

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55115	Date: January 03, 2023
Circular Ref. No: 02/2023	

To All NSE Members,

Sub: Final Order in the matter of M/s PNP Shareon Solutions and M/s PNP Solutions

SEBI vide its order no. WTM/AB/WRO/WRO/22674/2022-23 dated January 03, 2023, has hereby debarred following entities from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 6 (six) months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/investors/along with depositing of balance amount as directed in para 22(a) and 22(e) of the SEBI order, whichever is later.

Sr. No.	Name of the Entity	PAN
1	M/s. PNP Shareon Solutions	AJBPH9234P
2	M/s. PNP Solutions	DKNPP0005G
3	Pradeep Haldar (Proprietor of M/s. PNP Shareon Solutions)	AJBPH9234P
4	Prakash Haldar (Proprietor of M/s. PNP Solutions)	DKNPP0005G

This 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.

National Stock Exchange of India

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

Mr. Akshit Sachdeva (Extension: 23346), 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: Final Order in the matter of M/s. PNP Shareon Solutions and M/s. PNP Solutions

WTM/AB/WRO/WRO/22674/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

In respect of:

Sl. No.	Name of the Noticee(s)	PAN
1.	M/s. PNP Shareon Solutions	AJBPH9234P
2.	M/s. PNP Solutions	DKNPP0005G
3.	Pradeep Haldar (Proprietor of M/s. PNP Shareon Solutions)	AJBPH9234P
4.	Prakash Haldar (Proprietor of M/s. PNP Solutions)	DKNPP0005G

(The aforesaid entities are hereinafter individually referred to by their respective names/notice numbers and collectively as “the Noticees”.)

In the matter of Unregistered Investment Adviser

Background:

1. The present proceedings emanate from a show cause notice dated August 03, 2021 (hereinafter referred to as “**SCN**”) issued by the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) to M/s. PNP Shareon Solutions, M/s.PNP Solutions, Mr. Pradeep Haldar and Mr. Prakash Haldar. Mr. Pradeep Haldar and Mr. Prakash Haldar are the proprietors of M/s. PNP Shareon Solutions and M/s PNP Solutions, respectively. It was *prima facie* found that the Noticees were engaged in investment advisory services without obtaining a certificate of registration from SEBI in violation of the provisions of Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter

referred to as “**SEBI Act, 1992**”) and Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations, 2013**”). The SCN called upon the Noticees to show cause as to why suitable directions should not be issued against the Noticees under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, 1992.

2. The facts of the case, as mentioned in the SCN, are the following:

- (i) SEBI received a complaint dated June 24, 2019 from one Shri Sunil Kumar wherein the complainant, *inter alia*, alleged that he was cheated by M/s. PNP Shareon Solutions. Shri Sunil Kumar alleged that he had deposited Rs. 11,111/- in the bank account of M/s. PNP Shareon Solutions (YES Bank AC No. -020661900000430) for research call with a guarantee that in case of any loss, M/s. PNP Shareon Solutions would refund the amount within 21 days. However, there was a loss and subsequently, M/s. PNP Shareon Solutions blocked the number of the said complainant and did not refund the money to him.
- (ii) SEBI received another complaint dated August 14, 2019 from one Shri Raghavendra V wherein he, *inter alia*, alleged that M/s. PNP Solutions had approached him to do trading for which M/s. PNP Solutions would teach the basics of trading to the said complainant. Thereafter, upon advice of M/s. PNP Solutions, the said complainant paid a total of Rs. 1,85,000/- to M/s. PNP Solutions (A/c No. 020685800002655) in several tranches for investment. However, M/s. PNP Solutions failed to return the money to the said complainant.
- (iii) Thereafter, SEBI examined the matter and came across a website www.pnpshareonsolutions.com in the archived pages at web.archive.org. From the archive pages of the website, downloaded from web.archive.org, it was observed that, *inter alia*, the following was disclosed on the website:

“PNP Share on solutions one of the most leading company in share and commodity market. Company provide good recommendation or tips in all segments like stock cash future and option along with mcx and ncdex our research is very well because we have a highly qualified and experienced expert team.

PNP Share on solutions is a company that has been completely dedicated in creating awareness among its investors on better investment strategies of the stock market and the equity market. We serve as a one stop destination for all trading techniques at the Indian stock market and follow the terms of growth and safety at all our trading transactions. We are a reputed stock market advisory company that offers unbiased stocking recommendations and information on the stock market and all our experts recommendations and predictions are for the betterment of our traders and subscribers. Our expert team works constantly and unfurl their expertise to benefit our investors involved in index options trading, equity options trading, call and put strategies, hedging with options to bring them in one common platform of PNP growth. We also leave our trade predictions to the discretion of our receivers and they could opt to use the information or not.

OUR VISION

Our strategy is centered on our client retention, effective planning can help us preserving client and also help us unlock opportunities for future generation.

OUR MISSION

Our main aim is to make our clients deal with financial products with risk minimization and profit maximization. We provide full endeavor to provide follow up and complete support to them.

..."

- (iv) Further, as per the archive webpages of the website www.pnpshareonsolutions.com, the following services were being offered through the website which are tabulated as under:

Sr. No.	Name of Service
1.	Stock Cash
2.	Stock Cash Premium
3.	Stock Cash HNI
4.	Stock Cash BTST
5.	Positional Cash
6.	Stock Future
7.	Stock Future Premium
8.	Stock Future HNI
9.	Positional Future
10.	Stock Option
11.	Stock Option Premium
12.	Energy
13.	Stock Future BTST/STBT
14.	MCX Normal
15.	MCX Premium
16.	MCX HNI
17.	Bullions
18.	Base Metal

- (v) Further, as per the archive webpages of the website www.pnpshareonsolutions.com, the following bank account details were mentioned on the website:

Account Name	PNP Shareon Solutions	Account Name	PNP Sheran Solution
Name of Bank	ICICI Bank	Name of Bank	Yes Bank
Account No.	657305600636	Account No.	020661900000430
Account Type	CURRENT ACCOUNT	Account Type	CURRENT ACCOUNT
NEFT/IFSC Code	ICIC0006573	NEFT/IFSC Code	YESB0000206
Branch	ICIC0006573	Branch	DIAMOND TOWERS

- (vi) Based on the information submitted by the complainants and details available on the website www.pnpshareonsolutions.com, the KYC documents, Account Opening Forms (AOF) and Bank account statements of the Noticees, viz. A/c No. 020661900000430, A/c. No. 02068580002655 and A/c No. 657305600636 were obtained from Yes bank and ICICI Bank. The details as appearing from the same are provided in the Table below:

Account Name	M/s. PNP SHERAN SOLUTION	M/s. PNP SHARON SOLUTIONS	M/s. PNP SOLUTIONS
Proprietor	Pradeep Halder	Pradeep Halder	Prakash
PAN ID	AJBPH9234P	AJBPH9234P	DKNPP0005G
Bank Name	Yes Bank	ICICI Bank	Yes Bank
Account No.	020661900000430	657305600636	02068580002655
Email	Halдарpradeep007@gmail.com	-	Phalder939@gmail.com
Phone No.	9977944226	-	9977700964
Period of Statements	20/02/2018 to 13/09/2019	01/09/2017 to 18/04/2020	07/01/2019 to 16/01/2020

Total Amount Credit in (Rs.)	Rs.1,932,694.50	Rs. 8,45,902.20	Rs. 8,68,367
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- (vii) From the analysis of KYC documents, Account Opening Forms (AOF) and account statements of the above mentioned bank accounts, the following was observed:
- While analyzing the KYC documents and AOF pertaining to Yes Bank Account No 020661900000430 of the Noticees, another bank account in the name of Mr. Pradeep Haldar in Bank of Maharashtra was noted.
 - The statements of bank accounts with Yes Bank, ICICI bank and Bank of Maharashtra of the Noticees reflected significant credit transactions from various entities.
 - Credit transactions of the complainants were noted in the bank account statements of the Noticees.
 - In the complaint of Mr. Raghavendra V against PNP Solutions, the copy of payment Transaction slips submitted by the said complainant showed that payment was made to Pradeep Haldar at phone no. 9977944226. The same Phone no. was mention in the KYC documents of the A/c no. 020661900000430.
 - From the Aadhar cards of Mr. Pradeep Haldar (Prop. of PNP Shareon Solutions) and Mr. Prakash Haldar (Prop. of PNP Solutions), it appeared that they were related, as the same name (Jagdish) was mentioned as father's name in both the cards.
- (viii) From the KYC documents, Account Opening Form and bank account statement for the A/c No. 60239032116 obtained from Bank of Maharashtra, it was noted that the said account is in the name of Mr. Pradeep Haldar (Phone no: 9977944226, PAN AJBPH9234P). Total amount credited in the said bank account is Rs. 20,67,222.31.
- (ix) In view of the complaints received against the Noticees alleging payments to the Noticees for providing the Investment Advisory services, the details

about investment advisory services and the bank account details mentioned on the website www.pnpshareonsolutions.com and the significant credit transactions noted in the bank accounts of the Noticees, it was inferred that the said bank accounts were used for receipt of fees /consideration from various entities for the purpose providing advisory services by the Noticees.

- (x) In view of the above, it was alleged that the Noticees were engaged in the activities of an 'investment adviser' as defined under Regulation 2 (m) of the IA Regulations, 2013, without obtaining registration from SEBI, as required under Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of IA Regulations, 2013, thereby violating the said provisions of the SEBI Act, 1992 and the IA Regulations, 2013. The SCN had thus, called upon the Noticees to show cause as to why suitable directions under Sections 11(1), 11(4), and 11B (1) of the SEBI Act, 1992 should not be issued against them for the alleged violations.

3. The SCN was served on the Noticees vide Speed Post. In response to the SCN, Mr. Pradeep Haldar and Mr. Prakash Haldar vide their respective letters both dated August 26, 2021 submitted their replies to the SCN. Subsequently, the matter was placed before me on February 21, 2022 for granting a hearing date and the Noticees were granted an opportunity of personal hearing which was scheduled on April 29, 2022. Both the Noticees attended the personal hearing on April 29, 2022 through their authorized representative, Mr. Hardik Maheshwari, who appeared through video conferencing. During the hearing, the authorized representative reiterated the submissions made in the Noticee's replies dated August 26, 2021. Thereafter, vide email dated December 22, 2022 the Noticees were called upon to file additional submissions, if any, within 7 days. However, the Noticees have not filed any additional replies to the SCN.
4. Mr. Pradeep Haldar and Mr. Prakash Haldar, vide their replies dated August 26, 2021, which are near identical, have submitted *inter alia* the following:

- (a) The Noticees deny all the allegations mentioned in the SCN. The complaints referred to in the SCN are false, baseless and motivated. It appears that the complainants have not apprised the correct facts to SEBI and have misled SEBI.
- (b) The Noticees are not doing the activities as an advisor since 2019. They would not continue to do so.
- (c) All advertisements have been removed. All derivative positions are closed.
- (d) The Noticees agree that because of their lack of knowledge about rules and regulations of SEBI, they had not registered themselves with SEBI and they deeply regret that. They would completely follow all SEBI Guidelines in future if they do such business.
- (e) In the span of two years, the Noticees have completely been honest and reliable to all the clients which they had acquired and served them to the best of their abilities. The Noticees have completely stopped giving all services from 2019 when they came to know about SEBI rules and regulations.
- (f) All the earnings have been put into getting their office in order and also living in expensive city i.e. Indore. The Noticees have given the best service to all the clients and there have been no complaints from any of the clients. They have been true to all the clients that have paid and they have not committed any fraud by any means.
- (g) The Noticees are also involved in business consultancy to earn their daily livelihood, for which the same bank account has been used for transaction, as shown in the SCN.
- (h) The Noticees have returned the entire amount of Rs.2,00,000 & Rs.11,111 to the complainants on November 24, 2020 via online payment and cash and no dispute is pending with them. The transaction acknowledge is enclosed.
- (i) The complainants have stated that they would not pursue other legal remedies available to them under any other law against the Noticee and they would not file any complaint for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

- (j) In view of the exceptional circumstances due to Covid-19 and consequent lockdown, the Noticees have not carried out any business activities during the last 16 months i.e. March 2020 to August 2021. Therefore, the SCN may kindly be withdrawn in the interest of justice and on ground of humanity.
- (k) The Noticees are ready to avail the consent process and are ready for resolution of the charges in the SCN under the SEBI (Settlement Proceedings) Regulations, 2018.
- (l) The Noticees would not carry out any business, either directly or indirectly, involving investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI, as required under securities laws.
- (m) The Noticees are ready to comply with all the conditions as imposed by SEBI for the resolution of dispute mentioned in the SCN.
- (n) As on date, there is no other complaint filed or pending before any authority. The Noticees have not uploaded any wrong thing on their website.
- (o) The Noticees have not carried out the business of investment advisory services. The complainants have falsely stated facts in the complaints.
- (p) The Noticees have not received any complaint from any person and they are in touch with all persons who joined them for guidance in the field of all types of business.
- (q) Preliminary examination report to ascertain whether unregistered investment advisory activities were being carried out by the Noticees should be provided to the Noticees.
- (r) Whether general internet search of the particulars of hosting of the website of the firm based on its domain name is found in the name of Noticees or not by SEBI.
- (s) There is no query sought by SEBI in respect of initiation of business activity of investment advisory by the Noticees till the SCN.
- (t) The Noticees are not providing the investment advice, in lieu of consideration. Therefore, their activities and advice is not investment advice in terms of Regulation 2(1)(I) of the IA Regulations, 2013.

- (u) The Noticees have not violated the provisions of Section 12(1) of the SEBI Act, 1992. They have not engaged in the business of providing investment advice to public for consideration and they are thus acting as an investment adviser, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.
- (v) There is no material on record to show that the Noticees are holding themselves out and acting as investment adviser. Therefore, the Noticees have not violated Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations. The Noticees have not received any complaint from any client for their investment advisory services rendered to them during 2019.

Consideration of submissions and findings:

- 5. I have considered the allegations made in the SCN along with the findings of the examination by SEBI stated therein, replies received in the matter and submissions made by the Noticees during the personal hearing. At the outset, I note that while the Noticees at one place in their replies to the SCN have admitted that they had engaged in offering investment advisory services without registration from SEBI due to lack of knowledge about SEBI rules and regulations, whereas at other places they have denied all the charges. I thus find that the Noticees have made contradictory submissions in respect of the allegations in the SCN. In this scenario, I proceed to decide the issues on merit on the basis of evidences as brought out by material available on record.
- 6. I also note that the Noticees have requested for a copy of preliminary examination report of SEBI. However, I find that all the relevant findings of the examination by SEBI have already been provided in the SCN along with supporting documents as Annexures. I, therefore find that no prejudice has been caused to the Noticees because of non-furnishing of examination report.
- 7. I note that the definition of Investment Adviser as given in Regulation 2(1)(m) of the IA Regulations, 2013 is as follows:

“investment adviser means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;”

8. Further, Regulation 2(1)(l) of IA Regulations, 2013 defines ‘investment advice’ as follows:

“investment advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning:

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

9. I note that Annexure C to the SCN contains pages from the website, www.pnpshareonsolutions.com, which was allegedly run by the Noticees. The said website, *inter alia*, claimed as follows:

- *“PNP Share on solutions one of the most leading company in share and commodity market. Company provide good recommendation or tips in all segments like . stock cash future and option along with mcx and ncdex our research is very well because we have a highly qualified and experienced expert team.*
- *PNP Share on solutions is a company that has been completely dedicated in creating awareness among its investors on better investment strategies of the stock market and the equity market. We serve as a one stop destination for all trading techniques at the Indian stock market and follow the terms of growth and safety at all our trading transactions. We are a reputed stock market advisory company that offers unbiased stocking recommendations and information on the stock market and all our experts recommendations and predictions are for the betterment of our traders and subscribers. Our expert team works constantly and unfurl their expertise to benefit our investors involved in index options trading, equity options trading, call and put strategies, hedging with options to bring them in one common platform of PNP growth. We also leave our trade predictions to the discretion of our receivers and they could opt to use the information or not.*
- *OUR VISION: Our strategy is centered on our client retention, effective planning can help us preserving client and also help us unlock opportunities for future generation.*
- *OUR MISSION: Our main aim is to make our clients deal with financial products with risk minimization and profit maximization. We provide full endeavor to provide follow up and complete support to them*

• *Services offered on the website:*

- *Stock Cash*
- *Stock Cash Premium*
- *Stock Cash HNI*
- *Stock Cash BTST*
- *Positional Cash*
- *Stock Future*
- *Stock Future Premium*
- *Stock Future HNI*
- *Positional Future*
- *Stock Option*
- *Stock Option Premium*
- *Energy*
- *Stock Future BTST/STBT*
- *MCX Normal*
- *MCX Premium*
- *MCX HNI*
- *Bullions*
- *Base Metal*

• *Payment link / Bank accounts mentioned on the website:*

(i) *PAYTM QR Code*

(ii) *Bank Account Details:*

Account Name	PNP Shareon Solutions		Account Name	PNP Sheran Solution
Name of Bank	ICICI Bank		Name of Bank	Yes Bank
Account No.	657305600636		Account No.	020661900000430
Account Type	CURRENT ACCOUNT		Account Type	CURRENT ACCOUNT
NEFT/IFSC Code	ICIC0006573		NEFT/IFSC Code	YESB0000206
Branch	ICIC0006573		Branch	DIAMOND TOWERS

• *Sample Investment Advisory Services Package Pricing mentioned on the website:*

Stock Cash

Packages	Price	Pay Now
<i>Monthly</i>	<i>5000</i>	<i>Pay Now Button</i>
<i>Quarterly</i>	<i>15000</i>	<i>Pay Now Button</i>

Half Yearly	25000	Pay Now Button
Yearly	40000	Pay Now Button

- *Contact Details: PNP Shareon Solution*

Indore – 452001 (MP) India

Phone: +91 8819822786

Email: pnpsolutions@gmail.com, info@pnpsolutions.com

10. From the above, I note that PNP Shareon Solutions through its website www.pnpsolutions.com held itself out as a 'stock market advisory company' and provided recommendations for trading in securities and commodity market. The said website mentioned different segments for which it provided the tips, which included Equity, Futures, Options and Commodity. I note that as on date, the website www.pnpsolutions.com is not active. However, from the print-outs of web-pages of the website, as available on record, I note that the prices for different packages were mentioned on the website and the buttons for making payment were available on the website against each package. Pricing details for some of the packages are tabulated below:

Name of the Package	Monthly	Quarterly	Half-Yearly	Yearly
Stock Cash	5000	15000	25000	40000
Stock Option	6000	18000	41000	71000
Stock Future Premium	21000	51000	75000	121000
MCX Premium	40000	100000	175000	321000

11. I further note from the print-outs of the web-pages of the website www.pnpsolutions.com, which are available on record, that the said website mentioned the bank accounts to which payments could be made to PNP Shareon Solutions for availing its investment advisory services. The details of the said bank accounts along with amounts credited in them during the relevant period, as seen from the bank statements, Account Opening Forms and KYC documents, available on record, are provided below:

Account Name	M/s. PNP SHERAN SOLUTION	M/s. PNP SHARON SOLUTIONS
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Proprietor	Pradeep Haldar	Pradeep Haldar
PAN ID	AJBPH9234P	AJBPH9234P
Bank Name	Yes Bank	ICICI Bank
Account No.	020661900000430	657305600636
Email	Haldarpradeep007@gmail.com	-
Phone No.	9977944226	-
Period of Statements	20/02/2018 to 13/09/2019	01/09/2017 to 18/04/2020
Total Amount Credit in (Rs.)	Rs.1,932,694.50	Rs. 8,45,902.20

I note that the names of the Account holders for the Account Nos. 020661900000430 and 657305600636 are M/s. PNP Sheran Solution (Proprietor: Pradeep Haldar) and M/s. PNP Sharon Solutions (Proprietor: Pradeep Haldar) respectively. However, these account details were appearing on the website www.pnpshareonsolutions.com and this implies that all these accounts pertained to the website www.pnpshareonsolutions.com and I note that the investment advisory services offered through the abovementioned website were *in lieu* of monetary considerations.

12. Apart from the above, I note that the complaint of Mr. Raghavendra V. mentioned that he had made payment to *inter alia* the entity PNP Solutions, bank account no. 020685800002655 whose details are as under:

Account Name	M/s. PNP SOLUTIONS
Proprietor	Prakash
PAN ID	DKNPP0005G
Bank Name	Yes Bank
Account No.	020685800002655
Email	Phalder939@gmail.com
Phone No.	9977700964
Period of Statements	07/01/2019 to 16/01/2020
Total Amount Credit in (Rs.)	Rs 32,70,356/-

From the bank account statements of the above-mentioned account, I find that the credits from V. Raghavendra is reflected in the said statement. Therefore, I note that *in lieu* of the purported the investment advisory services

offered to the complainant fees were received by the Noticees in the Bank Account No 020685800002655 and this bank account was also being used by the Noticees for receipt of fees *in lieu* of the purported the investment advisory services.

13. Further, Mr. Pardeep Haldar (Noticee no. 1) also had a bank account with Bank of Maharashtra (Ac. No. 60239032116) in which a total credit of Rs.20,67,222.31 was received.
14. I note that a perusal of the KYC documents, Account Opening Forms, bank statements of the aforesaid bank accounts and the documents enclosed with the complaints reveals the following:
 - a. The two bank accounts mentioned on the website, www.pnpshareonsolutions.com, viz. Ac. No. 020661900000430 (Yes Bank) and Ac. No. 657305600636 (ICICI Bank) were opened by Mr. Pradeep Haldar with his PAN.
 - b. The bank account in which a part of the money was received from the complainant, Mr. Raghavendra V. for investment purposes was in the name of M/s. PNP Solutions (Ac. No. 020685800002655 – Yes Bank) which was opened by Mr. Prakash with his PAN.
 - c. From the Aadhar cards of Mr. Pradeep Haldar (Prop. of PNP Shareon Solutions) and Mr. Prakash Haldar (Prop. of PNP Solutions), it appeared that they were related, as the same name (Jagdish) and the same surname 'Haldar') was mentioned as father's name in both the cards. Moreover, the AOF for the Yes Bank Account No. 020661900000430 in the name of PNP Sheran Solution (Proprietor Mr. Pradeep Haldar) mentions the nominee as Mr. Prakash Haldar and states the relationship of 'brother'. Therefore, it is found that Mr. Pradeep Haldar and Mr. Prakash Haldar are brothers and both the entities PNP Shareon Solutions and PNP Solutions are engaged in providing investment advisory services and their proprietors are brothers.

- d. The total credits received in the aforesaid accounts are as follows:
- Bank Account No. 020661900000430 - Rs. 19,32,684.66 (Feb 20, 2018 – Jun 22, 2020)
 - Bank Account No. 657305600636 - Rs.8,45,902/- (Sept 01, 2017 – June 19, 2020)
 - Bank Account No. 02068580002655 - Rs. 32,70,356/- (Jan 07, 2019 - Jan 16, 2020)
- e. There are numerous credit transactions / large number of payments received in the abovementioned bank accounts. From the narrative of the transactions, it appears that the payments have, *prima facie*, come from various investors / clients.
- f. It is claimed by the complainant that some of the payment transactions done by Mr. Raghavendra V. were credited to the bank account linked with the mobile number 9977944226 through Google Pay/ Phone Pay and PayTM). It is noted from the Account Opening Form for the bank account no. 020661900000430 (Yes Bank) that the said mobile number belonged to Mr. Pradeep Haldar. However, the bank statement for the said account does not reflect the said transactions. Further, the other accounts opened by Mr. Pradeep Haldar, as mentioned in the SCN, also do not reflect the said transactions. The same indicates that Mr. Pradeep Haldar had also received money through another account, apart from those mentioned in the SCN. Thus, the actual amount received by the Noticees through offering investment advisory services appears to be more than the amount received in the aforesaid three bank accounts, i.e. Rs.60,48,942.66.
- g. The Noticees have claimed that they have refunded an amount of Rs. 2,00,000/- through banking channel and Rs. 11,111/- by cash to the complainant and the Noticees have enclosed certain printouts from WhatsApp/ phone-pe in support of the same, which cannot be verified. Be that as it may, I am of the view that the claim of the Noticees that it has refunded amounts to the complainant points to the fact the Noticees were indeed receiving fee from investors *in lieu* of

investment advisory services and the fees were also received from the complainant.

- h. Mr. Pradeep Haldar was also holding an account with Bank of Maharashtra (Ac. No.60239032116). The said account was in his individual name. Though there was a credit of 20,67,222.31, it is not certain whether the same pertained to investment advisory business.
- i. The Noticees have contended that they were also involved in business consultancy to earn their livelihood, for which the same bank accounts, as referred to in the SCN, were used. However, the Noticees have not submitted any documentary proof such as agreements with clients for business consultancy, invoices raised to clients, proof of receipt, etc. in support of this contention.

15. In view of the aforesaid facts, I find that the Noticees were engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, through their website, www.pnpshareonsolutions.com, *in lieu* of consideration / fees. I note that if an entity is engaged in providing advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client *in lieu* of consideration, including entities which are holding themselves out as investment advisers, will be covered by the definition of "Investment Adviser" as given in Regulation 2(1)(m) of the IA Regulations, 2013. I find that in terms of Regulation 2(1)(l) of IA Regulations, 2013, the Noticees were providing "investment advice" through their aforesaid website. As noted above, the Noticees received at least Rs. Rs.60,48,942.66 in the bank accounts mentioned on their website and that opened by Mr. Prakash Haldar (excluding the credits received in the bank account held by Mr. Pradeep Haldar in his individual name with Bank of Maharashtra), for the investment advisory services provided by them. Hence, I find that these services were being offered by the Noticees *in lieu* of the consideration, as noted above. Therefore, I find that Noticees were engaged in the business of

providing investment advice to their clients, for consideration, and thus, acting as investment adviser/s, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.

16. I also note that, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Act, 1992 and Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 reads as under:

“No stock broker, sub broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act.”

Regulation 3 (1) of the IA Regulations, 2013 read as follows:

*“3.(1) On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:
...”*

17. It is relevant to note that in order to protect the interest of investors and to preserve the integrity of the securities market, IA Regulations, 2013 has been framed by SEBI which provide various safeguards to ensure that the interest of the investors who receive investment advice are protected. One such safeguard provided under the said Regulations is that any person carrying out investment advisory activities has to first obtain a certificate of registration from SEBI as mandated under Regulation 3(1) of the IA Regulations, 2013, which, inter alia, provides that, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from SEBI and it has to conduct its activities in accordance with the provisions of IA Regulations, 2013. Further safeguards provided under IA Regulations, 2013 include continued minimum professional qualification and compliance with net-worth requirement for acting as an investment adviser,

prior disclosure of all conflicts of interest, prohibition on entering into transactions which are contrary to advice given to the clients at least for 15 days from the date of giving advice to the clients, mandatory risk profiling of investors, maintaining documented process for selecting investment products for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc.

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

- (i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee;
- (ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
 - a) A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;

- b) An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
 - c) Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.
- (iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.
19. The activities engaged in by the Noticees, as brought out from the various materials described above, seen in the backdrop of the aforesaid regulatory provisions show that the Noticees were holding itself out and was acting as an IA, although the Noticees were not registered with SEBI in the capacity of IA. Hence, I find that these activities/ representations as were being made by the Noticees without holding the mandatory certificate of registration as investment adviser, are in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013.
20. I note that the Noticees have collected at least Rs.60,48,942.66, as discussed in para 14, above.
21. I note that though the Noticee have submitted that they were desirous of settling the case under the provisions of SEBI (Settlement Proceedings) Regulations, 2018, there is nothing on record to show that they have submitted any application in this regard.

Directions:

22. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4) and 11B read with of Section 19 of the SEBI Act, 1992, hereby direct that:
- a) The Noticees shall within a period of three months from the date of coming into force of this order, jointly and severally, refund the money received from any complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;
 - b) The Noticees, shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this order;
 - c) The repayments to the complainants / investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
 - d) After completing the refund as directed in para 22 (a) above, within a period of 15 days, the Noticees shall file a report detailing the amount refunded to SEBI addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai - 400051. The report should be duly certified by an independent Chartered Accountant and indicate the amount, mode of payment by banking transactions, name of the parties, communication address, mobile numbers and telephone numbers etc.;

- e) The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the Noticees. Thereafter, remaining amount if any will be deposited in the Investor Protection and Education Fund maintained by SEBI;
- f) The Noticees are restrained 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/ depositing balance amount with SEBI, as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/investors/complainants who were availing the investment advisory services from the Noticees and depositing balance amount with SEBI, as directed in this order, from the bank accounts of the Noticees;
- g) The Noticees are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 6 months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 22(a) and 22(e) above, whichever is later;
- h) Upon submission of report on completion of refunds to complainants/ investors to SEBI and deposit of the balance money with SEBI, if any, the direction at para 22(f) above shall cease to operate within 15 days thereafter;

- i) The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 22 (g) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.
23. The direction for refund and depositing the balance amount with SEBI, as given in para 22 (a) and (e) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
24. This order comes into force with immediate effect.
25. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

-Sd-

Date: January 03, 2023

Place: Mumbai

ANANTA BARUA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA