

# National Stock Exchange of India

## Circular

| Department: Investigation       |                        |
|---------------------------------|------------------------|
| Download Ref No: NSE/INVG/55379 | Date: January 25, 2023 |
| Circular Ref. No: 19/2023       |                        |

To All NSE Members,

**Sub: SEBI Order in the matter of M/s Safe Trader (Proprietor: Ms. Rajnandani Jalkhediya)**

SEBI vide its Order No. QJA/SVMDR/WRO/WRO/23145/2022–23 dated January 25, 2023, has hereby debarred the below entity from accessing the securities market, directly or indirectly and are further prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, from the date of this Order. The debarment shall continue till the expiry of 02 (two) years from the date of completion of refunds to investors/clients as directed in paragraph 40 (i) of the SEBI Order.

| Sr. no. | Name of Entity                                         | PAN        |
|---------|--------------------------------------------------------|------------|
| 1.      | M/s Safe Trader(Proprietor: Ms. Rajnandani Jalkhediya) | BOHPC6521A |

Further, all open positions, if any, of the entity debarred in the Order, in the F&O segment of the stock exchanges, are permitted to be squared off, irrespective of the restraint/prohibition imposed by the Order.

The order comes 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”.

---

## **National Stock Exchange of India**

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. Rohit Swami (Extension: 23023), 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: SEBI Order In the matter in the matter of M/s Safe Trader (Proprietor: Ms. Rajnandani  
Jalkhediya)**

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: SVMD RAO, EXECUTIVE DIRECTOR

ORDER

UNDER SECTION 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF M/S SAFE TRADER (PROPRIETOR: MS. RAJNANDANI JALKHEDIYA)

In respect of

| Sl. No. | Name of the Noticee                                     | PAN        |
|---------|---------------------------------------------------------|------------|
| 1.      | M/s Safe Trader (Proprietor: Ms. Rajnandani Jalkhediya) | BOHPC6521A |

1. The present proceedings originate from a Show Cause Notice dated July 12, 2022 (hereinafter referred to as “**SCN**”) issued by Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) to Ms. Rajnandani Jalkhediya (proprietor of M/s Safe Trader) (hereinafter referred to as “**Noticee no. 1**”) and M/s Safe Trader (hereinafter referred to as “**Noticee no. 2**”, and collectively referred to as “**Noticees**”). It was alleged in the SCN that the *Noticees* were engaged in investment advisory services without obtaining a certificate of registration from SEBI which was found to be in violation of the provisions of Section 12(1) of the SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”). Further, in the SCN, the activities of the *Noticees* were also found to be fraudulent and manipulative and in violation of provisions of Section 12A (a), (b) & (c) of the SEBI Act and regulations 3 (b), (c) & (d) and regulations 4(1) and 4(2)(k) and 4(2)(s) of the SEBI (Prohibition of

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

2. The relevant facts which led to the issuance of the SCN, as captured in the SCN are as under:
  - a. On April 16, 2021, from a person who had invested in one of the investment schemes offered by the *Notices* (hereinafter referred to as “**Complainant**”) SEBI received a complaint dated April 06, 2021 (hereinafter referred to as “**Complaint**”) against *Noticee no. 2* (which is a sole proprietorship firm owned by *Noticee no. 1*) *inter alia* alleging that pursuant to contact made over the phone by the representatives of *Noticee no. 1*, an investment of around INR 3.18 Lakh was made in investment schemes offered by *Noticee no. 1* through *Noticee no. 2* i.e., her proprietorship firm M/s Safe Trader. The aforesaid amount was transferred to the bank account of *Noticee no. 2*, maintained with HDFC Bank, between the period from January 4, 2021 to February 2, 2021. Further, the details pertaining to the domain name of the website i.e., [www.safetrader.in](http://www.safetrader.in) of *Noticee no. 2* and the bank account maintained with HDFC Bank to which the aforesaid monies were transferred into, were also furnished in the said *Complaint*.
  - b. As per the information gathered from the archives of the website of the *Notices*, it was noted that *Noticee no. 2* has claimed to be India’s leading investment advisor for retail and high net worth investors whose recommendations are based on a combination of extensive and in-depth fundamental and technical research of stocks. From the examination of the particulars of HDFC Bank (bearing Account No. 50200040043037), as mentioned in the *Complaint*, it is observed that the said HDFC bank account belonging to *Noticee no. 2* was opened on May 24, 2019 using Cheque no. 806241 dated May 18, 2019 for an amount of INR 20,000/- drawn on YES Bank (bearing Account No. 20685800002685) and thus the *Notices* have two bank accounts, one maintained with HDFC Bank (bearing Account No. 50200040043037) and another maintained with YES Bank (bearing Account

No. 20685800002685). Further, examination of the aforesaid website of the *Noticees* reveals that the *Noticees* had put up a WhatsApp number +91-6232065877 and also had a Facebook page on their website for investors who wish to subscribe to their ‘advisory services’ online.

- c. It is observed from the website of the *Noticees* that though the *Noticees* are not registered with SEBI to perform the functions of an Investment Adviser in the securities markets, still they had advertised on their website that *Noticee no. 2* is registered with SEBI. Further, various types of services from *Noticee no 2* were also announced on the aforesaid website of the *Noticees*.
  - d. As per the information gathered from the bank statements collected from the HDFC Bank and YES Bank, it was observed that the total amount mobilized/credited by the *Noticees* in the said bank accounts stood at INR 39,64,892.29 wherein INR 38,31,598.04/- was credited in HDFC Bank account during the period August 08, 2020 to July 16, 2021 (including the INR 3,17,180/- transferred by the *Complainant*) and INR 1,33,293.25/- was credited in YES Bank account from February 27, 2019, till June 13, 2019.
  - e. The SCN had thus called upon the *Noticees* to show cause as to why suitable directions under Sections 11(1), 11B(1), 11D and 11(4) of the SEBI Act including direction of refund of fees/monies collected from the investors should not be issued against them for the violations as alleged herein above. The *Noticees* were also called upon to show cause as to why inquiry should not be held against them in terms of rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Rules**”) and penalty be not imposed upon them under Section 11 (4A) and 11B (2) read with Section 15HB of the SEBI Act for the violations alleged herein above.
3. The SCN provided the *Noticees* with an opportunity to file their objections/reply, if any, within 21 days from the date of receipt of the SCN and also provided them with an opportunity of personal hearing before SEBI, on a date and time to be

fixed on a specific request to be made by the *Notices*. In that regard, it is noted from the records available before me that the SCN was issued to the *Notices* at three addresses available on record with SEBI. It is observed that the SCN was delivered at one of the aforesaid available addresses of the *Notices* i.e., *W/o. Ashok Jalkhediya, 45/A, Aadrash Nagar, Sector-B, Dewas, Madhya Pradesh – 455001* on July 14, 2021. I note that the *Notices* have neither filed any reply/objections to the SCN nor have sought any personal hearing. However, in conformity with the principles of natural justice, an opportunity of personal hearing was granted to the *Notices* on November 09, 2022 which was communicated to the *Notices* vide hearing notice dated September 06, 2022 which was served upon *Noticee no. 1* through Speed Post AD at the aforesaid address on September 08, 2022. However, no appearance was made by the *Notices* on November 09, 2022. The *Notices* were given another opportunity of personal hearing on December 07, 2022 which was communicated to the *Notices* vide hearing notices dated November 18, 2022 which were sent at the aforesaid three addresses available on record with SEBI. Further, the personal hearing notice was delivered through Speed Post AD at one of the three addresses of *Notices* i.e., *W/o. Ashok Jalkhediya, 45/A, Aadrash Nagar, Sector-B, Dewas, Madhya Pradesh – 455001* on November 21, 2022. On the scheduled date of personal hearing i.e. December 07, 2022, *Noticee no. 1*, proprietor of *Noticee no. 2* appeared and made oral submissions on her behalf as well as on behalf of *Noticee no. 2*. Further, *Noticee no. 1* undertook to file written submissions within one week. However, *Noticee no. 1* vide email: [mantujalkhediya143@gmail.com](mailto:mantujalkhediya143@gmail.com) dated December 14, 2022, sought extension of 8-10 days to file written submissions on account of her child being unwell. Acceding to the said request, vide email dated December 14, 2022 an extension of 8 days was granted to the *Notices* and the same was communicated to *Noticee no. 1* at aforesaid email i.e., [mantujalkhediya143@gmail.com](mailto:mantujalkhediya143@gmail.com) from which aforesaid request for extension of time was originally received from *Noticee no. 1*. However, the *Notices* have not filed their reply till date. Under the circumstances, I observe that the principles of natural justice have been complied with

adequately in the present matter. As the *Notices* have failed to file their reply in the present proceedings despite granted two opportunities in this regard, I am constrained to deal with the matter on merit based on the material/details available on record.

4. I have carefully perused the facts recorded in the SCN, other materials available on record and oral submissions made by *Noticee no. 1* during the course of the aforesaid hearing held on December 07, 2022. After considering the charges levelled against the *Notices* in the instant matter as spelt out in the SCN, it leads me to examine the following issue:

- *Whether acts of providing the services related to Investment Advisory without having certificate of registration by the Notices as imputed in the SCN, have violated the provisions of SEBI Act, 1992 read with LA Regulations, 2013, and the PFUTP Regulations, 2003.*

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

***“SEBI Act, 1992***

***Registration of stock brokers, sub-brokers, share transfer agents, etc.***

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

***Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.***

*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;*

### **SEBI (INVESTMENT ADVISER) REGULATIONS, 2013**

#### ***Application for grant of certificate.***

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

### **SEBI PFUTP REGULATIONS, 2003**

#### ***Definitions***

2. (1) *In these regulations, unless the context otherwise requires, —*

*(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—*

*(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*

*(2) a suggestion as to a fact which is not true by one who does not believe it to be true;*

*(3) an active concealment of a fact by a person having knowledge or belief of the fact;*

*(4) a promise made without any intention of performing it;*

- (5) *a representation made in a reckless and careless manner whether it be true or false;*
- (6) *any such act or omission as any other law specifically declares to be fraudulent,*
- (7) *deceptive behaviour by a person depriving another of informed consent or full participation,*
- (8) *a false statement made without reasonable ground for believing it to be true.*
- (9) *the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.*

*And “fraudulent” shall be construed accordingly;*

### **3. Prohibition of certain dealings in securities**

*No person shall directly or indirectly—*

- (a) *.....*
- (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 fraudulent or an unfair trade practice in securities.*
- (2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: -*
  - (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*
  - (s) *mis-selling of securities or services relating to securities market;*

*Explanation- For the purpose of this clause, “mis-selling” means sale of securities or services relating to securities market by any person, directly or indirectly, by—*

- (i) knowingly making a false or misleading statement, or*
- (ii) knowingly concealing or omitting material facts, or*
- (iii) knowingly concealing the associated risk, or*
- (iv) not taking reasonable care to ensure suitability of the securities or service to the buyer”*

6. As stated above, the SCN, *inter alia* alleges that Noticee no. 2 i.e., M/s Safe Trader (an unregistered investment advisory firm) was providing investment advisory tips to people and the website of the Noticees contained various packages of different time periods against fixed return. From further scrutiny, it has emerged that the Noticees were hosting a website [www.safetrader.in](http://www.safetrader.in) which was registered on September 19, 2020 as per the domain registration details checked on [www.whois.com](http://www.whois.com) database. The said website was not found to be active at the time of issuing of the SCN, however, from the snapshots of the webpages obtained from the its website during examination of the matter by SEBI, it was observed that the Noticees were claiming the following from its clients through their website:

- a) SAFETRADER Investment Adviser is a registered Investment Advisor with Securities and Exchange Board of India (SEBI Registration No. INA000008797).*
- b) SAFETRADER is India’s leading investment advisor for retail and high net worth investors. Our recommendations are based on a combination of extensive and in-depth fundamental and technical research of stocks.*
- c) Our client dashboard is specifically designed for our client which want live support on our research tips. Connect with our support team during live market & easy to get all market tips and recommendations anytime.*

7. I note that the following details for availing various types of services from them were also publicized on the aforesaid website of the Noticees:

| <b><i>Stock Cash Tips</i></b>                                                                               | <b><i>Stock Future Tips</i></b>                                                                                         | <b><i>Stock Option Tips</i></b>                                                                                   |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| RISK TYPE: MODERATE<br><i>In INTRADAY CASH Package we provide stock cash intraday tips for</i><br>READ MORE | RISK TYPE: HIGH<br><i>This plan is designed especially for our Safetrader customers in this we provide</i><br>READ MORE | RISK TYPE: HIGH<br><i>Stock option service is specially designed for option traders trading with</i><br>READ MORE |

| <b><i>Index Future Tips</i></b>                                                                                              | <b><i>Index Option Tips</i></b>                                                                               | <b><i>Bullion Tips</i></b>                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| RISK TYPE: HIGH<br><i>A nifty Future service is uniquely designed for Nifty traders trading in Nifty Future</i><br>READ MORE | RISK TYPE: HIGH<br><i>In Nifty Option package we provide Nifty Bank nifty option tips for on</i><br>READ MORE | RISK TYPE: HIGH<br><i>Bullion market is all about to invest or trade in Precious metal like gold</i><br>READ MORE |

8. It is further noted from the records available before me that vide email dated February 12 and 13, 2021, the below mentioned details regarding one of the plans/services offered by the *Noticees* were provided to the *Complainant*:

i. Feb 12, 2021: -

*Congratulations for upgrading a Prime Commitment Plan*

*Intimation about Plan:*

*Total charges: 251000/-*

*Your Paid Amount: 251000/-*

*In this plan return will be 14,85,600/- on investment of Rs. 2,51,000/-*

*As per discussion 18% GST will be applicable on total return and no dues will be given from my side after completion of GST amount.*

*Total Amount = 251000.00*

*Total Return = 1485600.00*

*Total GST = 2674090.00*

*Please do mention account details for the same.*

ii. Feb 13, 2021: -

*As per discussion your bulk investment will be 251000/- and return is 1485600/-  
You have paid bulk amount of investment 251000/- and your return is ready to credit.*

*Investment=251000*

*Return = 1485600*

*GST. = 267408*

*Note: - Once GST will be submitted then your account will be verify from company side from 11000/- after confirmation remaining will be credited.*

9. As noted above, it is stated in the *Complaint* that around INR 3.18 lakh was deposited by the *Complainant* on different dates in the HDFC Bank account belonging to the *Notices* between January 04, 2021 and February 02, 2021. The details of such deposits as mentioned in the *Complaint*, are as under:

| Date         | Amount(INR)     | Remark                               |
|--------------|-----------------|--------------------------------------|
| 5-Jan-21     | 3,000           | As registration fees Rs. 5700        |
| 5-Jan-21     | 2,700           |                                      |
| 11-Jan-21    | 15,300          | As service charges for demat scripts |
| 12-Jan-21    | 1,000           |                                      |
| 12-Jan-21    | 25,000          | Total 1 lac for slot booking         |
| 12-Jan-21    | 25,000          |                                      |
| 13-Jan-21    | 50,000          |                                      |
| 14-Jan-21    | 50,000          | 50 more for slot booking             |
| 19-Jan-21    | 1,00,000        | For slot booking of Rs. 2.51 lacs    |
| 26-Jan-21    | 25,180          | GST of Investment                    |
| 1-Feb-21     | 20,000          | GST of Investment                    |
| <b>Total</b> | <b>3,17,180</b> |                                      |

In this regard, it is pertinent to note that perusal of the bank account statement of HDFC Bank pertaining to the *Notices* reveal that exact sums of money (aggregating to a total amount of INR 3,17,180), exactly on aforesaid dates, as specified in the aforesaid table, have been received by the *Notices* in their HDFC Bank account from the *Complainant*. Further, in the aforesaid two emails it is admitted that the *Complainant* has paid an amount of INR 2,51,000/- towards

*Prime Commitment Plan* offered by the *Notices*. Therefore, it is abundantly clear that the amount of INR 2,51,000/- towards subscription of *Prime Commitment Plan* offered by the *Notices* as referred to in the aforesaid email was indeed paid by the *Complainant* to the *Notices* as the said amount of INR 2,51,000/- is evidently included in the total amount of INR 3,17,180/- transferred by the *Complainant* in the HDFC Bank account belonging to the *Notices*. Moreover, the fact that the *Complainant* has deposited the aforesaid amount of INR 2,51,000/- on different dates as also reflected in the HDFC Bank account statement of the *Notices* further reinforces the fact that the said emails (canvassing investment advisory plans/services offered by the *Notices*) were undeniably received by the *Complainant*. It is also noted from the examination of HDFC Bank account statement that the *Complainant* had paid a total of INR 45,180/- (INR 25,180 on January 26, 2021 and INR 20,000 on February 01, 2021) towards GST on the said investment to the *Notices* as stated in the *Complaint*.

10. From the aforesaid narration of facts, I find that the *Notices* were indeed engaged in giving advice in an unauthorized manner relating to investing in, purchasing, selling or otherwise dealing in securities and various other investment products of securities, as was proclaimed by the said firm through its website [www.safetrader.in](http://www.safetrader.in). Further, there is no iota of doubt that the *Notices* were offering investment advisory services for a specified consideration and also promising assured return as noted from the aforesaid emails received by the *Complainant*.
11. At this juncture, it is pertinent to look at the definition of Investment Adviser (or short “**IA**”) as articulated in regulation 2 (1)(m) of the IA Regulations, 2013 which states that ‘Investment Adviser’ means “*any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called*”. Further, I have also perused regulation 2(1)(l) of the IA Regulations, 2013 which defines ‘Investment Advice’ as “*advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio*”.

*containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.”*

12. In light of the aforesaid definitions, the aforesaid emails canvassing the investment plans offered by the *Notices*, the content published on the website of the *Notices* as well as the allegations imputed in the SCN, I note that the *Notices*, through their website were offering investment advice as defined under regulation 2(1)(l) of the IA Regulations, 2013 by offering to give advice related to investing in, purchasing and selling of securities and also by offering various service packages to investors at large, of the securities markets which were nothing but purely in the nature of the services of investment advisory.
13. I also note that the SCN has recorded that the aforesaid investment advisory services were being offered by the *Notices* in lieu of monetary considerations which was being paid by the concerned investor in the account of the *Notices* with HDFC Bank bearing account no. 50200040043037. The account statement and the KYC details of the said HDFC Bank Account were obtained from the HDFC Bank and the details noted from the said documents are summarized in the table below:

|                     |                                                                                    |
|---------------------|------------------------------------------------------------------------------------|
| Account Holder Name | SAFE TRADER (Proprietor: Rajnandani Jalkhediya)                                    |
| Name of bank        | HDFC Bank                                                                          |
| IFSC Code           | HDFC0000887                                                                        |
| Account Number      | 50200040043037                                                                     |
| Account open date   | May 24, 2019                                                                       |
| Location of Branch  | Dewas, Madhya Pradesh                                                              |
| Other details       | Account was opened using the Cheque of YES Bank having account no. 20685800002685. |

14. It is pertinent to note here that the bank account statements of HDFC Bank Account no. 50200040043037 as obtained from HDFC Bank wherein *Noticee no. 2* is the account holder, records the email id of *Noticee no. 2* as

[mantujalkhediya143@gmail.com](mailto:mantujalkhediya143@gmail.com). The said email was also reflected in the Account Opening Form of the said HDFC Bank Account. As noted in para 3 above, this is the same email ID vide which on December 14, 2022 *Noticee no. 1* requested for extension of 8-10 days to file written submissions on account of her child being unwell. Thus, the aforesaid fact further reinvigorates the findings that *Noticee no. 1* was undoubtedly acting through *Noticee no. 2* which is also her proprietorship firm where she is the sole proprietor. A perusal of the said HDFC Bank Account statement of the *Noticees* reveals that an aggregate amount of around INR 38,31,598.04/- has been credited in the said Bank Account between August 08, 2020 to July 16, 2021 and the said amount also include an amount of INR 3,17,180/- transferred by the *Complainant*. I note that credit entries reflected in the said HDFC bank account (amounting to INR 38,31,598.04/-) are having narrations such as tips, investment advice, stock advisory, stock market fees, trading fees, short term investment, share advisory etc., which is indicative of payments received for rendering investment advisory activities by the *Noticees*. Some of the instances of such credit entries shown in the said HDFC Bank account of the *Noticees*, as furnished with the SCN to the *Noticees*, are as under:

| Date     | Particulars                                                                         | UTR No.      | Amount Credited (INR) |
|----------|-------------------------------------------------------------------------------------|--------------|-----------------------|
| 06-08-20 | UPI-SANJAY ABICHANDANI-SANJAYABHI58355@OKHDFCBANK-HDFC0000062-021915328079-FEES     | 21915463372  | 1900                  |
| 06-08-20 | UPI-SANJAY ABICHANDANI-SANJAYABHI58355@OKHDFCBANK-HDFC0000062-021915346896-FEES     | 21915484345  | 1000                  |
| 05-01-21 | IMPS-100514288545-TEJENDRA SINGH WALI-HDFC-XXXXXX5155-MB: REGISTRATION FEE TEJENDRA | 100514288545 | 3000                  |
| 05-01-21 | IMPS-100515315914-TEJENDRA SINGH WALI-HDFC-XXXXXX5155-MB: REGISTRATION FEE TEJENDRA | 100515315914 | 2700                  |

|          |                                                                                                      |              |        |
|----------|------------------------------------------------------------------------------------------------------|--------------|--------|
| 11-01-21 | IMPS-101112709259-TEJENDRA<br>SINGH WALI-HDFC-XXXXXX5155-<br>MB: RL1ST FEE TEJENDRA                  | 101112709259 | 15300  |
| 12-01-21 | IMPS-101216157657-TEJENDRA<br>SINGH WALI-HDFC-XXXXXX5155-<br>MB: SHORT TERM INVESTMENT 1<br>TEJENDRA | 101216157657 | 1000   |
| 12-01-21 | IMPS-101216159844-TEJENDRA<br>SINGH WALI-HDFC-XXXXXX5155-<br>MB: ST INV 2                            | 101216159844 | 25000  |
| 12-01-21 | UPI-TEJENDRA SINGH WALIA-<br>9214490043@KAYPAY-<br>KKBK0000278-101223531534-<br>TEJENDRA 3           | 101223531534 | 25000  |
| 12-01-21 | IMPS-101217201453-ABHILASH<br>ANAND-HDFC-XXXXXXXX8149-<br>TRADING FEES                               | 101217201453 | 5550   |
| 13-01-21 | UPI-TEJENDRA SINGH WALIA-<br>9214490043@KAYPAY-<br>KKBK0000278-101309899645-<br>TEJENDRA 4           | 101309899645 | 50000  |
| 14-01-21 | IMPS-101417296049-TEJENDRA<br>SINGH WALI-HDFC-XXXXXX5155-<br>MB: INVEST 150                          | 101417296049 | 50000  |
| 19-01-21 | IMPS-101911308092-TEJENDRA<br>SINGH WALI-HDFC-XXXXXX5155-<br>MB: INVEST 250                          | 101911308092 | 100000 |
| 26-01-21 | IMPS-102613295054-TEJENDRA<br>SINGH WALI-HDFC-XXXXXX5155-<br>MB: GST                                 | 102613295054 | 25180  |
| 01-02-21 | IMPS-103218742412-TEJENDRA<br>SINGH WALI-HDFC-XXXXXX5155-<br>MB: GST 2                               | 103218742412 | 20000  |
| 29-01-21 | UPI-PATEL JIGARKUMAR-<br>JIGARYPATEL8@OKICICI-<br>KKBK0000845-102909019370-STOCK<br>ADVISORY         | 102909019370 | 5100   |
| 29-01-21 | UPI-MR MOHAN VASANT BENK-<br>MOHANVBENKAR@OKSBI-                                                     | 102911767765 | 2500   |

|          |                                                                                    |              |       |
|----------|------------------------------------------------------------------------------------|--------------|-------|
|          | MAHB0001459-102911767765-REG FEE                                                   |              |       |
| 29-01-21 | UPI-PATEL JIGARKUMAR-JIGARYPATEL8@OKICICI-KKBK0000845-102912187603-SHARE ADVISORY  | 102912187603 | 25000 |
| 02-02-21 | UPI-PATEL JIGARKUMAR-JIGARYPATEL8@OKICICI-KKBK0000845-103315116210-STOCK ADVISORY  | 103315116210 | 10000 |
| 02-06-21 | UPI-VAIBHAV RAVINDRA BAV-9960492291@YBL-HDFC0000007-115331164410-REGISTRATION FEES | 115331164410 | 5000  |

It is also noted that the *Notices* had also put up a WhatsApp number +916232065877 on their website for clients who wished to subscribe to their 'advisory services' online.

15. It is further observed that the aforesaid HDFC Bank Account was opened using Cheque no. 806241 dated May 18, 2019 for an amount of INR 20,000/- drawn on YES Bank Account no. 20685800002685. Consequently, the details of the aforesaid YES Bank Account were obtained from YES Bank and the same are summarized as under:

|                       |                                                 |
|-----------------------|-------------------------------------------------|
| Account Holder Name   | SAFE TRADER (Proprietor: Rajnandani Jalkhediya) |
| Name of Bank          | YES Bank                                        |
| Account open date     | January 22, 2019                                |
| Location of Branch    | Dewas, Madhya Pradesh                           |
| Last Transaction Date | June 13, 2019                                   |

16. Examination of the bank account statement of YES Bank belonging to the *Notices* revealed that the said account is a current bank account and from February 27, 2019 to June 13, 2019, an amount of INR 1,33,293.25/- was credited into the said bank account. Though, no transaction with such narrations

like trading fees stock advisory etc. is appearing in the said bank account statement as seen in the case of credit entries appearing in HDFC Bank account as referred above however, some transactions are noted with the name of *Notices* no. 2:

| Date     | Particulars                                                         | Amount Credited (INR) |
|----------|---------------------------------------------------------------------|-----------------------|
| 27-02-19 | NEFT CR-ICIC0SF0002-SANDEEP VERMA-SAFE TRADER-1650604903            | 7,000.00              |
| 03-05-19 | NEFT CR-UTIB0000028-MUKESH CHALIHA-SAFETRADERS-AXMB191233003681     | 5,000.00              |
| 15-05-19 | NEFT CR-ANDB0002514-HANUMAN RAM-SAFE TRADER-ANDBN19234426471        | 5,000.00              |
| 18-05-19 | NEFT CR-ANDB0002514-HANUMAN RAM-SAFE TRADER-ANDBN19234511825        | 7,500.00              |
| 22-05-19 | NEFT CR-CBIN0280111-MR. ARIJIT SRIMANI-SAFE TRADER-CBINH19142116465 | 5,000.00              |
| 07-06-19 | NEFT CR-BDBL0001495-ARNIV PAL-SAFE TRADER-BDBLH19158004592          | 5,000.00              |

17. Considering the above factual analysis about the activities of the *Notices* as proclaimed by them on their own website, the details of payment received by the *Notices* in the said bank accounts, the bank statement of the *Notices* (supported by the KYC/ bank account statements documents of the *Notices*), and most importantly, the fact that there has been no denial or objection by them to the charges/allegations levelled against the *Notices* made in the SCN, it leaves me with no option but to conclude that the alleged activities of the *Notices* squarely fall under the category of Investment Adviser as defined under regulation 2 (1)(m) of the IA Regulations, 2013.

18. Further, the credit entries in the HDFC Bank and YES Bank account of the *Notices* clearly highlight the fact that the monies that were received in the said bank account were received towards proceeds from the business operations of the *Notices* as Investment Adviser and considering the fact that the website of

the *Notices* undisputedly show that the services rendered/offered were in the nature of investment advisory services and the *Notices* were offering various subscription packages in various segments of the market, it leads to an unassailable conclusion that the said pay-in amounts as reflected in the said bank accounts were in fact the amounts received towards consideration in lieu of the investment advisory services rendered by the *Notices*. Therefore, it can be conclusively held that the amounts that have been credited to the HDFC Bank and YES Bank accounts of the *Notices*, were received by the *Notices* in lieu of providing investment related services as indicated on the website of the *Notices*.

19. In view of the above and as discussed earlier, I have no doubt that in terms of regulation 2(1) (l) of the IA regulations, 2013 such kind of advisory services rendered by the *Notices* in fact constituted “investment advice” and the *Notices* were providing investment advice, in lieu of monetary considerations which was received and credited into their aforesaid bank accounts. Therefore, there is no ambiguity left that the *Notices* i.e., M/s. Safe Trader and its proprietor Ms. Rajnandani Jalkhediya were engaged in the business of providing investment advice to the public, in lieu of monetary consideration and were thus, acting as an ‘Investment Adviser’, as defined under regulation 2(1)(m) of the IA Regulations, 2013.
20. It is relevant to note here that in order to protect the interest of investors and to preserve the integrity of the securities market, the IA Regulations, 2013 provides 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 obtain registration from SEBI as required under regulation 3(1) of the IA Regulations, 2013, which, *inter alia*, provides that, no person shall act as an investment adviser or hold himself/itself out as an investment adviser unless he/it has obtained a certificate of registration from SEBI and such person has to conduct his/its activities in accordance with the provisions of IA Regulations, 2013. Further, safeguards provided under IA Regulations, 2013 include such

stipulations such as continued minimum professional qualification and net-worth requirement for investment adviser, disclosure of all conflicts of interest, prohibition on IA to enter into transactions on its own account which is contrary to advice given by IA to its clients for a period of 15 days from the day of such advice given, monetary risk profiling of investors, maintaining documented process for selecting investments for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc. so as to protect the interest of the investors and prevent fraudulent conduct by the IAs.

21. The activities of the *Notices*, as brought out from various materials described above including their website, seen in the backdrop of the aforesaid regulatory provisions show that the *Notices* were holding themselves out and acting as an Investment Adviser. However, it is noted that the *Notices* are not registered with SEBI in the capacity of Investment Adviser. Hence, I find that these activities/representations as were being made by the *Notices* without holding the certificate of registration as investment adviser are in violation of Section 12(1) of the SEBI Act, 1992 read with regulation 3(1) of the IA Regulations, 2013.
22. In order to ensure protection of investors who receive investment advice, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and has to conduct its activities in accordance with the provisions of the relevant SEBI Regulations.
23. In my view, unregistered investment advisers like the *Notices* in the present case can put the interest of the investors at great risk by misleading them or misutilising their funds to the detriment of the interest of the investors. In the present case, the *Notices* on their website have, *inter alia*, announced that the *Noticee no. 2* i.e., M/s. Safe Trader indulge in providing tips in Stock (Cash, F & O) and Index (F & O), bullions etc. The *Notices* on their website have further represented that M/s. Safe Trader is India's leading investment advisor for retail and high net worth investors whose recommendations are based on a combination of extensive and in-depth fundamental and technical research of

stocks. The *Notices* have also advertised on their website that a dashboard is specifically designed for their clients which want live support on their research tips. Further, it was claimed that their clients can connect with their support team during live market and it is easy to get all market tips and recommendations anytime. In this regard, I note that the *Notices* have also provided WhatsApp number and Facebook page their aforesaid website.

24. As stated above, the SEBI Act, 1992 and IA Regulations, 2013 mandate that an investment advisor has to hold a certificate of registration to act as such. However, as already pointed out above, the *Notices* were not holding any certificate of registration from SEBI to act as investment advisor. The *Notices* have also promised “assured return” to their clients knowing fully well that every investment in the market is subject to market risk and the said investment made by the client can also run into losses. Thus, the claims/representations made by the *Notices* on their website were blatantly misleading and were made only to allure the investors to avail investment advisory services being offered by the *Notices*. The *Notices* have knowingly misrepresented on the website floated by them that they are experts in stock market analysis and are experienced in investment advisory without even holding any registered Investment Advisor certificate. Thus the *Notices* have offered their investment advisory services through their website, in an illegal manner to investors, with the objective of raising money from the investors by way of subscriptions to their various plans.
25. The above discussed misleading representations made by the *Notices* are therefore, deceptive and fraudulent in nature and are well covered within the definition of “fraud” defined under regulation 2(1)(c) of the PFUTP Regulations. It is noted that fraudulent activities of the *Notices*, as discussed above, are also in violation of provisions of Section 12A (a), (b), (c) of the SEBI Act, 1992 and regulations 3 (b), (c) and (d) and regulations 4(1) of PFUTP Regulations, 2003. Regulation 4(2)(k) of the PFUTP Regulations, 2003, provides that dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves even 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. Further, regulation 4(2)(s) of the PFUTP Regulations, 2003, refers to mis-selling of securities or services relating to securities market and further stipulates that “*mis-selling*” means sale of securities or services relating to securities market by any person directly or indirectly, by knowingly making a false or misleading statement. In the present case, the *Notices* without holding a certificate of registration as investment adviser have knowingly disseminated false information/made misleading statement and held themselves out as investment adviser on their website. Thus, I find that the *Notices* have also violated regulation 4(2)(k) and 4(2)(s) of the PFUTP Regulations.

26. I note that the SCN records that the *Notices* have received credits worth INR 38,31,598.04/- in their HDFC Bank Account Number 50200040043037 and this account number was used by them to enable the investors to make payment into the said account. Also, an amount of INR 1,33,293.25/- was received in their YES Bank Account no. 20685800002685 belonging to the *Notices*. Thus, a total of INR 39,64,891.29/- was collected in these bank accounts. I further note that though the *Notices* have participated in the personal hearing granted in the matter, they have merely tried to distance themselves from the charges and tried to put the entire blame on some other person who is known to them as per their claims made and that too without even adducing any evidence in support of their aforesaid submissions made in this regard. Further, by not responding to the SCN and also not disputing either during the course of hearing or in writing that the credit balance in YES Bank account were not on account of investment advisory activities, I am constrained to believe and record that the credit balance in YES Bank account is also received for providing investment advisory activities by the *Notices*.

27. At this stage, it is pertinent to record my observation regarding the conduct of the *Notices* exhibited during the proceedings and also during the course of examination. In this regard, I note from the SCN that even though during the

examination, the *Notices* were advised by SEBI to furnish details regarding the transactions reflected in the above-mentioned bank accounts, no response was received from them. It is no one's guess that the aforesaid details sought by SEBI with respect to the reason and justification of the credit entries reflected in the said bank accounts belonging to the *Notices* were fundamental and critical for the determination of the issues in the examination and the failure of the *Notices* to provide the said details has severely impeded the entire examination process. It is of paramount importance that every person, from whom information is sought, should fully cooperate with SEBI and promptly produce all documents, records, information as may be necessary for the examinations. If persons are allowed to disobey, SEBI as the watchdog of the Securities Market will not be able to perform its duties in protecting the interests of the investors and safeguarding the integrity of the Securities Market as mandated under the SEBI Act. Thus, non-cooperation with the market regulator cannot be viewed with leniency.

28. In this regard, I find that Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT/Tribunal**"), while recognizing the importance of compliance with summons and furnishing of the information called for therein, in the matter of *DKG Buildcon Pvt. Ltd. v. SEBI (Appeal No. 106 of 2006, decided on January 07, 2009)*, has *inter alia* held that:

*"...By not responding to the summons, the representative(s) of the appellant did not appear before the investigating officer as a result whereof their statements could not be recorded. This, obviously, hampered the investigations. In the result, the inescapable conclusion is that the appellants were adamant in not furnishing the information sought from them though vital to the investigations and that they stonewalled the investigations as commented by the adjudicating officer. It is of utmost importance that every person from whom information is sought should fully cooperate with the investigating officer and promptly produce all documents, records, information as may be necessary for the investigations. If persons are allowed to flout the summons issued to them during the course of the investigations, the Board as the watchdog of the securities market will not be able to perform its duties in protecting the interests of the investors and safeguarding the integrity of the securities market."*

29. I am aware that the aforesaid order of the Hon'ble Tribunal deals with furnishing of information/details pursuant to issuance of summons by SEBI however, I am

of the considered view that the underlying principle with respect to information sought vide a summon or otherwise, remains the same that is, for effective and meaningful discharge of responsibility casts on SEBI and perform its duties in protecting the interests of the investors and safeguarding the integrity of the securities market, it is imperative and critical that persons respond and provide details sought by SEBI and do not stonewall SEBI's examination which a fact finding exercise and necessary for assessing the role of entities and further taking actions, if warranted in this regard.

30. Further, following their earlier conduct of not cooperating with SEBI during its fact finding exercise, the *Notices* have neither filed any reply refuting the charges levelled against them nor adduced any evidence to refute the allegations recorded against them in the SCN before me despite being granted extension of time as per request of the *Notices*.
31. In the above circumstances, I would seek reference to and reliance on the observations of Hon'ble SAT, in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003, decided on December 8, 2006), wherein it was inter alia, observed that “.....*the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them*”.
32. In view of the absence of any materials on record rebutting the observations made in the SCN including the amount credited in the aforesaid bank accounts towards fee allegedly received against the offering of investment advisory services, I am left with no other option but to conclude that all the sums of money (to the tune of INR 39,64,891.29/-) received in the above mentioned bank accounts of the *Notices* were nothing but the monetary consideration received by them from their clients by way of providing investment advisory services and selling various investment packages to the investors, in violation of the provisions of the IA Regulations, 2013.

33. Having already held in the preceding paragraphs that the activities engaged in by the *Notices* in rendering investment advisory in unauthorized and illegal manner wherein the claims/representations made by the *Notices* on their website were blatantly false and misleading and the same is in violation of provisions of Sections 12(1), 12A (a), (b), (c) of the SEBI Act, 1992, regulation 3(1) of the IA Regulations and regulations 3 (b), (c) and (d), regulations 4(1) and regulations 4(2)(k) and (s) of the PFUTP Regulations, 2003, I note that the *Notices* are liable for following actions, as recorded in the SCN:

- i. Issuance of appropriate directions under Sections 11B (1) and 11(4) read with Section 11(1) of the SEBI Act, 1992, and
- ii. Imposition of monetary penalty under Sections 11B (2) and 11(4A) read with Sections 15HB (penalty for fraudulent and unfair trade practices) of the SEBI Act, 1992.

34. As noted above, the SCN records that penalty should be imposed under Section 15HB of the SEBI Act. In this regard, I note that the provision of penalty under Section 15HB is for contravention where no separate penalty has been provided in the SEBI Act, 1992 whereas Section 15EB of the SEBI Act, 1992 provides for penalty for default in case of investment advisers and research analysts. In this context, the provisions of the aforesaid sections are reproduced below for ease of reference:

***The SEBI Act, 1992***

***Penalty for default in case of investment adviser and research analyst.***

*15EB. Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.*

***Penalty for contravention where no separate penalty has been provided.***

*15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

35. A perusal of both the provisions reveal that the quantum of penalty under both the provisions i.e. Section 15HB and 15EB of the SEBI Act, is essentially similar which stipulates that the minimum penalty shall be not be less than one lakh rupees and maximum penalty may extend upto one crore rupees. Therefore, irrespective of the provisions applied in the present matter, the scope and limit of levying of penalty under both Section 15EB and Section 15HB remain the same.

36. However, one may argue that invocation of Section 15HB instead of Section 15EB in the SCN, can vitiate the exercise of power by SEBI. However, I note that it is a trite law that if an authority has a power, quoting of a wrong provision shall not vitiate the exercise of that power by the Authority. Admittedly, SEBI has powers under both Section 15EB and Section 15HB and therefore merely because while exercising that power, SEBI has made a reference to another provision of law (i.e., Section 15HB) which can also be invoked in respect of matter at hand, that by itself does not vitiate the exercise of power by SEBI. In this regard, I would like to refer and rely on the Judgement passed by the Hon'ble Supreme Court of India in the matter of *N Mani vs Sangeetha Theatre and Ors* [Civil Appeal No. 6460 of 1998- (2004) 12 SCC 278] wherein the Hon'ble Apex has held as under:

*“9. It is well-settled that if an authority has a power under the law merely because while exercising that power the source of power is not specifically referred to or a reference is made to a wrong provision of law, that by itself does not vitiate the exercise of power so long as the power does exist and can be traced to a source available in law.”*

Further, the Hon'ble SAT in the matter of *VLS Finance vs. SEBI* (Appeal No. 12 of 2000 decided on October 31, 2000) has held as under:

*“14. It is well settled that mere mention of a wrong provision of law, when the power exercised is available even though under a different provision is by itself not sufficient to invalidate the exercise of that power. There is a plethora of the Supreme Court decisions on this dictum.”*

Therefore, it is evident that quoting of wrong provision of law will not undermine the present proceedings. Hence, I am of the considered view that penalty specified under Section 15HB of the SEBI Act as invoked in the SCN, can be imposed in the matter especially when the scope and limit of imposition of penalty under both Section 15HB and Section 15EB are same as noted above.

37. Keeping in view the aforesaid finding that the *Notices* have engaged in illegal activities related to unregistered investment adviser and have committed fraudulent acts and unfair trade practice, I find that the *Notices* are liable for imposition of monetary penalty under Section 15HB of the SEBI Act, 1992. In this regard, I note that factors as provided under Section 15J of the SEBI Act, 1992 need to be taken into consideration while adjudging the quantum of penalty to be levied on the *Notices* under Section 15HB. I note that Section 15J reads as under:

***“Factors to be taken into account while adjudging quantum of penalty.***

***15J.*** While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

*(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

*(b) the amount of loss caused to an investor or group of investors as a result of the default;*

*(c) the repetitive nature of the default.*

*Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”*

38. In this regard, I find that the SCN does not mention the amount of disproportionate gain or unfair advantage made as a result of the default or the amount of loss caused to an investor or group of investors as a result of the default by the *Notices*. However, as stated in preceding paragraphs, the *Notices* have collected a total amount of INR 39,64,891.29/- in their HDFC Bank Account No. 50200049846651 during the period from August 08, 2020 to July 16, 2021 and YES Bank Account No. 20685800002685 from February 27, 2019 to June 13, 2019 in contravention of the provisions of the IA Regulations, 2013 and refund directions are being issued in respect of the said amount. In view of the same, I am of the considered view that the imposition of penalty is warranted in the instant proceedings, which would commensurate with the violation committed by the *Notices*.

39. I also note that the SCN issued to the *Notices* have *inter alia* advised to show cause as to why directions under Section 11D of the SEBI Act, 1992 shall not be issued against them. I note that directions under Section 11D of the SEBI Act is not warranted at this stage.

#### **DIRECTIONS AND PENALTIES**

40. In view of the foregoing discussions and my observations/findings about the activities engaged in by the *Notices* in rendering investment advisory in unauthorized and illegal manner, as established in facts & circumstances of the case, in order to achieve the avowed object of SEBI Act, 1992 and in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with section 19 of the Securities and Exchange Board of India Act, 1992, I hereby issue the following directions:

- i. The *Notices* shall within a period of three months from the date of this Order, refund the money (approximately INR 39.64 Lakh as indicated at paragraph 38 of this Order) received from the clients / investors / complainant, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

- ii. To give effect and implement the above direction, the *Notices* shall 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 their contact person such as names, addresses and contact details, within 15 days of coming into force of this Order. A period of two (2) months from the date of the public notice, as stated above, shall be provided to the investors/clients for submitting their claims.
- iii. The repayments to the clients/investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- iv. *Noticee no. 1* i.e., Ms. Rajnandani Jalkhediya proprietor of *Noticee no. 2* i.e., M/s Safe Trader is prevented from selling her assets, properties and holding of mutual funds/shares/securities held by her in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/investors who were availing the investment advisory services from the *Notices*, as directed in this Order, from the bank accounts of the *Notices*;
- v. The *Notices* shall resolve all the complaints, if any, pending against them and file a report of such resolution with SEBI addressed to the DGM, Securities and Exchange Board of India, 104-105, Satguru Parinay, Opposite, C-21 Mall, A.B. Road, Indore-452010, Madhya Pradesh, within a period of 30 days from date of this Order.
- vi. After completing the aforesaid repayments, the *Notices* shall file a report of such completion with SEBI addressed to the “Division Chief, 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”, with a copy to the DGM, Securities and Exchange Board of India, 104-105, Satguru Parinay, Opposite,

C-21, Mall, A.B. Road, Indore-452010, Madhya Pradesh, within a period of 15 days, after completion of three months from the coming into force of this Order, duly certified by an independent Chartered Accountant. The restraint on sale of assets in sub paragraph (iv) shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed, to the satisfaction of SEBI;

- vii. The remaining balance amount, if any, (after returning to the investors / clients / complainants out of the said INR 39.64 Lakh, in case claims so received fall short of the amount of INR 39.64 Lakh) 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 *Notices*. Thereafter, remaining balance amount if any, which could not be returned to the clients/investors/complainants, will be deposited in the Investors Protection and Education Fund maintained by SEBI;
- viii. The *Notices* are debarred from accessing the securities market, directly or indirectly and are further prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, from the date of this Order. The debarment shall continue till the expiry of 02 (two) years from the date of completion of refunds to investors/clients as directed in sub-paragraph (i) above
- ix. The *Notices* are also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in any capacity till the expiry of 02 (two) years from the date of completion of refunds to investors as directed in sub-paragraph (i) above;
- x. The *Notices* shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in sub-paragraph (viii) and (ix) above, either directly or indirectly, investment advisory services or any other activity

in the securities market without obtaining a certificate of registration from SEBI as required under the securities law.

- xi. The *Notices* shall not divert any funds collected from investors, kept in bank account(s) and/or in their custody except for the purpose of refund as directed in sub-paragraph(i).
- xii. The *Notices* shall not dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except for the purpose of refund as directed in sub-paragraph(i) and until the refund is completed and a report as mandated under sub-paragraph (vi) is filed with SEBI.
- xiii. A penalty of INR 2,00,000/- (INR Two Lakh) is levied on the *Notices* under Section 15HB of the SEBI Act, 1992 and they are directed to pay the penalty within a period of forty-five (45) days, from the date of receipt of this order.
- xiv. The *Notices* shall remit/pay the said amount of penalty through either by way of Demand Draft in favour of “SEBI -Penalties Remittable to Government of India”, payable at Mumbai, or through online payment facility available on the website of SEBI, i.e. [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said *Notices* may contact the support at [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in). The demand draft or the details/ confirmation of e-payment should be sent to “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” and also to e-mail id:-[tad@sebi.gov.in](mailto:tad@sebi.gov.in) in the format as given in table below:

|                 |  |
|-----------------|--|
| Case Name       |  |
| Name of Payee   |  |
| Date of Payment |  |
| Amount Paid     |  |

|                                                                                                                        |  |
|------------------------------------------------------------------------------------------------------------------------|--|
| Transaction No.                                                                                                        |  |
| Payment is made for: (like penalties/ disgorgement/ recovery/settlement amount/legal charges along with order details) |  |

41. The direction for refund, as given in paragraph 40(i) above, does not preclude the clients/investors of the *Notices* from pursuing the other legal remedies available to them under any other law, against the *Notices* for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
42. This Order shall come into force with immediate effect.
43. It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Notices* shall remain frozen.
44. Obligation of the *Notices*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the *Notices* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.
45. A copy of this Order shall be forwarded to the *Notices*, the recognized Stock Exchanges, Depositories, Registrar and Transfer Agents and the Banks to ensure necessary compliance with the above directions.

Sd/-

**DATE: JANUARY 25, 2023**

**PLACE: MUMBAI**

**S V MURALI DHAR RAO**

**EXECUTIVE DIRECTOR**

**SECURITIES AND EXCHANGE BOARD OF INDIA**