National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55422	Date: January 30, 2023
Circular Ref. No: 23/2023	

To All NSE Members

Sub: **SEBI Order in the matter of Capital Vista Services/Research Vista (Prop: Sandeep Yadav)**

SEBI vide its order no. WTM/ASB/WRO/WRO/23248/2022-23 dated January 30, 2023 has debarred the entity Sandeep Yadav (Proprietor: Capital Vista Services) (PAN: ADLPY1281D) from accessing 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 2 (two) years from the date of completion of refunds to Complainants/investors/clients along with depositing of balance amounts, if any, with SEBI, as directed in paragraphs 6(a) and 7(e) of SEBI Order, whichever is later.

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

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

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

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

Mr. Chintan Bhatt (Extension: 22177), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

National Stock Exchange of India

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

ANNEXURE: - SEBI Order in the matter of Capital Vista Services/Research Vista (Prop: Sandeep Yadav)

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

ORDER

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

IN RESPECT OF –

NOTICEE	PAN
SANDEEP YADAV (PROPRIETOR: CAPITAL VISTA SERVICES)	ADLPY1281D

IN THE MATTER OF CAPITAL VISTA SERVICES / RESEARCH VISTA

---

1. Securities and Exchange Board of India ("**SEBI**") received complaints dated September 23, 2015, and November 25, 2015, from Siva Satyanarayana and Chirag Bhargava, respectively, against Capital Vista Services, which is a sole proprietorship of Sandeep Yadav ("Noticee"). It was *inter alia* alleged in the complaints that the Noticee had provided investment advisory services to the complainants against consideration.

2. SEBI forwarded a copy of the aforementioned complaints to the Special Task Force, Madhya Pradesh Police, vide letter dated February 10, 2017. Simultaneously, SEBI also conducted an examination in the matter and, thereafter, issued a Show Cause Notice dated July 09, 2021 ("SCN"), against the Noticee on the basis of findings contained in the examination report. It was *inter alia* alleged in the SCN that the Noticee carried out investment advisory activities without obtaining a Certificate of Registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act, 1992 ("SEBI Act") read with Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 ("Investment Advisers Regulations").

3. The SCN also called upon the Noticee to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act should not be issued against him for the violations alleged in the SCN. The Noticee

submitted his initial reply to the allegations in the SCN vide email dated February 19, 2022, in which it was stated that:

a. Noticee was the sole proprietor of Capital Vista Services and not Research Vista.

b. Noticee had started the business in 2014, and at that point in time, he was not aware that investment advisory business was a regulated activity which required prior registration with SEBI.

4.1 Subsequently, an opportunity of hearing was granted to the Noticee on July 11, 2022. On the said date, Mr. Manish Gupta, Advocate, appeared on behalf of the Noticee. The Noticee also submitted written submissions dated June 11, 2022. The summary of oral and written submissions made on behalf of the Noticee is given below:

a. There has been a significant delay in initiating the proceedings. It was submitted that even though the complaints were received by SEBI in 2015, the SCN in the matter was issued only in 2021.

b. The actual owner of Capital Vista Service was one Abhishek Sharma, and the Noticee was only an employee of the firm.

c. It was contended that the reply dated January 28, 2022, received by SEBI, was, in fact, sent by Abhishek Sharma under the Noticee's name using a fake email id.

d. Abhishek Sharma had taken the Noticee's signature on various blank documents, bank opening forms etc., and these documents were used to open bank accounts in his name.

e. Even one of the complaints referred to in the SEBI SCN names Abhishek Sharma as the director of the company that was providing advisory services.

f. It was submitted that if the account statement provided by the payment gateway is analysed, it could be noted that mobile number and email id associated with the account belongs to Abhishek Sharma.

g. Noticee denied having any knowledge about the contents of the website referred to in the SCN. It was submitted that in the event Abhishek Sharma had hosted and operated such a website, the Noticee could not be held responsible for the same.

FINDINGS:

5. I have considered the SCN, the Noticee's reply and oral submissions, along with the other material available on record. As per the SCN, it is alleged that the Noticee and his proprietary firm held themselves out as *'Investment Advisers'* without obtaining registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act read with Regulation 3(1) of the Investment Advisers Regulations. The aforementioned provisions of law read as under:

Provisions of the SEBI Act:

"Section 12 of the SEBI Act – 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:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a 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 immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months *from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:*

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration."

Provisions of the Investment Advisers Regulations:

"Regulation 3 of the Investment Advisers Regulations – 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:"

5.1 It is noted from the records that the archived pages of Capital Vista Services (www.capitalvista.in) were accessed during the examination conducted by SEBI (the website was not active during this period), and it contained the following information/assertions:-

"Predicting how the unpredictable capital market will perform in near future is difficult. It requires knowledge and deep understanding of the market to predict the market conditions effectively. And this is where we come in. We are a leading and renowned name when it comes to investment advisory services. We help our clients maximize their investment experience with our expert tips and recommendations.

Whether you have a long term investment or swing trading or an intraday outlook, we at Capital Vista keep a close watch on all the segments of the capital market which affect the stock market of India, directly or indirectly. We provide a wide array of customized and personalized services for every segment of market at pocket friendly rates.

<u>Our teams of research analysts and experts not only use their experience but latest and advanced software tools to ensure great accuracy in our recommendations and tips. Our sole aim is to provide traders with honest and genuine advice to help them create wealth. We strive to maintain high accuracy on consistent basis in all the services we offer.</u>

<u>Totally, unlike other investment advisory companies we provide one to one communication between client and relationship manager"</u>

5.2 I note that the webpage also listed various services that were being offered by Capital Vista Services, the details of which are given in the Table below:

Table I

Sr. No.	Name of Service	Sr. No.	Name of Service
1	Stock Cash	11	Premium Bullions
2	Premium Stock Cash	12	Bullion Positional
3	Stock Positional	13	Super Premium Equity
4	Stock Future	14	Super Premium Commodity
5	Premium Stock Future	15	BTST-STBT Pack
6	Future Positional	16	Forex Services
7	Option Call	17	NCDEX
8	Premium Option	18	Base Metal Pack
9	Nifty	19	Premium Base Metal Pack
10	Bullions Pack		

5.3 It is further noted that the webpage also listed the fees being charged for the various packages being advertised. The details of the pricing of some of the packages offered on the website are provided in the Table below:

Table 2	
Period	**Fees**
Stock Cash	
Monthly	NA
Two Months	12,000
Quarterly	15,000
Half Yearly	25,000
Yearly	40,000
Premium Stock Future	
Monthly	11,000
Two Months	18,000
Quarterly	24,000
Half Yearly	45,000
Yearly	75,000

5.4 It is also noted that the following bank accounts were disclosed on the website of Capital Vista Services for making payments for availing the services offered:

Table 3				
Bank	Name of the Account Holder	Account No.	IFSC Code	Branch Name
HDFC Bank	Capital Vista Services	50200005328921	HDFC0000036	Indore Main Branch
Axis Bank	Capital Vista Services	915020002720541	UTIB0000043	Kamal Palace Branch, Indore
ICICI Bank	Capital Vista Services	657405600442	ICIC0006574	Usha Ganj Branch, Indore
State Bank of India	Capital Vista Services	35163043201	SBIN0015770	MR-9, Sopa Campus Branch, Indore

5.5 The KYC documents and statements of the bank accounts mentioned in the Table above were obtained from the respective banks and analysed during the course of the examination conducted by SEBI. It is noted from the KYC Records that Sandeep Yadav (Noticee) is listed as the sole proprietor of Capital Vista Services in the bank KYC documents. Further, on analysing the bank statements, it is observed that:

a) HDFC Bank Account No. 50200005328921 was opened on August 28, 2014. The Bank account was closed on March 14, 2016. During the aforementioned period, the Bank account received total credit of Rs. 61,53,523.77. As on May 31, 2020, the balance amount left in the said account was NIL.
b) Axis Bank Account No. 915020002720541 was opened on January 17, 2015, and closed on March 16, 2016. During the aforementioned period, the Bank Account received total credit of Rs. 12,48,201. As on May 31, 2020, the balance amount left in the said account was NIL.
c) ICICI Bank Account No. 657405600442 was opened on July 27, 2015. The Account was found to be inactive since March 14, 2016. As per the account statement available on record, during the aforementioned period, the Bank Account received total credit of Rs 8,28,916.25. As on May 31, 2020, the balance amount left in the said account was NIL.
d) State Bank of India Account No. 35163043201 was opened on August 18, 2015. The Account was found to be inactive since March 31, 2016. During the period from August 18, 2015, to March 31, 2016, the Account received total credit of Rs. 7,64,353. As on May 31, 2020, the balance amount left in the said account was NIL.

5.6 It is also noted that one of the complainants had alleged that he had paid Rs. 20,000 (Rs. 10,000 in two transactions) on August 14, 2015, to Capital Vista Services through E-Billing Service ("**EBS**") Payment Gateway. The complainant had also listed the payment IDs associated with the aforementioned payments (40992001 and 40992738). It is noted from the records that the statement of the account maintained by Capital Vista Services with EBS, along with other related records, was obtained during the examination conducted by SEBI, the details of which are captured in the table below:

Table 4	
Name	Capital Vista Services
Email	absharma88@gmail.com
Contact Number	9826061350
Bank Name	HDFC Bank
Branch Name	INDORE
Bank Info	Capital Vista Services
IFSC Code	HDFC0000036
Account Number	50200005328921
Business Name	Capital Vista Services
PAN ID	ADLPY1281D

5.7 It is noted that the two transactions recorded in the complaint received by SEBI were also reflected in the statement provided by EBS. Further, the account statements provided by EBS showed that the total amount received by Capital Vista Services through the EBS Gateway during the period September 2014 to February 2016 was Rs. 29,84,663.

5.8 In this respect, it is noted that the Investment Advisers Regulations define the terms 'investment advice' and investment advisor 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;

*"**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."*

5.9 It is noted from the definition of 'investment adviser' that any person who provides 'investment advice' for consideration comes within its ambit. As stated earlier, it is noted from the contents of the website of Capital Vista Services (www.capitalvista.in), details of which are given in paragraph 5.4 of this Order, that investment advisory services were being advertised on it. The website also provided details of the bank account, mentioned in Table 3, to which payments could be made for availing the advisory services listed on the website. Further, as stated earlier, the payments made by one of the complainants were reflected in the account statement provided by EBS. It is also noted from the Master Merchant Services Agreement entered between Capital Vista Services and EBS that in the field "Business of Merchant Establishment", it was listed that Capital Vista Services was engaged in providing financial advisory.

5.10 I note that the Noticee, in his replies before me, has taken contradictory stands. In the reply dated February 19, 2022, it was stated that he was the proprietor of Capital Vista Services, and unregistered investment advisory services were provided as the Noticee was not aware of the regulatory requirements under the Investment Advisers Regulations. However, in his reply dated June 11, 2022, the Noticee took a diametrically opposite stand and submitted that he was only an employee of Capital Vista Services. It was also submitted that the earlier reply dated January 28, 2022, was a forgery. It was also sought to be canvassed that one Abhishek Sharma, who was alleged to be the actual owner of Capital Vista Services, had taken the Noticee's signature on blank documents and bank account opening forms which have been used for opening bank accounts of Capital Vista Services wherein his name is reflected as the proprietor. It is noted that the Noticee has not submitted any documentary proof to support the assertions made in his second reply.

5.11 Having considered the two replies filed by the Noticee, I am of the considered view that the claims made in the second reply filed by the Noticee are liable to be rejected as they are contrary to the material available on record before me. I observe from the KYC documents of the bank accounts opened in the name of Capital Vista Services that the Noticee opened the account as the proprietor of Capital Vista Services and his KYC documents like PAN Card, Voters ID were annexed to the account opening forms. He was also the signing authority for operating the accounts. Further, in the account opened with SBI, a certificate issued by the District Labour Office, Indore, under the Madhya Pradesh Shops and Establishment Act, 1958, was annexed. In the said certificate, the Noticee is named as the proprietor of Capital Vista Services. Also annexed was a certificate from the Indore Municipal Authority, which also listed the Noticee as the proprietor of Capital Vista Service.

5.12 In respect of the Noticee's contention that Abhishek Sharma was also listed as the contact person of the EBS account, it is noted from the Master Merchant Services Agreement entered between Capital Vista Services and EBS that the agreement was signed on behalf of Capital Vista Services by the Noticee in his capacity as proprietor, and Abhishek Sharma, who is designated as operations manager of Capital Vista Services in the agreement, is listed as the contact person. In view of the above, I am of the view that the material on record indicates that the Noticee was the proprietor of Capital Vista Services.

5.13 The Noticee has also raised delay in issuing the SCN as one of the grounds on which the proceedings against him should be dropped. I note that the first complaint in the matter was received by SEBI in September 2015, and the matter was referred to the Special Task Force, Madhya Pradesh Police. Thereafter, it is noted from the records that SEBI undertook an examination to ascertain whether the activities of the Noticee were in contravention of the provisions of the SEBI Act and the regulations framed thereunder, including the Investment Advisers Regulations. The examination, I note, involved calling for records from banks and the payment gateway, and analysing the documents received. This exercise was completed only in June 2020, and thereafter the SCN was issued on July 09, 2021. I note that while there has been some delay on the part of SEBI in issuing the SCN but the delay is not of the nature which would require the present proceeding to be closed only on account of such delay. Further, the question that arises for determination in the present matter is whether the nature of services offered by the Noticee comes within the ambit of "investment advisory service" and the question of whether he had obtained prior registration from SEBI. These questions, I note, can be addressed by the Noticee based on the material that was annexed with the SCN that was issued in the matter.

5.14 SEBI notified the Investment Advisers Regulations in 2013 to put in place a framework for registering and regulating investment advisors. The mandatory registration requirement under the Investment Advisers Regulations is an important safeguard put in place by SEBI to ensure that only registered entities, satisfying the qualification criteria and conducting business in accordance with the Investment Advisers Regulations, are engaged in providing advisory services to the investors. Registration ensures that a registered Investment Advisor will carry out its activities in compliance with the terms and conditions of the certificate of registration and by fulfilling the prudential norms, risk profiling measures, disclosure and other requirements mandated under the Regulations.

5.15 In view of the above, I have no hesitation in holding that the Noticee was engaged in providing investment advisory services without obtaining a certificate of registration from SEBI in contravention of the provisions of regulations 3(1) of the Investment Advisers Regulations read with section 12(1) of the SEBI Act.

5.16 As detailed in earlier part of this order, the total amount received in the accounts mentioned on the website of Capital Vista Services during the period August 28, 2014, to March 31, 2016 was Rs. 89,94,994. Further, in terms of the account statement provided by EBS, the total amount received by Capital Vista Services through the EBS Gateway during the period September 2014 to February 2016 was 29,84,663. This amount, however, is not being counted towards the total amount received by the Noticee in lieu of offering investment advisory services as it is noted that the said amounts were credited to the HDFC Bank account held by the Noticee, which is already being reckoned while arriving at the total figure. The Noticee has neither not provided any reply on this issue nor provided any documents to refute the amount quantified in the SCN. Considering the aforesaid, I find that all such sums were consideration received by the Noticee from investors /clients in lieu of *'Investment Advice'* offered by the Noticee.

5.17 The SCN had *inter alia* called upon the Noticee to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act should not be issued against them. In the instant proceedings, the amount of fees /consideration collected by the Noticee as a result of providing unregistered *'Investment Advice'* to investors amounted to Rs. 89,94,994. In light of the findings in the preceding paragraphs, I am of the considered view that the Noticee is liable to refund the aforementioned amount collected as fees in lieu of unregistered *'Investment Advice'* offered to its clients /investors and, accordingly, a direction to the Noticee to refund such amount will be in the interest of investors in the securities market.

ORDER:

6. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4) and 11B(1) read with Section 19 of the SEBI Act, hereby direct that:

(a) The Noticee, Sandeep Yadav, shall, within a period of three months from the date of coming into force of this Order, refund the money received from any Complainants /investors /clients, as fees /consideration or in any other form, in respect of their unregistered investment advisory activities.

(b) The Noticee shall cause to effect a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, inviting claims from Complainants /investors /clients within a period of fifteen (15) days from the date of this Order. The said public notice shall detail the modalities for refund, including the details of the contact persons such as names, addresses and contact details. A period of two (2) months from the date of the publication of the public notice shall be provided to the Complainants /investors /clients for submitting their claims.

(c) The repayments to the Complainants /investors /clients 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) Within a period of 15 days after completing the refund as directed in paragraphs 7(a) above, the Noticee shall file a report detailing the amount refunded to Complainants/investors/clients, which should be 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"*. The above mentioned report should be duly certified by an independent Chartered Accountant and should indicate the amount of refund, mode of payment by bank transactions, name of the parties, communication address, mobile / telephone numbers, etc.

(e) The remaining balance amount shall be deposited with SEBI, which shall be kept in an escrow account for a period of one year for distribution to Complainants/clients/investors who were availing the investment advisory services from the Noticee. Thereafter, the remaining amount, if any, shall be deposited in the Investors Protection and Education Fund, maintained by SEBI.

(f) The Noticee is restrained from selling assets, properties and holding of mutual funds /shares /securities held by him 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 only debits for the purpose of making refunds to the Complainants /investors /clients who were availing the unregistered investment advisory services from the Noticee, as directed in this Order, from the bank accounts of the Noticee.

(g) The Noticee is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of **2 (two) years** from the date of this Order or till the expiry of **2 (two) years** from the date of completion of refunds to Complainants /investors /clients along with depositing of balance amounts, if any, with SEBI, as directed in paragraphs 6(a) and 7(e), whichever is later.

(h) Upon submission of report on completion of refund to Complainants /clients/investors to SEBI and deposit of the balance amount, if any, with SEBI, the direction at paragraph 6(f) shall cease to operate within 15 days thereafter.

(i) The Noticee shall not undertake, either during or after the expiry of the period of debarment /restraint as mentioned in paragraph 6(g), 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.

7. The above direction for refunds /repayment to Complainants /clients /investors and depositing the balance amount with SEBI, as given in paragraphs 6(a) and 6(e) above, does not preclude such Complainants /investors /clients from pursuing other legal remedies available to them under any other law against the Noticee for refund of money or deficiency in service.

8. This Order shall come into force with immediate effect.

9. A copy of this Order shall be served upon the Noticee. A copy of this Order shall also be forwarded to the recognised Stock Exchanges, Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions and also to the Government of Madhya Pradesh for its information.

Place: Mumbai
Date: January 30, 2023

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA