

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55816	Date: February 28, 2023
Circular Ref. No: 60/2023	

To All NSE Members,

Sub: SEBI Order in the matter of Capvision Investment Advisor

SEBI vide its order no. QJA/GG/WRO/WRO/24273/2022-23 dated February 28, 2023, has hereby restrained following entities from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of three years from the date of this order.

Sr. no.	Name of Entity	PAN
1	Capvision Investment Advisor (SEBI Registration no. INA000001845)	AAJFC0782A
2	Ravi Prakash Mishra Partner, Capvision Investment Advisor	AWDPM5709M
3	Pushpendra Chourasiya Proprietor: Capvision; Proprietor: Capvision Investment Advisor Director: Capvision Investment Advisor Ltd.	DCFFP0828H
4	Capvision Investment Advisor Ltd. (now known as Unbriable Consultants India Ltd)	AAGCC2325P
5	Govind Singh Thakur Director: Capvision Investment Advisor Ltd.	Not Available
6	Saharsh Mishra Director: Capvision Investment Advisor Ltd.	CSAPM7641F

The order comes into force with immediate effect.

National Stock Exchange of India

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. Neerav Dharod (Extension: 25187), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

**For and on behalf of
National Stock Exchange of India Limited**

**Anand Jangir
Manager**

ANNEXURE: SEBI Order in the matter of Capvision Investment Advisor

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 35 OF SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008 AND REGULATION 28 OF SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013

In respect of:

Noticee No.	Name of the Noticee(s)	PAN
1.	Capvision Investment Advisor (SEBI Registration no. INA000001845)	AAJFC0782A
2.	Ravi Prakash Mishra Partner, Capvision Investment Advisor	AWDPM5709M
3.	Rekha Mishra Partner, Capvision Investment Advisor	CFQPM0385H
4.	Pushpendra Chourasiya Proprietor: Capvision; Proprietor: Capvision Investment Advisor Director: Capvision Investment Advisor Ltd.	DCFFP0828H
5.	Capvision Investment Advisor Ltd. (now known as Unbriable Consultants India Ltd)	AAGCC2325P
6.	Govind Singh Thakur Director: Capvision Investment Advisor Ltd.	NOT AVAILABLE
7.	Saharsh Mishra Director: Capvision Investment Advisor Ltd.	CSAPM7641F

In the matter of Capvision Investment Advisor

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

BACKGROUND:

1. Capvision Investment Advisor (hereinafter referred to as “**Noticee No. 1**”) is registered with Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) as an Investment Adviser (hereinafter referred to as “**IA**”) under SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”) having registration number INA000001845, with effect from June 11, 2014. Noticee No. 1 is a partnership firm having partners namely, Ravi Prakash Mishra (hereinafter referred to as “**Noticee No. 2**”) and Rekha Mishra (hereinafter referred to as “**Noticee No. 3**”).
2. SEBI, vide adjudication order dated October 06, 2016, had imposed a penalty of Rs. 75 lakhs on Noticee No. 1 for carrying out unregistered investment advisory business in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of IA Regulations. The said order was upheld by Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**Hon’ble SAT**”) vide its order dated November 02, 2017 (Appeal No. 423 of 2016) wherein the following was stated:

“15. In these circumstances, we uphold the decision of AO that the appellant committed gross violation of provisions of 2013 Regulations and that the appellant in breach of trust continued to provide investment advisory services to clients in spite of specific direction given by SEBI to stop the said business. Apart from the quantum of amount received by appellant by carrying on the investment advisory business unauthorisedly, in the facts of present case, the appellant who has made false and misleading statements in the memo of appeal regarding the quantum of amount received from the investment advisory business prior to grant of registration deserves maximum penalty. Therefore, in the facts of present case, imposition of penalty of Rs.75 lac as against the penalty of Rs. One Crore imposable under Section 15HB of SEBI Act cannot be faulted.”

3. Vide another adjudication order dated November 28, 2017, SEBI had imposed a penalty of Rs. 16 lakhs on Noticee No. 1 for violation of Regulation 15(9) and 21(1) of IA Regulations read with Code of Conduct as specified in Third Schedule of IA Regulations. Hon'ble SAT, vide order dated September 25, 2019 (Appeal No. 40 of 2018) held that the Noticee No. 1 had violated the stated provisions of IA Regulations and conducted its business without proper care and diligence thereby resulting in losses to its clients. However, it reduced the penalty amount to Rs. 8 lakhs.
4. Thereafter, SEBI initiated recovery proceedings, RC 1329 of 2017 and RC 1573 of 2018 against Noticee No. 1 for its failure to pay the penalties of Rs. 75 lakhs and Rs. 8 lakhs as detailed above. Further, SEBI had issued notice of attachment in RC 1329 of 2017 against Noticee No. 1 ordering Banks, Depositories and Mutual Funds to freeze its bank accounts, demat accounts and mutual fund holdings, respectively. I note from the available records that an amount of approximately Rs.61 lakhs has been recovered and the aforesaid recovery proceedings are pending as on date.
5. Subsequently, based on examination of multiple complaints received by SEBI against Noticee No.1, SEBI issued a Show Cause Notice dated June 02, 2022 (hereinafter referred to as "**SCN**") against the Noticees. The present proceedings emanate from the said SCN wherein the Noticees have been *prima facie* alleged to have violated the following provisions:
 - (a) Regulation 3 (a), (b), (c), (d) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") read with Section 12A(a), (b) and (c) of SEBI Act, 1992 for engaging in non-genuine and deceptive activity of obtaining payments from clients to third party bank accounts.
 - (b) Regulation 15(1), Clause 1 and 2 of Code of Conduct as specified in Third Schedule of IA Regulations read with regulation 15(9) of IA Regulations, Regulation 3(a), (b), (c), (d), 4(2)(k) and 4(2)(s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI

Act, 1992 for promising assured / guaranteed returns to the clients and failing to act in fiduciary capacity to the clients.

- (c) SEBI Circular dated December 27, 2019 for providing free trial to prospective clients and failure to display status of complaints on website.

SHOW CAUSE NOTICE, REPLY AND HEARING:

6. I note from the records available before me that attempts were made to serve the SCN to the Noticees via Speed Post at the addresses available in the records of SEBI. The SCNs were returned undelivered from all the Noticees. Thereafter, the SCN was affixed at the address of Noticee No. 1 (i.e. M - 4, 5, 6 Mezzanine Floor, Commerce Building, 7 Race Course Road, Indore - 452001) and Noticee No. 4 (i.e. 1/15, Vijay Nagar, Indore - 452010). The SCN was also served upon the Noticees by way of newspaper publication on June 29, 2022 in The Times of India and Nai Duniya (Indore and Gwalior Editions). The SCN was also delivered through e-mail to the e-mail id (ravi.mishra82217392@gmail.com) of Ravi Prakash Mishra (Noticee No. 2), who is the partner of Noticee No. 1, as provided in the registration form of Noticee No. 1. However, none of the Noticees either filed any reply/objections to the SCN or sought any personal hearing in the matter.
7. Nevertheless, the Noticees were granted an opportunity of personal hearing on November 16, 2022. The Hearing Notices were returned undelivered from all the Noticees. The Hearing Notices were, thus, served upon the Noticees by way of newspaper publication on November 06, 2022 in The Times of India and Patrika (Indore and Gwalior Editions). No appearance was made by or on behalf of any of the Noticees. In conformity with the principles of natural justice, another opportunity of hearing was provided to the Noticees on November 29, 2022. The Hearing Notices were served upon the Noticees by way of newspaper publication on November 27, 2022 in The Times of India and Patrika (Indore and Gwalior Editions). The Hearing Notices were also delivered through email to Noticee No. 1, Noticee No. 2 and Noticee No. 4. No appearance was made by or on behalf of any of the Noticees except Noticee

No. 3. Advocate Prakash M Gade (“AR”) appeared for hearing under authorization of Noticee No. 3. It was submitted that Noticee No. 3 had not received the SCN and would be in a position to reply only upon receipt of SCN and related documents. Accordingly, SCN along with other relevant documents were provided to Noticee No. 3. The next hearing date was scheduled on January 11, 2023. The Hearing Notices were served upon the Noticees by way of newspaper publication on December 23, 2022 in The Times of India and Patrika (Indore and Gwalior Editions). No appearance was made by or on behalf of any of the Noticees except Noticee No. 3.

8. During the hearing held on January 11, 2023, the AR of Noticee No. 3 submitted that Noticee No. 3 is the mother of Ravi Prakash Mishra (Noticee No. 2 – co-partner in Capvision Investment Advisor). It was submitted that Noticee No. 3 is illiterate and unaware of the allegations made in the SCN. The AR was therefore advised to provide relevant information and documents in support of his submissions. Noticee No. 3 has provided a written reply vide letter dated January 30, 2023, *inter alia*, submitting the following:

- (a) Noticee No. 3 is the sleeping partner in Noticee No. 1 as per primary agreement.
- (b) Noticee No. 3 is a housewife and only passed Class 5th.
- (c) Since Noticee No. 3 is not qualified to be an IA, the IA Regulations are not applicable and SEBI has no jurisdiction to initiate enquiry against her.
- (d) Noticee No. 2 was the active partner of Noticee No. 1 and all the acts related to Noticee No. 1 were done by Noticee No. 2. No authorization has been given by Noticee No. 3 and she has no knowledge of the operations of Noticee No. 1.

CONSIDERATION OF ISSUES AND FINDINGS:

9. I note that considerable attempts have been made to serve the SCN to Noticee Nos. 1, 2, 4, 5, 6 and 7 and two hearing opportunities have also been granted to the said Noticees. Despite the same, no response or appearance has been

made by the said Noticees. Under the circumstances, I observe that sufficient steps have been taken to ensure principles of natural justice for the said Noticees.

10. In this context, I rely upon the observations of the Hon'ble Securities Appellate Tribunal in ***Sanjay Kumar Tayal & Ors. vs. SEBI (Order dated February 11, 2014 in Appeal no. 68 of 2013)***, wherein it had observed: “... Appellants have neither filed reply to Show Cause Notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices.” Even though the said Noticees have remained *ex parte*, I nonetheless find it relevant that I should be guided by the documents available on record.

Role of Noticee No. 3:

11. Noticee No. 3, being the sole Noticee who appeared for the personal hearing, I am inclined to consider her role at the beginning. With respect to the submissions made by Noticee No. 3, I note that it has been contended that Noticee No. 2 was the active partner and Noticee No. 3 was not educated enough to be involved in the IA business. Noticee No. 3 was not aware of the operations of Noticee No. 1 and all the acts with respect to Noticee No. 1 were undertaken by Noticee No. 2. It has also been contended that Noticee No. 3 should not have been given registration by SEBI to act as an IA as she did not fulfill the eligibility criteria for the same.
12. In this regard, I note that in the application form for registration submitted by Noticee No. 1, the following was submitted:
- (a) Noticee No. 2 and Noticee No. 3 are partners of Noticee No. 1 having share / beneficial ownership of 60% and 40% respectively.
 - (b) Noticee No. 3 is the contact person for Noticee No. 1.
 - (c) Noticee No. 2 acts as investment advisor on behalf of Noticee No. 1.
 - (d) Noticee No. 3 acts as administrative partner of Noticee No. 1 and does not engage in investment advice.

- (e) The qualification of Noticee No. 3 was stated as 10th UP Board while Noticee No. 2 had done Masters in Business Administration from DAVV University.

13. I also note that along with the application form, a declaration was submitted stating that Noticee No. 3 is not engaged directly or indirectly in the investment advisory activities in any manner and shall only look after the day to day administration activities of Noticee No. 1. With respect to the contention of Noticee No. 3 that she was not qualified to be granted registration by SEBI, I note that SEBI has granted registration to Noticee No. 1 as a partnership firm. I find that in terms of Regulation 6 of IA Regulations, the certificate of registration is granted after considering that the persons associated with investment advice of the applicant are appropriately qualified. Since it was submitted in the application that Noticee No. 2, who was appropriately qualified, would be the partner rendering investment advice on behalf of the partnership firm without any role of Noticee No. 3 in the same, SEBI had granted registration to the firm. I also find that the name of Noticee No. 3 was also not mentioned in the list of employees of Noticee No. 1 submitted along with the application form. In view of the said facts, I find that Noticee No. 2 was the only active partner of Noticee No. 1 and that Noticee No. 3 was not involved in the IA activity of Noticee No. 1. Further, there is no other material, apart from being a signatory in the application form, to evidence the involvement of Noticee No. 3 in any IA activity of Noticee No. 1. Thus, in my view, the allegations stated in the SCN against Noticee No. 1 do not lie against Noticee No. 3 and the liability of all activities undertaken by Noticee No. 1 shall lie on Noticee No. 2.
14. I also note that the period for which violations were found against Noticee No. 1 in the aforesaid adjudication orders was the year 2014-15 while the allegations alleged in the instant proceedings pertain to a later period. Thus, I find that there is no overlap with respect to the period or the violations in the adjudication orders and the instant proceedings.

15. I note that the SCN contains multiple allegations against the Noticees, and for the sake of convenience and clarity, I shall deal with each of the allegations independently in the following paragraphs.

Allegation I – Engaging in non-genuine and deceptive activity in violation of provisions of PFUTP Regulations

16. It is alleged in the SCN that the Noticees engaged in non-genuine and deceptive activity by receiving payments from clients in third-party accounts and thereby, violated Regulation 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.
17. The provisions of the PFUTP regulations alleged to have been violated are reproduced hereunder:

“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.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.”*

18. The provisions of SEBI Act, 1992 alleged to have been violated read as under:

“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;”*

19. I note that SEBI received a complaint from Mr. Rathindranath Mudi on February 03, 2020, wherein, it was alleged that he was promised huge returns by Noticee No. 1. It was alleged that no invoice or contract note was provided by Noticee No. 1 with respect to his payment of Rs. 1,70,000 into ICICI Bank Account No. 094505501720 (hereinafter referred to as **“Bank Account No. 1”**) provided by the Noticee. On examination of Know Your Client (**‘KYC’**), Account Opening Form (**‘AOF’**) and bank account statement of Bank Account No. 1 received from ICICI Bank Limited, following observations are made:

- (a) The account was opened in May, 2019 in the name of M/s Capvision, Proprietor, Mr. Pushpendra Chourasiya i.e. Noticee No. 4. The address mentioned on the documents was *11/15, Scheme N 54, Vijay Nagar, Indore* and name of Mr. Ravi Mishra was appearing as the witness on AOF.
- (b) Credits aggregating to Rs. 2.54 crore were received in the bank account during May, 2019 to April, 2020 and the balance amount available in the account as on April 30, 2020 was Rs. 60,052.
- (c) Debits in the said account have been mainly ATM withdrawals, cash paid towards Self and Internet fund transfers to various third parties.

Several NEFT fund transfers were made to Mr. Lakhan Prajapat, who was an employee of Noticee No. 1.

- (d) SEBI had received several complaints against Noticee No. 1 and it was observed that some of the fees paid by those complainants, viz., Mr. Anubhav Kashyap, Mr. Gaurav Namboori, Mr. Rathindranath Mudi and Mr. Muzammil are credited to Bank Account No. 1.

20. I note that SEBI also received a complaint from Mr. Anubhav Kashyap on December 02, 2019, wherein it was, *inter-alia*, alleged that Noticee No. 1 had promised assured profit of about 10% on invested capital. However, he incurred losses by executing trades on the basis of the calls made by Noticee No. 1. It was observed that the complainant had made payments into two bank accounts, viz. Bank Account No. 1 and ICICI Bank Account no. 144105500597 (hereinafter referred to as “**Bank Account No. 2**”). From the KYC, AOF and bank account statements of Bank Account No. 2 provided by ICICI Bank, following observations are made:

- (a) The account was opened in November, 2015 in the name of Noticee No. 5 i.e. M/s Capvision Investment Advisor Ltd. Noticee No. 5 was incorporated in September, 2015 and its registered address was mentioned as - *Flat No. 305 AP Apartment, 29/1 Race Course Road, Indore – 452001* and email ID provided for record was ravi.mishra82217392@gmail.com.
- (b) As per the Memorandum of Association (**‘MoA’**), the main objects of Noticee No. 5 is “*to carry on the business of investment advisor and to invest, buy, sell, transfer...shares, stocks, commodities, etc.*” Vide Special Resolution at the Extraordinary General Meeting of the Members held on July 08, 2019, the MoA was amended to “*To act as consultants, management consultants, and provide advice, services, consultancy in various fields and to render consultancy and advisory services in the field of management, secretarial, legal, ... taxation, etc.*”
- (c) As per the Board Resolution dated October 15, 2015, the Directors of Noticee No. 5 were Noticee No. 2, Noticee No. 3 and Noticee No.

7. It was also observed that the name of the company was changed from Capvision Investment Advisor Ltd to Unbribeable Consultants India Ltd w.e.f. July 25, 2019. As per the records available with the Ministry of Corporate Affairs ('MCA'), the current directors of Noticee No. 5 are Noticee No. 4 (since June 06, 2019), Noticee No. 6 (since June 06, 2019) and Noticee No. 7 (since September 22, 2015). The Company status is Active as per the MCA records.

- (d) As per the Board Resolution, Noticee No. 2 is authorized (singly) to operate/activate the account. The type of industry as per the AOF is advisory services, share market.
- (e) Credits aggregating to approximately Rs.1.8 crore, were received in the account from inception till July 22, 2019 i.e. the date of closure of Bank Account No. 2. Debits in the said accounts are mainly ATM withdrawals and several NEFT fund transfers were made to Mr. Lakhan Prajapat.
- (f) Some of the fees paid to Noticee No. 1 by clients, namely, Mr. Anubhav Kashyap and Mr. Sudhakaran T are observed to have been credited to Bank Account No. 2.

- 21. It was also observed that Noticee No. 5 was also having a bank account with HDFC Bank Ltd. having Account No. 50200017709047 (hereinafter referred to as "**Bank Account No. 3**"). The said account was opened in April, 2016 in the name of Noticee No. 5. Credits aggregating to approximately Rs.72 lakhs were received in Bank Account No. 3. The account was closed in September, 2018.
- 22. I note that SEBI received multiple complaints against Noticee No. 1 on the SEBI Complaint Redressal System ("**SCORES**") platform, wherein, it was observed that in several cases payments to Noticee No. 1 were made by its clients through E-billing Solution ("**EBS**") payment gateway. As per the information obtained from EBS payment gateway, it was observed that the account with EBS was opened by Mr. Ravi Prakash Mishra (Noticee No. 2) for

Noticee No. 1 in December, 2014. The underlying bank accounts linked with EBS payment gateway were as follows:

- (a) Axis Bank Account No. 914020045744750 – From December 2014 to July 2018.
- (b) Bandhan Bank Account No. 10180003278847 (hereinafter referred to as “**Bank Account No. 4**”) - From July 2018 to July 2019.
- (c) AU Small Finance Bank Account No. 1921231323713523 (hereinafter referred to as “**Bank Account No. 5**”) – From July 2019 onwards.

23. From the KYC, AOF and bank account statements of Bank Account No. 4 provided by Bandhan Bank, following observations are made:

- (a) The account was opened in June 2018 in the name of Capvision Investment Advisor, Proprietor, Mr. Pushpendra Chourasiya i.e. Noticee No. 4. The address provided was *1/15, Vijay Nagar, Indore* and e-mail id was *pushpendrachoursiya@gmail.com*. As per the Trade Licence, the line of business is private.
- (b) Credits aggregating to Rs. 2.14 crore were received in the account during June, 2018 to July, 2019. The credits in the account were mainly through EBS payment gateway and the debits were mainly in the form of ATM withdrawals. Several NEFT fund transfers amounting to Rs. 4.19 lakhs were made to Noticee No. 2. Further, NEFT fund transfers amounting to Rs. 7.5 lakhs were made to Mr. Lakhan Prajapat. Rs. 1.5 lakhs were also transferred to Mr. Ashok Lad, an employee of Noticee No. 1.
- (c) The account was closed on September 20, 2019.

24. From the KYC, AOF and bank account statements of Bank Account No. 5 provided by AU Small Finance Bank, following observations are made:

- (a) The account was opened in June 2019 in the name of Capvision Investment Advisor, Proprietor, Mr. Pushpendra Chourasiya i.e. Noticee No. 4. The address provided was *1/15, Vijay Nagar, Indore* and email id was *pushpendrachoursiya@gmail.com*. As per the

KYC, the nature of industry is Advisory and as per the Trade license, the line of business is private.

- (b) Credits aggregating to approximately Rs. 1.31 crore were received in the account during July, 2019 and April, 2020. The credits are mainly through EBS payment gateway and the debits are mainly in the form of ATM withdrawals and third party transfers. The account was active as on April 30, 2020 having balance of Rs. 528.

25. It was also observed that Noticee No. 4 had operated another Bank Account No. 10190006725256 with Bandhan Bank (hereinafter referred to as **“Bank Account No. 6”**). From the KYC, AOF and bank account statements of Bank Account No. 6 provided by Bandhan Bank, following observations are made:

- (a) The account was opened in January, 2020 in the name of Capvision, Proprietor, Mr. Pushpendra Chourasiya. The address provided was *11/15, Scheme no. 54, Vijay Nagar, Indore* and email id was rpm7382@yahoo.com. As per the Trade licence, the line of business is software developers and services.
- (b) Credits aggregating to Rs. 15.47 lakhs were received in the account. All the credits were through payment gateway Razorpay. The account was active as on April 30, 2020 having balance of Rs. 2,72,233.

Connection between the registered and unregistered entities:

26. From the documents available on record, I find that the registered IA i.e. Noticee No. 1 and its active partner Noticee No. 2 are connected with other Noticees, which are unregistered entities, as detailed below:

Table No. 1

Capvision Proprietor - Pushpendra Chourasiya (Noticee No. 4)	Capvision Investment Advisor Proprietor - Pushpendra Chourasiya (Noticee No. 4)	Capvision Investment Advisor Ltd (Noticee No. 5)
1. Noticee No. 2 is the witness on the bank AOF for this entity.	1. Payment by clients of Noticee No. 1 through EBS credited to the entity's bank account.	1. Past Directors were Noticee Nos. 2, 3 and 7. Present Directors are Noticee No. 4, 6 and 7.

2. Clients of Noticee No. 1 have deposited service fee/charges to the entity's bank account.	2. Funds transfer from entity to Noticee No. 2 and employees of Noticee No. 1.	2. Noticee No. 2 is authorized (singly) to operate/activate the entity's bank account.
3. Fund transfers to employee of Noticee No. 1.		3. Clients of Noticee No. 1 have deposited service fee/charges to the entity's bank account.
		4. Funds transfer to employee of Noticee No. 1.

27. From several complaints received in SCORES against Noticee No. 1, it is observed that the clients of Noticee No. 1 have made payments to the bank accounts of aforementioned unregistered entities as detailed below:

Table No. 2

Sl. No.	Name of client	Amount (in Rs.) deposited in the bank account of	
		Capvision Investment Advisor Ltd	Capvision
1.	Gaurav Namboori	-	1,75,000
2.	Rathindranath Mudi	-	1,70,850
3.	Samir Rajeshbhai	-	1,45,220
4.	Anubhav Kashyap	45,025	55,000
5.	Ashish Kumar	-	13,000
6.	Md. Muzammil Khan	-	10,000
7.	Amol Bhairu Mote	68,000	-
8.	Sambhaji Shrirang	49,500	-
9.	Janaksingh Mohansingh	33,000	-
10.	Sudhakaran T	20,000	-

28. From the above, a summary of the bank account details and amount received by the unregistered entities related to Noticee No. 1 and Noticee No. 2 are tabulated below:

Table No. 3

Particulars	Capvision, Proprietor - Pushpendra Chourasiya	Capvision Investment Advisor, Proprietor - Pushpendra Chourasiya	Capvision Investment Advisor Ltd
PAN	DCFPP0828H	DCFPP0828H	AAGCC2325P
Bank Accounts	Bank Account Nos. 1 and 6	Bank Account Nos. 4 and 5	Bank Account Nos. 2 and 3
Signatories / Authorized persons	Noticee No. 4	Noticee No. 4	Noticee No. 2
Period	May 2019 to April 2020	June 2018 to April 2020	November 2015 to July 2019
Total Credits received	Rs.2.69 crore	Rs.3.45 crore	Rs.2.52 crore
Account status (as on April 30, 2020)	Both accounts Active	Bank Account No. 4 - Closed Bank Account No. 5 - Active	Both accounts Closed
Account Balance (as on April 30, 2020)	Bank Account No. 1 – Rs. 60,052 Bank Account No. 6 – Rs. 2,72,233	Bank Account No. 5 – Rs. 528	Nil

29. From the aforesaid facts and circumstances, I find that Noticee No. 2 had floated a company in the name of Capvision Investment Advisor Ltd. i.e. Noticee No. 5, to undertake investment advisory activities and receive payments from clients without informing SEBI or seeking registration as an IA. I also find that subsequent to the freeze of bank accounts of Noticee No. 1 in 2017, as a result of recovery proceedings of SEBI, Noticee No. 2 who was the active partner of Noticee No. 1, created two proprietorship firms in collusion with Noticee No. 4 who was named as the proprietor of these firms. I find that such acts were undertaken after Noticee No. 1 got registered with SEBI as an IA while the penalty amount imposed vide SEBI order dated October 06, 2016 remained unpaid. I find that Noticee No. 2 has clandestinely used Noticee Nos. 4-7 to float entities with names similar to the registered firm, showing Noticee

Nos. 4, 6 and 7 as the proprietor or directors of such unregistered entities so as to open/operate fresh bank accounts and continue with his IA activity.

30. The payments received from clients of Noticee No. 1 was routed to the bank accounts of the two proprietorship firms opened by Noticee No. 4 as the proprietor and the bank accounts of Noticee No. 5. The name of the two proprietorship firms and Noticee No. 5 were kept similar as Noticee No. 1 (i.e. “Capvision”) in order to avoid bringing any changes to the notice of its clients and thus, with an intention to receive payments from the clients in the bank accounts of Noticee No. 5 and the two proprietorship firms which were unregistered. From the complaints of clients available on record, I note that the clients were always under the impression that they are taking services of Noticee No. 1 which was a SEBI registered IA. Such payments were received directly as well as through payment gateways, EBS and Razor Pay. The linkage between Noticee Nos. 1 and 2 with these proprietorship firms and Noticee No. 5 is evident from the observations made at Table No. 1 above.
31. The said facts and circumstances clearly establish that Noticee No. 2 continued to undertake IA activity and receive payments from clients while evading the payment of penalty amounts to SEBI. While I note that Noticee No. 1 has not been debarred from undertaking IA activity, such acts, undertaken with the intention to evade the payment of penalty amounts by diverting the consideration received from clients in respect of IA activity to other bank accounts, raise questions on the conduct of Noticee No. 1 as a registered IA. However, in my view, these actions do not provide any evidence of ‘fraud’ or ‘fraudulent trades / transactions’ in securities market as contemplated under PFUTP Regulations. On the other hand, the joint acts of Noticee No. 2, 4, 5, 6 and 7 indicate that the registration obtained in the name of Noticee No. 1 was in fact being used for the unregistered IA activities.

Allegation II – Promising assured / guaranteed returns to the clients and failing to act in fiduciary capacity to the clients

32. It is alleged in the SCN that Noticee No. 1 promised assured / guaranteed returns to its clients and failed to act in fiduciary capacity to the clients thereby, violating Regulation 15(1), Clause 1 and 2 of Code of Conduct as specified in Third Schedule of IA Regulations read with regulation 15(9) of IA Regulations, Regulation 3(a), (b), (c), (d), 4(2)(k) and 4(2)(s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

33. The provisions of IA Regulations alleged to have been violated are reproduced hereunder:

“15. (1) An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.

Clause 1 and 2 of Code of Conduct

1. Honesty and fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2. Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

15.(9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.”

34. The provisions of PFUTP Regulations and SEBI Act, 1992 have already been stated in earlier parts of this order. The provisions which have not been stated are reproduced hereunder:

“4. Prohibition of manipulative, fraudulent and unfair trade practices

(1)

(2) Dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves any of the following:—

....

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, 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;"

35. I note that SEBI had received several complaints on SCORES against Noticee No. 1 alleging that Noticee No. 1 was offering assured and unrealistic profits to its clients who had availed its services and paid advisory fees for the same. The extracts/ excerpts of some of the complaints in this regard are as under:

- (a) Complaint **SEBIE/MP17/0061162/1** from Vinod Nair Rajagopal, wherein, in email dated August 21, 2017 to him, Noticee No. 1 has stated the following:

<i>SERVICES</i>	<i>CHARGE</i>	<i>PROFIT</i>
<i>Stock cash</i>	<i>Rs.18900 (+18% GST)</i>	<i>Rs.75,000 approximately</i>

Further, in email dated August 30, 2017, Noticee No. 1 has stated the following:

<i>SERVICES</i>	<i>CHARGE</i>	<i>PROFIT</i>
<i>Option Pack</i>	<i>Rs.45000 (+18% GST)</i>	<i>Rs.4,50,000 approximately</i>

- (b) Complaint **SEBIE/MP18/0000993/1** from Abhishek Kumar, wherein, in email dated November 18, 2017 to him, Noticee No. 1 has stated the following:

<i>SERVICES</i>	<i>CHARGES</i>	<i>PROFIT</i>
<i>Option Plan</i>	<i>Rs. 65,000</i>	<i>Rs. 2,60,000</i>

- (c) Complaint **SEBIE/MP18/0001699/1** from Mr. Prashant Kulkarni wherein in attachment provided to him, Noticee No. 1 has stated the following:

Services: APP Services
Service Amount: Rs. 1,25,000
Service Duration: 3 months
Net Profit: Rs. 6,25,000
Investment: Rs. 45,000

- (d) Complaint **SEBIE/MP20/0000927/1** from Hemender Singh Chauhan provided payment proof for payments made to Ravi Prakash Mishra and Capvision Investment Advisor and stated the following:

"A person named Sonu, Phone number 8889249618, called and said he is calling from Capvision Investment Advisor Indore. We provide intraday services of Rs. 25000 for 3 months & will give return of Rs. 3000 to Rs. 4000 per day. After payment of Rs. 10000, he said they have another service of Rs. 1.5 lakhs in which they give return of Rs. 6.5 lakhs with capital of Rs. 50000."

- (e) Complaint **SEBIE/MP20/0000864/1** from Eshwar Namdeo Gunjal stated the following:

"Executive from Capvision SEBI REG NO INA000001845 daily calling me and forcing me for trade in index option and promised me huge profit but incurred huge loss of Rs.37000 and I have paid Rs.5000 to said company for recovering my loss but again made loss. I requested him to send SMS for trade but he is giving calls though I refused. Company has not done my Risk profiling but still demanding another fee for my loss recovery."

- (f) Complaint **SEBIE/MP19/0000987/1** from Sambhaji Shrirang Gadade stated the following:

"I, Sambhaji Gadade, 45yrs old Farmer, took basic service of Rs.7000 for 6 months from Capvision through Kajal and Jatil Sharma on

January 07, 2019. Then they offered premium service of Rs.40000 for 3 months but I denied because I had no money. Then they told me to pay only Rs.6000 and remaining amount in instalments of Rs.6000 per week after making profit. But there is no profit since my premium service is activated after paying 3 instalments of Rs.6000 they tortured and blackmailed me by saying if you cannot pay remaining amount immediately your service will stopped. They also said frequently you will get huge profits in future, so I sold my only one cow and paid I paid Rs 48600.”

- (g) Complaint **SEBIE/MP19/0002585/1** from Ashok Manohar Kavade stated the following:

“I, Ashok Manohar Kavade, want to complain that executive of Capvision Investment Advisor named Viraj Sharma called me and asked me to invest in the share market and when I started working with them, they told me to subscribe for the service. I paid Rs.10000 and later told for subscribing to premium service of Rs.60000 and after some time, the amount I have invested in market I lost everything and then also these people keep on asking for money. I have given the amount because they told me that they will give me the profit upto Rs.30000-40000 and for premium service Rs. 3-4 lakhs every month but they only given me the losses.”

- (h) Complaint **SEBIE/MP19/0003107/1** from Mohammed Muzammil Khan stated the following:

“I registered for Rs.10,000 plan but Capvision misled me telling that Rs.10,000 plan is risky and there is high chance of losing money. They asked me to register for Rs.4,05,000. I did not agree to it. Then a person named Krishna told me that I have to pay only Rs.75,000 and the remaining amount will have to be paid only after earning Rs.8,00,000 to Rs.13,00,000 from the stock market. Then I was threatened telling that if I do not pay Rs 50,000, they will not provide

service. I paid Rs 50,000. This continued. They extracted Rs 2,50,000 in total from me. I had to take a loan.”

- (i) Complaint **SEBIE/MP20/0000023/1** from Anubhav Kashyap stated the following:

“Mr. Prakash from Capvision has contacted me for trading, first of all he gave me package of Rs.10000 and promised me to give assured profit of about 10 percent on my capital. In that service he give me profit of Rs.10000 and ask me to first pay the fees then he will continue the service. After 2 days, he give me call back and ask me to come in special services that are not mentioned in site. They illustrated me about the service and ask me to pay Rs.70000 in instalments as and when I will get the profit.”

- (j) Complaint **SEBIE/MP20/0000132/1** from Naresh Kumar stated the following:

“CapVision has charged Rs.2,09,835 against 5 different services (within 2 months) and caused a capital loss of Rs.1,50,000/- approx. The company has promised guaranteed return and charged arbitrary fee. SEBI norms were not followed and offered the service without Risk Profile and Investment Suitability Report.”

- (k) Complaint **SEBIE/MP20/0000306/1** from Rathindranath Mudi stated the following:

“Capvision Investment Advisory took my money amount of Rs.1,70,850/- by making false promises. They called me around 1st half of November 2019 and offered me their stock market advisory service. Also they assured me that they are SEBI registered entity and give huge returns in stock market. I checked SEBI’s website and it was true. Their SEBI registration number is INA000001845. So, I took their service.”

- (l) Complaint **SEBIE/MP20/0000305/1** from Harshal Darak stated the following:

“Capvision has taken Rs.42000 from me saying will provide good calls and earn you profit of Rs. 3.5 lakh. Instead of that they are making fool of me. Also with their calls I had loss of 1 lakh rupees. Also they say lot of things about budget session will make you profit of Rs.60000 in 3 days for Rs.2000 extra service charge. Nothing is provided.”

36. From the aforesaid complaints, I find that Noticee No. 1 was promising assured profits to its clients. Noticee No. 1, being a registered IA, is duly aware of the fact that investments in securities market are subject to market risk and any returns in the securities market cannot be assured or guaranteed. Therefore, I find that Noticee No. 1 has made false and misleading representation to its clients and thus failed in its responsibility to act in fiduciary capacity towards its clients. Accordingly, I find Noticee No. 1 to have violated Regulation 15(1), Clause 1 and 2 of Code of Conduct as specified in Third Schedule of IA Regulations read with regulation 15(9) of IA Regulations.
37. I note that the allegation of fraud is a consequential allegation of the aforesaid misconduct found against Noticee No. 1. In this regard, the material question to be considered is whether an IA guaranteeing assured returns to the clients on their investments can be said to attract the provisions related to prohibitions against fraudulent dealings in securities market. In my view, promising assured profit in securities market is misleading the investors and such claims need to be avoided by a registered IA. These are violations of the prescriptions laid down in the provisions of IA Regulations and the Code of Conduct. In my view, there is not sufficient evidence available on record for such acts to be considered as ‘fraud’ in the sense contemplated under the PFUTP Regulations. Therefore, I do not find that the alleged violation of Regulation 3(a), (b), (c), (d), 4(2)(k) and 4(2)(s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 is maintainable against Noticee No. 1.

Allegation III – Providing free trial to prospective clients and failure to display status of complaints on website in violation of SEBI Circular dated December 27, 2019

38. It is alleged in the SCN that Noticee No. 1 has provided free trial to prospective clients and failed to display status of complaints on its website which is in violation of SEBI Circular dated December 27, 2019.

39. Clause 1(i) of SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 reads as follows:

“(i) Restriction on free trial

As per SEBI (Investment Advisers) Regulations, 2013, investment advice can be given after completing risk profiling of the client and ensuring suitability of the product. It has come to the notice that IAs are providing advice on free trial basis without considering risk profile of the client. Hence the IAs shall not provide free trial for any products/services to prospective clients. Further, IAs shall not accept part payments (where some part of the fee is paid in advance) for any product/service.”

40. Clause 1(iv) of SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 reads as follows:

(iv) Display of complaints status on website

In order to bring more transparency and enable the investors to take informed decision regarding availing of advisory services, IAs shall display the following information on the homepage (without scrolling) of their website/mobile app. The information should be displayed properly using font size of 12 or above and made available on monthly basis (within 7 days of end of the previous month):

Number of complaints				
At the beginning of the month	Received during the month	Resolved during the month	Pending during the month	Reasons for pendency

41. From the website of Noticee No. 1 i.e. www.capvision.co.in, I note that Noticee No. 1 offered free trial to prospective clients by simply giving a missed call to

a particular phone number or after submitting their basic details. A screenshot of the webpage is placed below:

The screenshot displays the homepage of Capvision Investment Advisor. At the top, there is a navigation bar with links: Home, About, Services, Payment, Reports, Pricing, Messenger, Free Trial, Contact, and More. A prominent banner at the top right says 'FREE Quick Payment' with buttons for 'Pay online', 'Live Tv', and 'Live Rate'. A central banner encourages users to 'Give us a missed call for free trial' with the phone number +91-9713344666 and a 'Pay Online' button. Below this, a 'Get A Free Trial Form' is visible, which includes a text box for a message and a list of services to select. The services listed are: Stock Cash, Stock Future, Nifty/Banknifty Future, Option Call/Put, Mcx Combo Pack, Ncdex Service, Bullion Pack, and Forex Service. At the bottom of the form, there is a checkbox for 'I agree to all terms & conditions.'.

SEBI Registration NO.—INA000001845 Investment

Capvision Investment advisor

For Free Trial Missed Call
@ + 9 1 9 7 1 3 3 4 4 6 6 6

FREE Quick Payment

Pay online Live Tv Live Rate

Home About Services Payment Reports Pricing Messenger Free Trial Contact More

WhatsApp Support Give us a missed call for free trial.
+91-9713344666
Pay Online

Hurry Up For Getting Free Trial
Register

Get A Free Trial Form

Capvision Investment Advisor provides services in Stock Cash, Stock Future, Nifty/Bank Nifty Future, Option, MCX, NCDEX, Forex Services. And we are providing free trial pack in these entire segment with 24/7 assistance. So if you are looking for free trial pack in these segments then please fill this free trial form. For any query you can call us on +91-9713344666 /0731-6628008 or mail us on support@capvision.co.in.

First Name Last Name
Mobile Messenger Id
Email City

☐ Stock Cash ☐ Stock Future
☐ Nifty/Banknifty Future ☐ Option Call/Put
☐ Mcx Combo Pack ☐ Ncdex Service
☐ Bullion Pack ☐ Forex Service

☒ "I agree to all terms & conditions."

42. I also note that the website of Noticee No. 1 i.e. www.capvision.co.in did not display the status of complaints as warranted in terms of SEBI Circular dated December 17, 2019.
43. In view of the aforesaid findings, Noticee No. 1 is found to be in violation of Clause 1(i) and 1(iv) of SEBI Circular dated December 27, 2019 for providing free trial to prospective clients and for failing to display status of complaints on website.
44. The SCN had called upon Noticee Nos. 1-3 to show cause as to (i) why suitable directions, to cease and desist from acting as investment adviser, not to access the securities market and buy, sell or deal in securities and to refund the amount collected as a consideration for the investment advice activity, under Sections 11(1), 11(4) and 11B(1) of SEBI Act, 1992 should not be issued against them and (ii) why suitable directions for imposing penalty under

sections 11B(2) and 11(4A) read with sections 15HA, 15HB (for violations prior to March 08, 2019) and 15EB (for violations subsequent to March 08, 2019) should not be issued against them for the aforesaid alleged violations.

45. The SCN had called upon Noticee Nos. 4-7 to show cause as to (i) why suitable directions, to cease to solicit or undertake any activity in the securities market, not to access the securities market and buy, sell or deal in securities, not to associate with any registered intermediary/listed company and to refund the amount collected as a consideration for the investment advice activity, under Sections 11(1), 11(4) and 11B(1) of SEBI Act, 1992 should not be issued against them and (ii) why suitable directions for imposing penalty under sections 11B(2) and 11(4A) read with section 15HA of SEBI Act, 1992 should not be issued against them for the aforesaid alleged violations.

CONCLUSION:

46. On an evaluation of the entire facts and circumstances, I find that the following events have unfolded. Pursuant to the recovery proceedings initiated by SEBI in 2017 and 2018, to recover the penalty amounts of Rs. 75 lakhs and Rs. 8 lakhs imposed on Noticee No.1, the bank accounts of Noticee No. 1 were frozen. Thereafter, Noticee No. 2, who was the main proprietor of Noticee No. 1 engaged Noticee No. 4 to open new bank accounts for receipt of money from the clients of his investment advisory business. These bank accounts were opened in the name of Noticee No. 4 as the proprietor of certain entities with names similar to that of Noticee No. 1, which were called as Capvision and Capvision Investment Advisor. Payments from clients were also received in another company called Capvision Investment Advisor Ltd. (Noticee No. 5) whose original directors were Noticee Nos. 2, 3 and 7 and later replaced in 2019 with Noticee Nos. 4, 6 and 7. Moreover, as a registered intermediary, Noticee No. 1 and 2 failed to appear before me even after service at the registered address, which in itself constitutes a ground for not allowing the entity to undertake IA business. This is a fraud, in a larger sense played on the system as a whole, whereby in order to bypass the freezing directions, Noticee No. 2 has connived with Noticee Nos. 4-7 to continue with its

business. It is, however, difficult to bring it within the ambit of PFUTP Regulations as stated in the earlier part of this order. Nevertheless, criminal proceedings for fraudulent misuse of the registration would lie against Noticee Nos. 2, 4, 6 and 7. Noticee Nos. 4-7, who have failed to appear before me, have engaged in unregistered IA activity so as to derive some monetary benefit out of it. Therefore, I am of the view that all the Noticees (except Noticee No. 3) need to be kept out of the securities market for perpetrating illegalities and be directed to refund monies collected by them. Having misused the registration granted by SEBI, as brought out above, Noticee No. 1 does not qualify as a fit and proper person for IA business and suitable action under SEBI (Intermediaries Regulations), 2008 need to be taken against Noticee No. 1.

47. From the Table No. 3 above, I find that a total amount of Rs. 8.66 crores has been received in the bank accounts (Bank Account Nos. 1-6) that belonged to the unregistered entities. Considering that no defense has been put forth by any of the Noticees to defend the allegations stated in the SCN, the entire amount of Rs. 8.66 crore is required to be refunded. I also find that Noticee No. 1 has not acted in the best interests of its clients and violated the provisions of IA Regulations and Code of Conduct by promising assured profits to its clients. Noticee No. 1 has been offering free trial to prospective clients and did not display the status of complaints which again depicts its disregard to the regulatory compliances. I also find that Noticee No. 1 has been a repetitive offender of the regulatory norms as two adjudication orders have been passed against it in the past. I find that in the instant matter, Noticee Nos. 1 and 2 have acted in a *mala fide* manner to defeat the purposes of the enforcement actions initiated in respect of the violations committed as an IA. Thus, I am of the view that appropriate remedial and preventive directions need to be issued against the Noticees. I also find that Noticee No. 3 has rendered her identity to Noticee No. 2 for forming the registered partnership firm. As Noticee No. 3 is unaware of the consequences of such acts, it is desirable to warn her to exercise due care and caution in future while entering into such arrangements.

48. The instant proceedings also provide for imposition of monetary penalty, apart from the issuance of directions, in terms of relevant provisions of laws as reproduced below:

“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.*

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.”*

49. For violations of the provisions of IA Regulations and Code of Conduct as established above, Noticee No. 1 is liable for appropriate penalty. In this regard, I note that, in view of the amendment of Chapter VI A of the SEBI Act, 1992 with effect from March 08, 2019, the violations committed by an IA would attract penalty both under Section 15HB and 15EB, as the case may be, depending on the period of violation.
50. In consideration of the above, I shall now proceed with the issuance of suitable directions and imposition of monetary penalty.

ORDER:

51. In view of the foregoing, I, 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 SEBI Act, 1992, in the interest of securing market integrity and protection of investors' interest, do hereby pass the following directions:

- a. Noticee Nos. 1, 2 and 4-7 are restrained from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of three years from the date of this order;
- b. Noticee Nos. 1, 2 and 4-7 shall not undertake, either directly or indirectly, investment advisory services or any activity in the securities market, for a period of three years from the date of this order;
- c. Noticee Nos. 2, 4, 6 and 7 are restrained for a period of three years from holding any position of Director or key managerial personnel in any listed company or any intermediary registered with SEBI, and from associating with any listed public company or a public company which intends to raise money from the public or any intermediary registered with SEBI;
- d. Noticee No. 1 is directed to resolve all complaints pending against it in SEBI's SCORES portal or otherwise within a period of one month from the date of this order and furnish a compliance report to SEBI;
- e. Noticee Nos. 1, 2 and 4-7 are directed to refund a sum of Rs. 8.66 crores to the clients of Noticee No.1 as detailed hereinafter;
- f. Noticee Nos. 1, 2 and 4-7 shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, about this order and invite claims giving details of modalities for refund, including the details of contact person such as names, addresses and contact details of person to be approached for refund, within 15 days from the date of this order;

- g. Noticee Nos. 1, 2 and 4-7 shall accept refund claims/requests for a period of 3 months from the date of public notice, as directed under para 51 (f) above;
- h. Noticee Nos. 1, 2 and 4-7 shall within a period of four months from the date of public notice, as directed under para 51 (f) above, carry out and complete the refund exercise;
- i. Upon expiry of 4 months from the date of public notice, any balance amount which remains with Noticee Nos. 1, 2 and 4-7, due to their inability to contact the investor or otherwise, as directed in para 51 (h) above, shall be deposited in a dedicated escrow account, to be maintained by Noticee Nos. 1, 2 and 4-7 and utilized only for the purpose of refund to clients. Thereafter, the amount lying in the said escrow account shall be transferred to the Investors Protection and Education Fund maintained by SEBI;
- j. The refunds to the claimants 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 refunds;
- k. Noticee Nos. 1, 2 and 4-7 are hereby prohibited from selling their assets, properties including mutual funds/shares/securities held by them in demat and physical form except for the purpose of effecting refunds as directed above. Further, the banks are directed to allow debit from the bank accounts of Noticee Nos. 1, 2 and 4-7 only for the purpose of making refunds to the clients;
- l. After completing the aforesaid repayments, Noticee Nos. 1, 2 and 4-7 shall file a report of such completion with SEBI addressed to the Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulations and Supervision Department,

SEBI, SEBI Bhavan-II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai-400051, within a period of 15 days, after expiry of four months from the date of public notice, as directed above, duly certified by an independent Chartered Accountant and the direction at para 51(k) above shall cease to operate upon filing of such report;

- m. Noticee No. 3 is hereby warned to exercise due care and caution in future in respect of associating with activities in securities market including entering into partnerships or other forms of business.
- n. Noticee No. 1 is hereby imposed with monetary penalty as provided hereunder:

Violation	Provisions under which penalty imposed	Amount of Penalty (INR)
Regulation 15(1), Clause 1 and 2 of Code of Conduct as specified in Third Schedule of IA Regulations read with regulation 15(9) of IA Regulations	15HB/15EB of SEBI Act, 1992*	10,00,000
Clause 1(i) and 1(iv) of SEBI Circular dated December 27, 2019	15HB/15EB of SEBI Act, 1992*	2,00,000

** Section 15HB of SEBI Act, 1992 (for violations prior to March 08, 2019) and Section 15EB of SEBI Act, 1992 thereafter*

- o. Noticee No. 1 shall remit / pay the said amount of penalties within forty- five days from the date of receipt of this order. The Noticee shall remit / pay the said amount of penalties 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 on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of ED / CGM > PAY NOW. In case of any difficulties in online payment of penalties, the Noticee may contact support at portalhelp@sebi.gov.in. The demand draft or

the details/ confirmation of e-payment should be sent to “The Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051” 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)	

52. This order shall come into force with immediate effect.
53. A copy of this order shall be sent to the recognized Stock Exchanges, Banks, Depositories and Registrar and Transfer Agents to ensure necessary compliance with above directions.

Date: February 28, 2023

Place: Mumbai

Sd/-

GEETHA G.

CHIEF GENERAL MANAGER

SECURITIES AND EXCHANGE BOARD OF INDIA