

## National Stock Exchange of India

### Circular

| Department: Investigation       |                         |
|---------------------------------|-------------------------|
| Download Ref No: NSE/INVG/55706 | Date: February 21, 2023 |
| Circular Ref. No: 45/2023       |                         |

To All NSE Members,

**Sub: SEBI Order in the matter of M/s. RB Traders, prop. Raj Bhadur Bhdoriya**

SEBI vide its Order No. WTM/AB/WRO/WRO/23923/2022-23 dated February 21, 2023, has hereby debarred the entity M/s RB Traders Prop. Raj Bhadur Bhdoriya (PAN: BVQPB9059Q), from accessing the securities market, directly or indirectly and are further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner whatsoever for a period of 6 month from date of this order or till the expiry of 6 months from date of completion of refunds to complainants/investors along with depositing of balance amounts, if any, with SEBI as directed in para 23 (a) and 23 (e) of SEBI Order, whichever is later.

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 at the below mentioned link:

<https://www.nseindia.com/regulations/member-sebi-debarred-entities>

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. Akshit Sachdeva (Extension: 223346), Mr. Anand Jangir (Extension: 22385)  
Direct No: 022-26598417/18 Fax: 022-26598195



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## **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 M/s. RB Traders, prop. Raj Bhadur Bhdoriya**

## SECURITIES AND EXCHANGE BOARD OF INDIA

## FINAL ORDER

Under Sections 11(1), 11(4), 11B(1), 11(4A) and 11B(2) of the Securities and Exchange Board of India Act, 1992

In respect of:

| Noticee No. | Name of the Noticee(s)                   | PAN        |
|-------------|------------------------------------------|------------|
| 1.          | M/s RB Traders Prop: Raj Bhadur Bhdoriya | BVQPB9059Q |

In the matter of Unregistered Investment Adviser

(The aforesaid entities are hereinafter individually referred to by their respective names or Noticee number and collectively as **"the Noticees"**)

1. The present proceedings emanate from show cause notice dated March 31, 2022 (hereinafter referred to as **"SCN"**) issued by Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) against Shri Raj Bhadur Bhdoriya, in his capacity as the sole proprietor of RB Traders (hereinafter collectively referred to as **"Noticees"**) wherein it was *prima facie* alleged that the Noticees were engaged in investment advisory services without obtaining a certificate of registration from SEBI and misrepresented being registered with SEBI in violation of the provisions of Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act, 1992"**) and Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as **"IA Regulations, 2013"**) and Regulation 3(a), (b), (c) and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**) read with Sections 12A(a), (b),(c) of SEBI Act, 1992. The SCN called upon the Noticees to show cause as to why suitable directions should not be issued against the Noticees under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with Sections 15HA, 15HB and 15EB of the SEBI Act, 1992.



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

- a. SEBI had received a complaint on May 13, 2019 alleging that the Noticee was using SEBI registration no. INA000001126 for providing advisory services. The complainant had paid amount of Rs. 70,000 to the Noticees. Employees of the Noticees traded in the demat account of the complainant and incurred huge losses of Rs. 2,00,000.
- b. SEBI also came across another complaint against the Noticees on the website [www.grahaksuraksha.com](http://www.grahaksuraksha.com) in which it was alleged that the complainant paid a sum of Rs. 2,95,000 to the Noticees for committed return of Rs. 4,65,000 within four months.
- c. The complainants had paid the Noticees through Easebuzz. KYC details and account statement of the Easebuzz account of the Noticees into which the complainant transferred the said amounts were sought from Easebuzz. From the details received from Easebuzz, the following was noted:
  - i. *Name: RB Traders*
  - ii. *Email: rbtraders01@gmail.com*
  - iii. *Contact Number: 9156350751*
  - iv. *Bank Name: Andhra Bank*
  - v. *Branch Name: City Centre Gwalior*
  - vi. *Bank Info: RB Traders*
  - vii. *IFSC Code: ANDB0002204*
  - viii. *Account Number: 220411100000265*
  - ix. *PAN ID: BVQPB9059Q*
  - x. *Business Name: Raj Bhadur Bhdoriya*
- d. The Easebuzz account of the Noticees was linked to the Andhra Bank account of the Noticees. KYC details, account opening form and account statement of the said account were sought from Andhra Bank. On analysis of the information



received from Andhra Bank, it was observed that the bank account of RB Traders (a/c no. 220411100000265) was credited with total amount of Rs. 32,97,941.2 through Easebuzz and the total credit in the account from the date of opening of account, i.e. September 12, 2014 to December 09, 2019 was Rs. 88,98,228.79. Credit entries for the money paid by the complainants through Easebuzz were also seen in the said bank account statement. Further, it was noticed that funds from the Andhra Bank account (a/c no. 220411100000265) were transferred to another account (a/c no. 656805600343) of the Noticees, held with ICICI Bank. KYC details, account opening form and bank account statement were sought from ICICI Bank. From the information received from ICICI Bank, it was observed that Rs. 42,72,356.31 were credited to the said account of RB Traders from July 02, 2018 to January 22, 2020.

- e. Multiple credit transactions from various entities were noted in the Easebuzz and bank accounts of the Noticees held with Andhra Bank and ICICI Bank. The SCN alleged that the above mentioned bank accounts were used for receipt of fees from various entities for the purpose of providing advisory services.
- f. The SCN notes that Noticees were not registered with SEBI as an investment adviser. It was therefore alleged that Noticees were engaged in the activities of an 'investment adviser' as defined under Regulation 2(1)(m) of the IA Regulations, 2013, without obtaining registration from SEBI, as required under Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of IA Regulations, 2013, thereby violating the said provisions of the SEBI Act, 1992 and the IA Regulations, 2013.
- g. The Noticees had misrepresented to the complainant that they were registered with SEBI and provided registration number of another Investment Adviser which is alleged to be an activity in the nature of fraud. The Noticees are alleged to be in violation of Regulation 3(a), (b), (c) and (d) of PFUTP Regulations read



with Sections 12A(a), (b) and (c) of SEBI Act, 1992.

- h. The SCN had thus, called upon the Noticees to show cause as to why suitable directions under Sections 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the SEBI Act, 1992 should not be issued against them for the alleged violations.
3. The SCN was sent to the Noticees' addresses through Speed Post and was returned undelivered. Subsequently, the SCN was served to the Noticees through newspaper publication in English daily newspaper The Times of India and Hindi daily newspaper Patrika on May 03, 2022. However, no reply was received from the Noticees. The matter was placed before me on June 15, 2022 for granting personal hearing to the Noticees. The hearing in the matter was fixed for August 10, 2022. Hearing notice dated July 05, 2022 was sent to the Noticees through speed post and was returned undelivered. The hearing notice was served to the Noticees through newspaper publication in English daily newspaper The Times of India and Hindi daily newspaper Nai Duniya on July 16, 2022. On the scheduled date of hearing, neither the Noticees appeared for hearing nor any request for adjournment was received. Therefore, hearing *qua* the Noticees was concluded on August 10, 2022.

**Consideration of issues and findings:**

4. I have considered the allegations made in the SCN along with the findings of the examination by SEBI stated therein. I note that no reply has been filed by the Noticees in the matter.
5. In this regard, I note that the definition of Investment Adviser as given in Regulation 2(1)(m) of the IA Regulations, 2013 provides as follows:

*"investment adviser means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons*



and includes any person who holds out himself as an investment adviser, by whatever name called;”

6. Further, Regulation 2(1)(I) of IA Regulations, 2013 provides 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;”*

7. Regulation 3 of PFUTP Regulations, 2003 provides as follows:

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

No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
- (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.

8. The definition of fraud as given in Regulation 2(1)(c) of PFUTP Regulations, 2003 provides as follows:



*"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.*

9. Section 12A of the SEBI Act, 1992 provides as follows:

***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;*

*(d) engage in insider trading;*

*(e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

*(f) acquire control of any company or securities more than the percentage of equity share capital of a company whose securities are listed or proposed to be listed on a recognised stock exchange in contravention of the regulations made under this Act.*

10. I note that in the present matter, the examination was initiated by SEBI based on a complaint. SEBI also came across another complaint against the Noticees during examination. The first complainant had alleged that the Noticees were providing advisory services and using SEBI registration no. INA000001126. The first complainant also stated that he had made payment of various sums totaling Rs. 70,000 to avail the services offered by the Noticees. The second complainant in her complaint stated that she paid Rs. 2,95,000/- to the Noticees for committed return of Rs. 4,65,000/- within four months. I note that the first complainant stated that the Noticees were using the registration number of a SEBI registered investment adviser and providing their services. I also note that the registration number used by the Noticees belongs to another SEBI registered investment adviser and has no link to the Noticees. By use of such registration number while providing the services, the Noticees were holding themselves out as investment adviser. Entities which are holding themselves out as investment advisers are covered by the definition of "Investment Adviser" as given in Regulation 2(1)(m) of the IA Regulations, 2013. Hence, I find that the Noticees were engaged in the business of providing investment advice to its clients and acting as investment advisers, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.

11. The payments by the complainants to the Noticees were made through Easebuzz. Details of the said account were sought from Easebuzz. Examination of the



information received from Easebuzz shows that the Easebuzz account was in the name of RB Traders with Business Name as Raj Bhadur Bhdoriya. From the account statement received from Easebuzz, it is noted that 369 transactions had taken place through the account during the period July 03, 2018 to June 13, 2019. Further, it is noted that the Easebuzz account is linked to Andhra Bank account no. 220411100000265 which is in the name of RB Traders with proprietor Shri Raj Bhadur Bhdoriya. The KYC details of the said Andhra Bank account shows that the account was opened and operated by Shri Raj Bhadur Bhdoriya. From the account statements of the said account it is noted that the account received significant credits from various persons. A total of Rs. 88,99,228.79 were credited to the Andhra Bank account during the period September 12, 2014 to December 09, 2019. Out of which Rs. 32,97,941.2 were received through the Easebuzz account of the Noticees. Entries for the money paid by both the complainants are also observed in the account statement of the Noticees. It is also noted that funds from the Andhra Bank account of the Noticees were being transferred to another bank account of the Noticees held with ICICI Bank. From the KYC details, account opening form and account statement of the said account, received from ICICI Bank, it is noted that the account has had significant credits amounting to Rs. 42,72,356.31 from several distinct entities. For several credit transactions the narration used in the statement are 'for investment', 'trading', 'trading dues', 'for trading', 'for dmat', 'for limit exten', 'share trade', 'BasicOptionServ'. In view of the above, from the KYC details of the Easebuzz account and bank accounts of the Noticees, matching of credit entries of the money paid by the complainants, significant credits observed in the Easebuzz account and other bank accounts of the Noticees and the narrations observed in the account statement of the bank accounts of the Noticees, I find that the Noticees were providing advisory services to a large number of clients. Therefore, from the act of the Noticees of holding themselves out as investment advisor and the finding that the Noticees were providing advisory services to a large number of clients, it can be reasonably inferred that the Noticees were providing investment advisory services and the said Easebuzz account and other bank accounts held with Andhra Bank and ICICI Bank were being used to receive fee for such investment advisory services offered by the Noticees.



12. I also note that despite being asked to show cause, the Noticees have ignored to file reply and explain the source of the credit entries in the aforesaid bank accounts. I note that Rs. 88,99,228.79 were received in Andhra Bank account and Rs. 42,72,356.31 were received in the ICICI Bank account. I also note that some of the funds were transferred *inter-se* between the two accounts of the Noticees. From the account statements received from Andhra Bank and ICICI Bank, I note that Rs. 25,19,747/- were received in the ICICI Bank account from the Andhra Bank account of the Noticees. In view of the above, I am inclined to hold that the credits in the said bank accounts aggregating to an amount of Rs. 1,06,51,838.10 (Rs. 88,99,228.79 + Rs. 42,72,356.31 - Rs. 25,19,747.00) were funds received by the Noticees from clients/investors towards fees for unregistered investment advisory services.

13. I note that if an entity is engaged in providing advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client *in lieu* of consideration, including entities which are holding themselves out as investment advisers, will be covered by the definition of "Investment Adviser" as given in Regulation 2(1)(m) of the IA Regulations, 2013. As noted above, Rs. 1,06,51,838.10 were received in the aforesaid bank accounts of the Noticees. As noted in the previous paragraph, the payments received in the bank account of the Noticees, were in lieu of the investment advisory services provided by the Noticees. Further, by virtue of the use of registration number of another SEBI registered investment adviser, the Noticees were holding themselves out as investment adviser. Hence, I find that the Noticees were engaged in the business of providing investment advice to their clients, for consideration, and thus, acting as investment advisers, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.

14. I also note that, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities



in accordance with the provisions of SEBI Act, 1992 and Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 reads as under:

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

15. It is relevant to note that in order to protect the interest of investors and to preserve the integrity of the securities market, IA Regulations, 2013 have been framed by SEBI which provide various safeguards to ensure that the interest of the investors who receive investment advice are protected. One such safeguard provided under the said regulations is that any person carrying out investment advisory activities has to first obtain a certificate of registration from SEBI as mandated under Regulation 3(1) of the IA Regulations, 2013, which, *inter alia*, provides that, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from SEBI and it has to conduct its activities in accordance with the provisions of IA Regulations, 2013. Further safeguards provided under IA Regulations, 2013 include continued minimum professional qualification and compliance with net-worth requirement for acting as an investment adviser, prior disclosure of all conflicts of interest, prohibition on entering into transactions which are contrary to advice given to the clients at least for 15 days from the date of giving advice to the clients, mandatory risk profiling of investors, maintaining documented process for selecting investment products for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc.

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



- a. An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee;
- b. The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
- (i) A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;
  - (ii) An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
  - (iii) Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.
- c. Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.



17. The activities engaged in by the Noticees, as brought out from the various materials described above, seen in the backdrop of the aforesaid regulatory provisions show that the Noticees were holding themselves out and were acting as an Investment Adviser, although the Noticees were not registered with SEBI in the capacity of Investment Adviser. Hence, I find that these activities/ representations were being made by the Noticees without holding the mandatory certificate of registration as investment adviser, are in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013. As per the material available on record, the amount of fee collected by the Noticees in their bank account, as a result of providing investment advisory services to investors, amounted to Rs. 1,06,51,838.10. In light of the findings in the preceding paragraphs, I am of the considered view that the Noticees are liable to refund the aforementioned amount collected as an unregistered investment adviser to their clients /investors.

18. Further, as noted above, while the Noticees were not registered with SEBI in the capacity of investment adviser, they were using the registration number of another SEBI registered investment adviser while holding themselves out as investment adviser. The Noticees were portraying themselves as registered investment adviser with the objective of making money / collecting fees through subscriptions without actually obtaining the registration, as required under the applicable law. Representing yourself as a registered investment adviser without holding the requisite registration is an act of fraud in terms of Regulation 2(1)(c) of the PFUTP Regulations, 2003. Further, as stated by the second complainant, the Noticees charged Rs. 2,95,000 and committed a return of Rs. 4,65,000 within four months. The monies paid by the complainant were observed in the bank account statement of the Noticees. In this regard, I note that the Noticees, being in the business of financial markets, would have been well aware that investments in the securities market are subject to market risks. In spite of the same, committing high returns to investors was either a reckless act on the part of the Noticees or an active misrepresentation of the services provided by it. I note that such promise of assured returns along with their misrepresentation regarding them being registered with





SEBI, acts as an inducement to investors to avail the services of the Noticees for dealing in securities and such non-genuine and deceptive representations by the Noticees were made with an intent to influence the investor to avail its unregistered advisory services and to deal in securities. Such acts of the Noticees fall under the definition of "fraud" under Regulation 2(1)(c) of the PFUTP Regulations, 2003. I also note that under the PFUTP Regulations, 2003, 'fraud' has an inclusive definition and contemplates even an action or omission, if such act or omission has the effect of inducing another person to deal in securities. I find that the deceptive conduct of the Noticees as discussed above, has induced investors to deal in securities which also constitutes a 'fraud' under the PFUTP Regulations, 2003 and was in violation of provisions of Section 12A(c) of SEBI Act, 1992 and Regulation 3(a) and 3(d) of PFUTP Regulations, 2003.

19. The SCN had called upon the Noticee to show cause as to why directions should not be issued under sections 11(1), 11(4), 11B(1), 11(4A) and 11B(2) of the SEBI Act, 1992 read with Sections 15HA, 15HB and 15EB of the SEBI Act, 1992 for violations alleged in the SCN. Upon consideration of the aforementioned penalty provisions, I find that Section 15EB has been invoked against the Noticees for failing to comply with Regulation 3(1) of the IA Regulations, 2013 i.e. that no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these Regulations. I note that Section 15EB was introduced under the SEBI Act, 1992 w.e.f. January 20, 2020. Prior to January 20, 2020, there was no specific provision imposing penalty for failing to comply with IA Regulations, 2013 and therefore, Section 15HB has been invoked against the Noticees for violation of IA Regulations, 2013, prior to January 20, 2020. Further, Section 15HA has been invoked against the Noticees for indulging in fraudulent and unfair trade practices relating to securities. I note that the above mentioned allegations that the Noticee has acted as an investment adviser without obtaining a certificate of registration from SEBI and through their deceptive conduct induced the investors to deal in securities have been clearly established in the preceding paras and therefore, I find that the penalty under Section 15EB, 15HA and 15HB of the SEBI Act, 1992 is clearly attracted.



20. For imposition of penalty under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act, 1992 provides as follows:

***"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;***

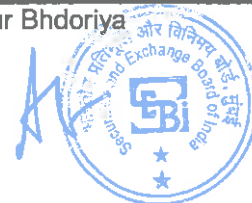
***(b) the amount of loss caused to an investor or group of investors as a result of the default;***

***(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."***

21. From the material available on record, I note that the Noticees collected Rs. 1,06,51,838.10 as fee towards providing investment advisory services to investors, which they were not entitled to. I also note that the first complainant had stated in his complaint that he paid the Noticees Rs. 70,000/- and the Noticees further caused him a loss of Rs. 2,00,000/-. However, the SCN has not quantified the loss that may have been caused to other investors by the Noticees. Further, the SCN has not alleged that the violations of the Noticees were repetitive in nature. I also note that an aggregate amount of Rs. 1,06,51,838.10 collected by the Noticees in their bank account, by providing unregistered investment advisory services, still needs to be refunded to the investors/clients.

22. I note that in the case of Shri C. Paranitharan and Others and Trend Market Advisory Services, SEBI had passed orders dated July 05, 2022 and July 07, 2022, respectively, inter alia directing the Noticees therein to refund the fees or consideration received from investors in respect of their unregistered investment advisory activities. In the respective appeals filed against these orders by the





respective Noticees, Hon'ble SAT vide common order dated September 21, 2022 inter alia directed the appellants therein to deposit the balance amount after making refunds to investors, with SEBI. It was also directed that the balance amount deposited with SEBI shall be kept in escrow account for a period of one year and be distributed to any claimants and thereafter, the remaining amount, if any, will be deposited in the Investor Protection and Education Fund.

**Directions:**

23. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with of Section 19 of the SEBI Act, 1992, hereby direct that:

- a. The Noticees shall within a period of three months from the date of this order, refund the money received from any clients/complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;
- b. The Noticees shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this direction;
- c. The repayments to the clients/complainants/investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- d. After completing the refund as directed in para 23(a) above, within a period of 15 days, the Noticees shall file a report detailing the amount refunded to SEBI addressed to the Division Chief, Division of Registration-2, Market



Intermediaries Regulation and Supervision Department (MIRSD), SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051. The report should be duly certified by an independent Chartered Accountant and indicate the amount, mode of payment by banking transactions, name of the parties, communication address, mobile numbers and telephone numbers etc.;

- e. The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the Noticees. Thereafter, remaining amount if any will be deposited in the Investor Protection and Education Fund maintained by SEBI;
- f. The Noticees are restrained from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds/ depositing balance amount with SEBI, as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/investors/complainants who were availing the investment advisory services from the Noticees and depositing balance amount with SEBI, as directed in this order, from the bank accounts of the Noticees;
- g. The Noticees are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 6 months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 23(a) and 23(e) above; whichever is later;



- h. Upon submission of report on completion of refunds to complainants/ investors to SEBI and deposit of the balance money with SEBI, if any, the direction at para 23(f) above shall cease to operate within 15 days thereafter;
- i. The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 23(g) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.
- j. The Noticees are hereby imposed with the following penalties as specified:

| Name of the Noticee                           | Provisions under which penalty imposed                                                                                                                                                                                                                                     | Penalties                             |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Raj Bhadur Bhdoriya, proprietor of RB Traders | Section 15HA of the SEBI Act, 1992                                                                                                                                                                                                                                         | Rs. 5,00,000/-<br>(Rupees Five lakh)  |
|                                               | Section 15HB of the SEBI Act, 1992 (for violation of respective provisions of IA Regulations, 2013 till January 20, 2020) and Section 15E of the SEBI Act, 1992 (for violation of respective provisions of IA Regulations, 2013 from January 20, 2020 till March 31, 2022) | Rs. 3,00,000/-<br>(Rupees Three lakh) |

- k. The Noticees are directed to pay the penalty within a period of forty-five (45) days, from the date of receipt of this order, 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 Noticee 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 "The Division Chief, IVD-ID5, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C 7, "G" Block, Bandra Kurla



Complex, Bandra (E), Mumbai - 400051" and also to e-mail id: - 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) |  |

24. The direction for refund and depositing the balance amount with SEBI, as given in para 23(a) and 23(e) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

25. This order comes into force with immediate effect.

26. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.



**Date: February 21, 2023**

**Place: Mumbai**

**ANANTA BARUA**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**