wound up due to the proliferation of Telegram channels giving investment advice, which were being run in contravention to the provisions of law.

j. In respect of the allegations that WhatsApp messages containing stock recommendations were sent by the Noticee to the complainant, it was submitted that the Noticee is not in a position to respond to this allegation as a copy of the WhatsApp messages has not been provided to him. Without prejudice to the above, it was however submitted by the Noticee that no WhatsApp messages were sent by him to the complainant which would attract the provisions of the SEBI Act or the rules and regulations made thereunder.

k. The Noticee submitted that the overwhelming majority of the money that was credited to his bank account, mentioned in the Interim Order, pertained to the import-export business carried on by him.

l. The Noticee also stated that disclaimers were added to all the videos uploaded on his YouTube channel.

Consideration

5. I have considered the allegations made in the Interim Order, the reply received in the matter and the submissions made by the Noticee during the personal hearing. I note that

directions issued against the Noticee in the Interim Order were based on prima facie observations made on the basis of the material available on record. It is also noted that the Noticee has filed his reply in respect of the prima facia observations contained in the Interim Order. The Noticee has contented in his reply that videos uploaded on his YouTube channel were done with a view to educate the public and the Noticee was not involved in providing investment advisory services against consideration. The Noticee categorically denied that he had received any payments from the complainant.

6. In this regard, I note from the material on record, that the Noticee had uploaded videos wherein he was promising assured returns. It is further noted that similar claims were being made on the Telegram channel being run by the Noticee. Further, in respect of the contention made by the Noticee that adequate disclosures were made in the videos uploaded by him, I note that the disclaimers appeared for a very short duration. Further, in any event, a video promising unrealistic and assured returns would not become compliant with the provisions of securities laws just because a short disclaimer was added to it.

7. I also note that subsequent to the passing of the Interim Order, SEBI vide letter dated December 06, 2021, called upon the Noticee to explain the nature of the transactions reflected in his bank account no. 34855952080 held with SBI. I, however, note that Noticee has failed to furnish a satisfactory response to the said letter and has only made generic claims stating that the money reflected in the account has primarily come from other businesses run by him.

8. In view of the above, I find no reason to deviate from the prima facie findings recorded in the Interim Order that the conduct of the Noticee, appears to be not in the interest of investors and the securities market. Thus, pending completion of an inspection/examination, I find no reason to modify the directions issued vide the Interim

Order. Consequently, I do hereby confirm the directions issued against the Noticee vide the Interim Order.

9. This order shall come into effect with immediate effect.

Place: Mumbai

Date: September 29, 2022

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA