

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/56539	Date: April 28, 2023
Circular Ref. No: 107/2023	

To All NSE Members,

Sub: SEBI Final Order in respect of Global Advisors

SEBI vide its Order No. WTM/SM/SRO/SRO/26040/2023-24 dated April 28, 2023, has hereby debarred following entities 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 2 (two) years from the date of this Order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in sub-paragraph 40.1 of SEBI Order, whichever is later;

Sr. no.	Name	PAN
1	Vusa Ravi, Proprietor of Global Advisors	DMHPR1205Q
2	M Nithin Raj	ANOPN2348F

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

The order comes into force with immediate effect.

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

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

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

National Stock Exchange of India

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

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

Mr. Rajkumar Jain (Extension: 23457), 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**

National Stock Exchange of India

ANNEXURE: SEBI Final Order in respect of Global Advisors

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

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

In respect of:

Sl. No.	Name of the Noticee	PAN
1	Vusa Ravi, Proprietor of Global Advisors	DMHPR1205Q
2	M Nithin Raj	ANOPN2348F

(The entities mentioned above are individually known by their respective name or Noticee No. and collectively referred to as "Noticees")

In the matter of Global Advisors

Background

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received a complaint vide email dated October 17, 2020 wherein the complainant had *inter alia* stated that he had lost money while trading based on the tips provided by Global Advisors (herein after referred to as "**firm**").

Findings of Examination, Show Cause Notice, Reply and Hearing

2. Based on the facts stated in the above mentioned complaint, SEBI conducted an examination in the matter with regard to the issue raised by the complainant. The relevant findings of the said examination that are relevant for the adjudication of the issues involved in the instant proceedings are narrated in brief hereunder:
 - 2.1. Mr. Vusa Ravi is the proprietor of Global Advisors. Based on the GST registration certificate it was noted that certificate was obtained in the trade name of Global Advisors on July 16, 2019 while Global Advisors was registered as a commercial establishment under the Karnataka Shops and Commercial Establishments Act, 1961 on August 20, 2019.

- 2.2. The website of the firm, www.globaladvisors.in was created on August 30, 2019. Though the website is not currently active, from the cached pages of the website it was noted that the firm was offering various investment advisory packages in equity and derivative segment of the stock market.
- 2.3. It was noted that some investment advisory fees were credited to the bank account of one Mr. Nithin Raj who as per the submission of the proprietor of the firm was an employee of the firm.
- 2.4. It was noted that Mr. Vusa Ravi and Mr. Nithin Raj had cumulatively collected fees to the amount of INR 33,35,576 vide 192 transactions during the period July 25, 2019 to November 30, 2020.
- 2.5. As per the intermediary database on SEBI website, *Noticees* were not registered with SEBI in any capacity.
3. Based on the afore stated findings brought out during examination, a common show cause notice dated April 21, 2022 (hereinafter referred to as “**SCN**”) was served on the *Noticees* alleging that they have carried out investment advisory activities without obtaining certificate of registration as Investment Adviser from SEBI. The actions of the *Noticees* were alleged to be in violation of Section 12(1) of Securities and Exchange Board of India Act, 1992 (herein after referred to as “**SEBI Act**”) read with regulation 3 (1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”).
4. In view of the above, *Noticees* were called upon to show cause as to why suitable directions including refund of fees collected, debarment, non-association with listed entities, intermediaries under Sections 11(4) and 11B (1) of SEBI Act should not be issued against them for the violations alleged against them in the SCN.
5. In response to the SCN, Mr. Nithin Raj vide its email dated May 10, 2022 replied on behalf of Mr. Vusa Ravi and himself. In his reply, he denied the allegations made in the SCN and *inter alia* has submitted as follows:

- 5.1. The business was managed through bank accounts: 142XXXXXX324 of Mr. Vusa Ravi held with ICICI Bank Ltd. and 918XXXXXXXXX840 of Global Advisors held with Axis Bank Ltd.
- 5.2. The *Notices* did not have the knowledge that a certificate of registration is required from SEBI to provide investment advisory services in the securities market.
- 5.3. The *Notices* had stopped providing investment advice from November 20, 2020 immediately from the next day after receiving SEBI's letter dated November 19, 2020. In support of the submission *Notices* have submitted bank statement of the firm for the period April 1, 2020 to December 2, 2020.
- 5.4. *Notices* had in their response to SEBI's inquiry have already submitted a client list along with the fees collected and services provided. Further, they have also submitted copies of audited Annual Accounts of the firm as on March 31, 2020 and bank account statements of Mr. Vusa Ravi and the firm for the period April 1, 2019 to March 31, 2020. Moreover, they have also submitted details of Mr. Nithin Raj 's employment history and Global Advisors appointment letter to him.
- 5.5. With respect to several debits and credits in the bank account of Mr. Nithin Raj as well as a few credits by the clients of the firm in the bank account of Mr. Nithin Raj, the following may be noted:
- 5.5.1. Global Advisors was a newly formed sole proprietorship business with 9 employees including Mr. Nithin Raj M. Proper salary slips of the employees were not maintained and so the same is not available for Mr. Nithin Raj.
- 5.5.2. The complainant has paid INR 9,200 in the personal account of Mr. Nithin Raj against the investment advice provided to him over the phone. The *Notices* plead ignorance of rules and regulations about asking the clients for service fees to be deposited in the personal account of Mr. Nithin Raj instead of depositing in firm's bank account. The said payments were adjusted

between the firm and Mr. Nithin Raj to treat those payments as remuneration for investment advice.

5.5.3. There were other credit and debit transactions in Mr. Nithin Raj's bank account, however, not all are related to the firm. A list of payments received from the clients of the firm was previously shared with SEBI vide *Notices* letter dated on October 20, 2021. The other transactions are related to other businesses in which Mr. Nithin Raj is/was involved.

5.6. It is submitted by the *Notices* that GSTIN of the firm has been cancelled on February 5, 2022. Further, the *Notices* have applied for cancellation of certificate issued under Shops and Establishment Act to the firm and the *Notices* have also filed an application with Axis Bank Ltd. on April 27, 2022 for closing the bank account of the firm held with them.

5.7. *Notices* admit that the complainant has incurred a loss in the stock market due to investment made pursuant to the advice provided by them but the *Notices* plead that any such advice can't be perfectly correct, given the nature of financial markets. *Notices* have knowledge of dealing in the financial market and are skilled in providing investment advice. Such investment advisory service was provided in the best Interest of the complainant. *Notices* have attached Mr. Nithin Raj's completion certificate in Post-Graduation Diploma in Management showing his knowledge of dealing in the financial market.

5.8. *Notices* admit that they were unaware of the legal technicalities but they have never abused the fiduciary relationship towards the complainant or any of their other clients. The transactions were fair, transparent, and were done with honest intentions.

6. Considering the facts and circumstances of the matter, a personal hearing in the instant matter was scheduled on September 7, 2022 vide hearing notice dated June 15, 2022. *Notices* vide their common letter dated June 19, 2022 authorised Ms. Moparathi M Lakshmi and Ms. Saraswati Mounika (hereinafter referred to as "**AR**") to

represent them before SEBI. On the day of the scheduled hearing, the AR reiterated the submissions made in the reply of the *Notices*. At the time of the hearing, certain queries were raised to the AR for which the AR was given 15 days' time to submit the information.

7. Following queries were raised at the time of hearing for which additional information was sought from the *Notices*:

7.1. What was the tenure of employment of Mr. Nithin Raj with the firm, along with documentary evidence?

7.2. How was Mr. Nithin Raj compensated for his services by the firm, along with documentary evidence including the amount and frequency of compensation?

7.3. Attention was drawn to paragraph 4 of the SCN. From the table mentioned therein, it was observed that the bank statement of Mr. Nithin Raj shows that he was frequently paying salaries to few entities. What was the relationship of Mr. Nithin Raj with those entities? If those entities were employees of the firm, then in what capacity was Mr. Nithin Raj paying salary to them from his personal bank account? In other words, why the said entities were not being directly paid by the firm?

7.4. Attention was drawn to paragraph 15 of the SCN. It was observed from the table mentioned therein that there were 391 credit entries in the bank account of Mr. Nithin Raj. What was the nature and source of such credits in his bank account? If, Mr. Nithin Raj has some other source of income, the same has to be substantiated with documentary evidence. Further, how many credit entries have taken place in the said bank account during the period December 1, 2020 till date including the nature and source of such credit entries?

7.5. Mr. Vusa Ravi / Global Advisors were advised to highlight the debit entries in their bank statement showing payment of salary to the employees.

8. *Notices* vide their common letter which was received by SEBI vide an email dated October 7, 2022 made the following post-hearing submissions:

- 8.1. The tenure of employment of Mr. Nithin Raj in the firm was from July 16, 2019 to November 20, 2020.
- 8.2. The firm which had only 5 full time employees had authorised Mr. Nithin Raj to receive money directly from the customers and he was compensated from the money received from such customers. Further, apart from a monthly salary of INR 15,000/-, Mr. Nithin Raj was also given incentive for bringing in business.
- 8.3. Mr. Nithin Raj was paying salary to few people as he was receiving money from the customers. The same was sanctioned by the firm to reduce multiplicity of transactions. Additionally, some money was used for office expenses directly from Mr. Nithin Raj's account. It is submitted that the firm did not have a dedicated accounts team to help them navigate through the payment process. The firm was running the business merely for 12 months and was in the process of setting up administrative issues in place.
- 8.4. There are 383 credit entries in the bank account of Mr. Nithin Raj and not 391. The nature and the source of those credits are detailed below:

Table No. 1

Sl. No.	Headings	Amount in INR
1	383 Credits from 8.8.2019 to 30.11.2020	66,24,659
2	Amounts received from friends and family	27,73,729
3	Gold Loan	7,34,801
4	Customer Payments (Real Estate)	9,67,665
5	Customer Payments (Global Advisor)	16,58,456
6	Customer Payments (Health care)	2,58,450
7	Customer Payments (Personal business)	8,200
8	Office Expenses	93,750
9	Miscellaneous	1,29,608

- 8.5. A total of 145 credits have been made from December 1, 2020 till date and most of them are deposits made by friends and family.

8.6. Bank statement of the firm is attached highlighting the entries showing payment made towards salary.

9. Subsequently, on an examination of the post-hearing submissions of the *Notices*, it was noted that the *Notices* had not substantiated the payment received from various sources as mentioned in Table No. 1 with adequate documentary evidence. Therefore, vide an email dated October 12, 2022, following information / documents was sought from the *Notices*:

9.1. Reference was drawn to the Table at paragraph 4 of the Additional Reply received on October 7, 2022. In the Table at Sl. No. 2, for the particular “*Amounts received from friends and family*”, corresponding debit entry in the bank account of the “friends and family” for the particular period was required to be provided.

9.2. Reference was drawn to the Table at paragraph 4 of the Additional Reply received on October 7, 2022. In the Table at Sl. Nos. 4 & 6, for the particulars “*Customer Payments (Real Estate) & Customer Payments (Health care)*”, documents / evidence (correspondences, invoices etc.) was called for to show that the said payments were indeed from the field of Real Estate and Health Care.

9.3. Considering the income from Real Estate and Health Care sectors was to the tune of INR 12,26,115/- (cumulatively), ITR Returns of Mr. Nithin Raj for the FYs 2019-2020 and 2020-2021 reflecting the said income was required to be submitted.

9.4. Reference was drawn to the Table at paragraph 4 of the Additional Reply received on October 7, 2022. In the Table at Sl. No. 5 for the particular “*Customer payments (Global Advisor)*”, the *Notices* were required to submit whether the amount of INR 16,58,456/- was transferred to the account of Global Advisors or not? If yes, then the corresponding debit and credit entries in the bank statements of the transferor and transferee was asked to be submitted. Further, details pertaining to the amount viz., client name and investment amount may also be provided.

9.5. Reference was drawn to the Table at paragraph 4 of the Additional Reply received on October 7, 2022. In the Table at Sl. No. 8, for the particular “*Office Expenses*”, it was requested to be demonstrated as to which “*Office*” is the *Noticee* referring to,

including the details of the said office premises, lease agreement etc., and what is the source of the expenses (INR 93,750/-) incurred by the *Notices*.

The *Notices* were granted time till October 18, 2022 to the to submit their response to the aforementioned queries.

10. *Notices* vide their email dated October 16, 2022 requested for three weeks' of extension to submit their response. However, *Notices* were granted time till October 31, 2022 to make their submissions. *Notices* vide their email dated October 30, 2022 submitted that due to paucity of time and the short timeline granted to them, it is impossible for them to provide the information. In the light of the same and in order to close the matter, they would like to settle the matter. The *Notices* were informed about the settlement procedure as per SEBI (Settlement Proceedings) Regulations, 2018 vide an email dated November 15, 2022. It is noted from records that till date no settlement application as per SEBI (Settlement Proceedings) Regulations, 2018 has been received by SEBI from the *Notices* in the extant matter.

Consideration of Issues and Findings

11. I have carefully perused the facts recorded in the SCN, replies of the *Notices* and other materials available on record. After considering the charges levelled against the *Notices* in the instant matter as spelt out in the SCN, it leads me to examine the following issue:

- *Whether the acts of the Notices as imputed in the interim order, have violated the provisions of the SEBI Act and the IA Regulations, while providing the services related to Investment Advisory without having a valid registration.*

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

SEBI Act

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

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

IA REGULATIONS

Application for grant of certificate.

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

13. As stated earlier, SEBI had received complaints dated October 17, 2020 and October 19, 2020 wherein it was stated that the complainant had lost INR 60,000/- in trading based on the tips provided by Global Advisory. On an inquiry, it was found that the *Noticees* were presenting their credentials before the clients/prospective clients through their website, [www. globaladvisors.in](http://www.globaladvisors.in) (active till October 28, 2021). It was observed that the *Noticees* were involved in unauthorized investment advisory activities through their website and were making certain irresponsible and outlandish claims about their investment advisory services. They were enticing the investors to invest as per the investment advisory services rendered by them, by claiming 85-90% accuracy in the *intra day* calls being given by them.

14. As per the website informer (<https://website.informer.com>), the website www.globaladvisors.in was created on August 30, 2019. The cached pages of the website which were downloaded from www.archive.org *inter alia* shows the following:

14.1. *We at Global Advisors want to be worthy of our customer’s trust and provide them with the finest stock and commodity market tips.*

14.2. *A CMT trained research team will send BUY/SELL recommendations on the basis of technical analysis.*

14.3. *With our trading strategies and research backed tips you will minimize risks and maximize returns.*

14.4. *The various investment advice packages are given below:*

Table No. 2

S. No.	Package	Features	Type	SMS/ per day	Monthly Cost in INR	Additional Information
1	Equity Cash	<i>This service is for those customers that have a High Risk appetite. Customers will receive recommendations via technical analysis</i>	<i>Intraday</i>	<i>3-5</i>	12,500	<i>Services on SMS and online chat room with fastest in the industry delivery time. Only 2-3 intraday calls a day to avoid confusion and focus on profitable trades.</i>
2	Equity Future				22,500	<i>3-4 intraday tips in NSE based stock on Stock Futures on a daily basis. Follow ups and all important news on Stock Market and economy updates .</i>
3	Equity Options				22,500	<i>Positions will be squared of the same day- Intraday calls. 5-6 calls in a week in highly traded stock options. An accuracy of 80-85% maintained on all our intraday calls.</i>
4	Options Combo (Stock + Index)				30,000	

15. I also note that the *Noticees* have not refuted the aforesaid allegations during the whole proceedings and have admitted to having undertaken the business of investment advisory service during the whole period of operation.

16. I note from Mr. Vusa Ravi's submission that his ICICI Bank a/c no. 142001550324 and Global Advisors' Axis bank account a/c no. 918020106131840 were used for the purpose of investment advisory activities. Further, it is observed from the complaint that the bank account of Mr. Nithin Raj (ICICI Bank a/c no. 123801517128) was also used for the purpose of investment advisory activities. The details of the aforesaid bank accounts are as follows:

Table No. 3

Bank Name	Bank A/c. No.	Account Holder (PAN)	Authorised Signatory
ICICI	1238XXXX7128	Nithin Raj (ANOPN2348F)	M Nithin Raj
ICICI	1420XXXX0324	Vusa Ravi (DMHPR1205Q)	Vusa Ravi
Axis	918020XXXX131840	Global Advisors, Proprietor – Vusa Ravi (DMHPR1205Q)	Vusa Ravi

17. Further, a perusal of the bank statement of the above noted three bank accounts, reveals that there have been frequent deposits into the said bank accounts wherein, the figures of various amounts deposited match with different investment plans as have been advertised by the *Noticees* in their website and highlighted in the abovementioned Table No. 2. An illustrative list of narrations supporting various credit entries seen in the abovementioned three bank accounts along with the services availed by the depositors (identified by Mr. Vusa Ravi), is as under:

Table No. 4

Transaction Date	Narration	Credit (in INR)	Details of Service / Package
Axis Bank A/c No. 918020XXXX131840 – Global Advisors			
12-10-2019	UPIP2A928505600007KUMARASWState BanUPI	20,000	3 months of Options Combo investment advisory services
18/10/2019	UPIMANUALCR92891982773517102019	5,000	Monthly Stock Option investment advisory services
6/12/2019	IMPSP2A934009278942KRISHNARICICIBANS erviccc	30,000	6 months of Options Combo investment advisory services
ICICI Bank A/c No. 1420XXXX0324 – Vusa Ravi			
13/1/2020	UPI/001311843697/UPI/nitinthebuddy@o/Citibank	50,000	6 months of Options Combo investment advisory services
24/8/2020	BIL/INFT/002057189423/shares	75,000	1 year Equity Futures investment advisory services
2/11/2020	UPI/030709207158/Stock recommend/prasad.duggiset/I	50,000	6 months of Options Combo investment advisory services

ICICI Bank A/c No. 1238XXX7128 – Nithin Raj			
24/9/2020	MMT/IMPS/026817117780/ramesh/RAMESH KUMA/Axis Bank	6,400	Transferred by the complainant for the tips provided by Global Advisors
28/9/2020	MMT/IMPS/027217893818/ramesh/RAMESH KUMA/Axis Bank	2,800	

18. The afore-cited narrations clearly establish that the funds being received in the said bank accounts were received for the purpose of investment advisory services. Further, in their replies, *Noticees* have admitted to have accepted funds in the said three bank accounts for providing the said advisory services to their clients/subscribers. It has been specifically submitted by the *Noticees* that the firm had authorised Mr. Nithin Raj to receive money in his bank account directly from the customers /clients.
19. I find that the name of none of the *Noticees* appears in the list of registered investment advisors available in the database maintained by SEBI. The same has not been disputed even by the *Noticees* either in their respective written submission or during the course of the personal hearing.
20. From the aforesaid narration of facts, the replies filed by the *Noticees* in response to the allegations made in the SCN and the submissions advanced in the course of personal hearing, I find that the *Noticees*, acting through Global Advisor, the sole proprietorship firm of Mr. Vusa Ravi, were indeed engaged in rendering investment advice in an unauthorized manner relating to investing in, purchasing, selling or otherwise dealing in securities and in various other investment products of securities, as was proclaimed by the *Noticees* through their website, www.globaladvisors.in.
21. At this juncture, it is pertinent to look at the definition of Investment Adviser as articulated in regulation 2(1)(m) of the IA Regulations which states that ‘Investment Adviser’ means “*any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called*”. Further, I have perused regulation 2(1)(l) of the IA Regulations which defines

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

22. In the light of the aforesaid definitions and the content published on the aforementioned website of the *Notices* clearly describing Global Advisors as ‘Investment Adviser’ read with the allegations imputed in the SCN, I note that the *Notices*, through their website were offering investment advice as defined under regulation 2(1)(l) of the IA Regulations, by offering to give advice related to investing in, purchasing and selling of securities and were also offering various investment advisory service plans/packages to investors at large for subscription, which were nothing but purely in the nature of the services of investment advisory.
23. As noted in the preceding paragraphs, the aforesaid investment advisory services were being offered by the *Notices* in lieu of monetary considerations which were being paid by the concerned investors into the aforementioned three bank accounts, all of which were registered in either of their names.
24. Further, the credit entries in the said three bank accounts are supported by narrations which clearly indicate that the money was credited for investment advice or as have been identified by Mr. Vusa Ravi, was received towards specific investment plans subscribed by the said clients or the money was transferred by the complainant as already highlighted in Table No. 4 above, thereby clearly demonstrating the fact that the monies that were received into the said bank accounts were received by way of proceeds from the business operations of the *Notices* as Investment Adviser. Considering the fact that the website of the *Notices* ostensibly demonstrated that the services offered by the *Notices* were in the nature of investment advisory services, coupled with the fact that fees were credited into the aforesaid three bank accounts, it leads me to an unassailable conclusion that the said pay-in amounts as reflected in the said three bank accounts were in fact the amounts received towards consideration in lieu of the advisory services offered by the *Notices*.

25. Considering the aforesaid factual analysis about the activities of the *Noticees* as proclaimed by them on their own website, the details of payment received by the *Noticees* from various investors, the bank statements of the *Noticees* and most importantly, the fact that *the Noticees* have admitted to the charges/allegations levelled against them in the SCN in their respective written submissions, it constrains me to conclude that the activities indulged into by the *Noticees* squarely fall into the category of investment advisory services as defined under regulation 2(1)(l) of the IA Regulations.
26. In view of the aforesaid discussions and overwhelming factual findings pertaining to the advisory activities being undertaken by the *Noticees* during the relevant period, I have no doubt that in terms of regulation 2(1)(l) of the IA regulations such kind of advisory services rendered by the *Noticees* in fact constituted “investment advice” and the *Noticees* were providing investment advice through Global Advisors, in lieu of consideration which was received and credited into the three bank accounts held in the name of either of the *Noticees*. Therefore, there is no ambiguity left that the *Noticees* were engaged in the business of providing investment advice to the public, in lieu of monetary consideration and were thus, acting as an ‘investment advisers’, as defined under regulation 2(1)(m) of the IA Regulations.
27. Before proceeding further, I would like to deal with few pertinent submissions of the *Noticees*. It has been submitted by the *Noticees* that Mr. Nithin Raj is a mere employee of the firm who was authorised to receive money directly from the clients. Further, since Mr. Nithin Raj was receiving money directly from the clients, in order to reduce multiplicity of transactions, he was authorised by the firm to pay the salary to the other employees of the firm. In this regard, I note upon examination of the bank statement of Mr. Nithin Raj’s ICICI Bank A/c No. 1238XXXX7128 that on numerous occasions, he has paid salary to the employees of the firm. An illustrative list of such transactions is given below:

Table No. 5

Sl. No.	Date of Transaction	Description	Debit Amount in INR
1	03-01-2020	BIL/INFT/001886538504/Muttu Dec salar/	35,000.00
2	03-01-2020	MMT/IMPS/000312231891/Iranna Dec sala/Iranna/KKBK0	12,500.00
3	03-01-2020	MMT/IMPS/000312240692/Naveen Dec sala/Naveen/SBIN0	31,650.00
4	03-01-2020	MMT/IMPS/000312270846/Pradhun Dec sal/Pradhun/CNRB	96,305.00
5	03-01-2020	MMT/IMPS/000317028917/Garima Dec sala/Garima Sin/S	25,600.00
6	29-05-2020	UPI/015009303794/Salary/kishorerreddy030/ICICI Bank	8,100.00
7	09-06-2020	MMT/IMPS/016110435383/Salary Rashmi/Vani/KARB00008	10,000.00
8	01-09-2020	MMT/IMPS/024513432443/August Salary/Soundarya/KVBL	31,759.00
9	01-09-2020	MMT/IMPS/024514448785/August Salary/Fara irsha/SBI	14,145.00
10	01-09-2020	MMT/IMPS/024514464321/August salary/Kaggallu m/HDF	40,300.00
11	01-09-2020	MMT/IMPS/024514479515/August Salary/Svv sumant/SBI	23,490.00
12	01-09-2020	MMT/IMPS/024514492410/August salary/Santha kum/CBI	56,250.00
13	01-09-2020	UPI/024514312821/August Salary/ekambaramnaidu4/Sta	4,305.00
14	01-09-2020	UPI/024514335795/August Salary/lokesh.lokeshre/Sta	20,000.00
15	01-09-2020	UPI/024514340231/August Salary/lokesh.lokeshre/Sta	20,000.00
16	01-09-2020	UPI/024514346734/August Salary/lokesh.lokeshre/Sta	19,880.00
17	01-09-2020	UPI/024514365510/August salary/harishr1672@okh/Kot	4,100.00
18	01-09-2020	UPI/024514386776/August Salary/rakee143007-2@o/Kot	21,815.00
19	01-10-2020	MMT/IMPS/027515973183/September salar/Kaggallu m/H	52,165.00
20	01-10-2020	MMT/IMPS/027515980012/September salar/Svv sumant/S	22,550.00

21	01-10-2020	MMT/IMPS/027516988671/September salar/Fara irsha/S	25,625.00
22	01-10-2020	BIL/INFT/002087376712/September salar/	31,460.00
23	01-10-2020	MMT/IMPS/027516019028/September salar/Soundarya/KV	21,035.00
24	01-10-2020	MMT/IMPS/027516108557/September salar/Balachandi/S	21,825.00
25	01-10-2020	UPI/027516121459/September salar/dhivi.eee97- 2@o/I	15,347.00
26	09-10-2020	UPI/028310383698/Sept salary bln/rkayathri808@ok/S	5,330.00
27	16-10-2020	MMT/IMPS/029017822856/Advance salary/Balachandi/SB	30,000.00
28	02-11-2020	MMT/IMPS/030716318056/October salary/Kaggallu m/HD	57,156.00
29	02-11-2020	MMT/IMPS/030716413129/October salary/Siva ch/SBIN0	89,201.00
30	02-11-2020	BIL/INFT/002112213447/October salary/	1,43,000.00
31	02-11-2020	BIL/INFT/002112258260/October salary/	29,000.00
32	02-11-2020	MMT/IMPS/030718829785/October salary/S sathakum/CB	68,920.00

28. Though the *Noticees* have submitted that Mr. Nithin Raj was authorised to receive client's money directly in his personal bank account, no reason or rationale has been cited by Mr. Vusa Ravi as to why of all the employees that the firm had employed, only Mr. Nithin Raj was the chosen one to receive client's money. *Noticees* have neither submitted any documentary evidence for such authorization nor have they submitted any details of such authorization to explain as to what will happen to the money received by Mr. Nithin Raj, how it will be treated and what was the specific arrangement made with him by the firm etc. No reason has been furnished to justify such confidence reposed by the firm in Mr. Nithin Raj and to explain as to why he was entrusted with the authority to receive revenues on behalf of the firm. As per Mr. Nithin Raj's own submission, he had received INR 16,58,456 from the clients of the firm. Deposits of INR 16,58,456 unequivocally shows that credit of fees by the clients, was not a onetime incident but it was happening regularly, as a matter of routine business transactions during the relevant period. The aforesaid figure by no stretch

of imagination is a small figure which leads me to infer that there is something more than what meets the eye. Also as per Mr. Nithin Raj's own submission, he was also meeting the expenditures for the office expenses from his own personal bank account during the relevant period which was to the tune of INR 93,750. *Notices* have submitted that in order to reduce multiplicity of transactions, Mr. Nithin Raj was paying the salary to the other employees of the firm. The said submission of the *Notices* is devoid of any merit, as instead of adopting a circuitous route where the clients will first deposit the money in Mr. Nithin Raj's personal bank account and then Mr. Nithin Raj would pay the salaries to the firm's employees from his bank account, prudence dictates that the clients in the first place should have been advised to pay directly in the firm's account and the firm can then meet its expenditure from its own bank account, rather than depend on an employee who may leave the firm at any given time without giving any notice, thereby absconding with the firm's revenue. The same is neither in the interests of the firm nor in the interests of its clients as the financial health of the firm remained dependent on an employee who is apparently not a key figure head in the firm. Furthermore, it is noted from the submissions of the *Notices* that in order to prove their knowledge of dealing in the financial market, Mr. Nithin Raj's completion certificate in Post-Graduation Diploma in Management has been submitted. Thus, it is the skill set of Mr. Nithin Raj based upon which the firm was operating its business. Here, it will be not out of place to state the actual reason as to why Mr. Vusa Ravi is trying to distance Mr. Nithin Raj from the management of the firm. The firm, though has authorised (if it has, although there is no documentary proof for the same) Mr. Nithin Raj to receive client's fees against such illicit investment advisory services rendered to them in his personal bank account for reasons best known to it, but what the *Notices* are clandestinely trying to do is to circumvent the law and hoodwink the clients by ensuring that the client/investors can not have any recourse against the money lying in the bank account of Mr. Nithin Raj, under the law, in case of any eventual action is required to be taken against the firm.

29. In the light of the aforesaid discussions, I have no hesitation in holding that Mr. Nithin Raj was a key managerial personnel of the firm and not a mere employee of the firm, as the *Noticees* would like to portray him. Not only he was the brains behind the firm but was also very much involved in the administration of the firm. He and his bank account were intricately linked with the day to day functioning of the firm, be it giving investment advice (as per available records, he was the only person with the requisite educational background), receiving clients' fees, meeting office expenditures or paying salary to the employees. Therefore, I find that though Global Advisors is a sole proprietorship firm whose proprietor is Mr. Vusa Ravi, but Mr. Nithin Raj was also in charge of and equally responsible to the firm for the conduct of the business of unauthorised investment advisory of Global Advisors.
30. Another defense advanced by the *Noticees* is that they did not have the knowledge that a certificate of registration is required from SEBI to provide investment advisory services in the securities market. It is a cardinal principle of law that ignorance of the law is no excuse and the same cannot be taken as a defense in any proceedings to avoid liability in case of breach. The IA Regulations were notified by SEBI in the year 2013 and it came into force w.e.f April 21, 2013. From such date, it was imperative for any person carrying out investment advisory activity to get registered with SEBI. It is noted from the records that the website of the firm was created on August 30, 2019. Thus, the law was in force for more than 6 years when the *Noticees* had ventured in the business of providing investment advisory services. Therefore, the facts of the case don't support the submission of the *Noticees* and it was imperative for the *Noticees* to obtain registration as investment advisor under the IA Regulations, prior to starting their investment advisory services through the firm. However, I note that the *Noticees* admittedly continued providing tips/investment advice in an unauthorized manner through the firm during the period, August 2019 to November 2020 and had stopped only when they had received a letter from SEBI. In view of the same, I do not find any merit in the contention advanced by the *Noticees*.

31. It is relevant to note here that in order to protect the interest of investors and to preserve the integrity of the securities market, the IA Regulations provide various safeguards to ensure that the interests of the investors who receive investment advice are protected. One such safeguard provided under the IA Regulations is that any person carrying out investment advisory activities has to obtain registration from SEBI as required under regulation 3(1) of the IA Regulations, 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 also has to conduct its activities in accordance with the provisions of IA Regulations. Further, various crucial safeguards as provided under IA Regulations include, continued minimum professional qualification and net-worth requirement for an investment adviser, disclosure of all conflicts of interest, prohibition on investment adviser entering into transactions on its own account which is contrary to the advice given by investment adviser to its clients for a period of 15 days from the day of such advice given, monetary risk profiling of investors, maintaining documented process for selecting investments for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc.
32. The activities of the *Noticees*, executed through the firm, Global Advisors, as brought out from various materials described above including their aforementioned website, seen in the backdrop of the aforesaid regulatory provisions show that the *Noticees* were holding themselves out as an Investment Advisory service. However, it is noted that none of the *Noticees* is registered with SEBI as an Investment Advisor, which is mandatory under IA Regulations. Here, it will be relevant to quote the order of the Hon'ble Securities Appellate Tribunal in the matter of *M/s. Way2Gains and its Proprietor Mr. Rajeev Kumar Tiwari vs. SEBI and Other Connected Appeals* decided on January 23, 2023 wherein it was held as follows: -
- "We find that admittedly all the three Appellants were engaged in carrying out investment advisory services without registration with SEBI as required under the SEBI Act and its relevant Regulations. Thus, the activities that the Appellants were carrying*

out were unlawful and, thus, the entire money collected by the Appellants needs to be refunded.”

In the light of the aforesaid discussions, I find that the activities/representations as made by the *Notices* through their website and conduct vis-à-vis their clients without holding a certificate of registration as an investment adviser, is in violation of Section 12(1) of SEBI Act read with regulation 3(1) of the IA Regulations.

33. I note that Mr. Vusa Ravi is the sole proprietor of Global Advisors. I note the legal status of the proprietary firm from the judgment of the Hon’ble Supreme Court of India in *Ashok Transport Agency vs. Awadhesh Kumar & another* [(1998) 5 SCC 567] that “... *A proprietary concern is only the business name in which the proprietor of the business carries on the business. A suit by or against a proprietary concern is by or against the proprietor of the business...*”. Therefore, I find that Mr. Vusa Ravi is liable for the acts and omissions committed by Global Advisors as an unregistered / unauthorised investment advisor. Further, as noted in preceding paragraphs, Mr. Nithin Raj was the key managerial personnel of Global Advisors and he was also involved in the day to day functioning of Global Advisors including allowing his bank account to be inextricably linked with and used for the illicit operations of Global Advisors as an unregistered / unauthorised investment advisor. Therefore, I find that Mr. Nithin Raj is also liable for the acts and omissions of Global Advisors.

34. In order to ensure protection of investors who receive investment advice, it is imperative that any person carrying out investment advisory activities should be competent enough to deal with investors’ monies and SEBI as a regulator, has made it necessary for anyone to conduct Investment Advisory service to first obtain registration after acquiring the relevant qualification, as prescribed by SEBI, and such person has to conduct his activities in accordance with the provisions of the relevant SEBI Regulations.

35. In my view, unregistered investment advisors like the *Notices* in the present case, can put the interest of the common investors at great risk by misleading them or misutilising their funds to the detriment of the interest of such investors as well as others in the securities market. In the present case, the *Notices*, on the

aforementioned website have, *inter alia*, mentioned that Global Advisors offered advices in stocks as well as for future and option (F&O) trading etc. The *Noticees* through the aforementioned website, have further represented that with Global Advisors trading strategies and research backed tips, the clients will minimize risks and maximize returns. Further, a CMT trained research team will send buy/sell recommendations on the basis of technical analysis. It is also stated that the firm has an 80-85% accuracy in **all** of its *intra day* calls. However, the *Noticees* have not submitted any material on record to show their process of giving investment advice or how much research work was involved in it and who was carrying it out or what were the qualifications of the employees of the firm basis which they were engaged in providing investment advice etc. on behalf of the firm. Thus, it would be not wrong to infer that the firm was managed in a completely unprofessional manner and its operations had nothing to do with providing a sound investment advice to its clients. From the above, it is evident that the *Noticees* have knowingly engaged themselves into activities with the sole objective of fraudulently misleading the gullible investors to play with their hard earned money by making them follow their random stock tips which were provided to them by the *Noticees*, without the backing of any research or any risk profiling of clients or any qualification of the staff to perform the job of an Investment Advisor. In fact, they have successfully conducted such unauthorized advisory activities for a quite long period of time until they stopped after receiving a letter dated November 19, 2020 from SEBI.

36. I find it important to mention here that unregistered investment advisory services are a menace to the securities market and SEBI has been fighting hard to curb this evil since long. In that direction, SEBI has enacted IA Regulations and has been conducting investment awareness seminars throughout the country to alert the public about such unregistered investment advisory activities. Curbing this breed of unregistered investment advisors is a necessity to make the securities market more reliable for retail investors so that they get an opportunity to approach the persons who are qualified and eligible to give such kind of advisory services to them. Permitting the investors to receive an investment advisory service from an unregistered entity in

effect, means that the same is received from an unqualified person without following the safeguards prescribed in the IA Regulations. An investor receiving a service from an unregistered investment advisor stands at a disadvantageous position vis-a-vis an investor who receives such service from a registered investment adviser with respect to his protection as an investor, as envisaged under the IA regulations. An unregistered investment adviser has not even satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as an investment adviser. Availing of service from such persons is detrimental to investors and such unqualified service would result in irreparable damage, as the investors' money is invested based on advices given by an unqualified and un-regulated advisor. Exposing investors to such unauthorized and unregulated services also has the effect of interfering with the development of the securities market, as victims of such services as well as their close ones tend to lose faith in the securities market. Such an injury/detriment to the development of the securities market also qualifies as an "irreparable injury" not only to the said investor but to the securities market as a whole, as it deters the confidence of gullible small investors in the securities market. The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also the orderly development of the securities market. Therefore, the investment advisory services should only be allowed to be conducted by persons who are deemed fit under the IA Regulations after following the safeguards mentioned therein.

37. I note that the materials available on record do not indicate the exact amount of fees collected by the *Noticees*, as a result of providing such unauthorised investment advice to investors, in violation of the provisions of the IA Regulations. However, I find that upon examination of bank accounts of the *Noticees*, the following details have emerged: -

Table No. 6

Transaction Period	Mode of receipt	No. of credit transactions	Amount credited in INR
06.09.2019 to 16.01.2021	Direct credits to Axis Bank A/c. No. 918020XXXX131840 of Global Advisors	78	31,71,196.30

09.07.2018 to 19.04.2021	Direct credits to ICICI Bank A/c. No. 1420XXXX0324 of Vusa Ravi	803	75,67,955.63
08.08.2019 to 30.11.2020	Direct credits to ICICI Bank A/c. No. 1238XXXX7128 of Nithin Raj	391	65,77,079.20

Out of the above credit entries found in the 3 bank accounts, the *Noticees* have claimed that the credit entries as indicated in the table below pertain to receipts of proceeds of the unauthorised investment advisory services carried out by them: -

Table No. 7

Transaction Period	Mode of receipt	No. of transactions	Amount collected in INR
17.09.2019 to 11.11.2020	Credits to Axis Bank A/c. no. 918020XXXX131840 of Global Advisors	34	8,62,475
25.07.2019 to 02.11.2020	Direct Credits to ICICI Bank A/c. no. 1420XXXX0324 of Vusa Ravi	156	24,63,901
08.08.2019 to 30.11.2020	Paid by complainant to ICICI Bank A/c no. 1238XXXX7128 of Nithin Raj	2	9,200
Total		192	33,35,576

38. I note the following from the credit entries made in the aforesaid 3 bank accounts which were linked with the operations of the firm: -

Global Advisors Axis Bank A/c. no 918020XXXX131840

38.1. There is a total credit of INR 31,71,196 in the bank account of Global Advisors during the relevant period. It has already been established in the preceding paragraphs that Global Advisors was involved in providing unauthorised investment advisory services. It had no other business. As such, all of its revenue or credits in its bank account will be nothing but receipts from the unauthorised investment advisory services. *Noticees* have not given any explanation as to why only INR 8,62,475 was identified by them as proceeds of unauthorised investment advisory services and not the remaining credit entries / deposits in their above cited bank account. In other words, *Noticees* have not explained what is the source of the remaining credit entries worth INR 23,08,721. Thus, considering that Global Advisors had admittedly only one business and one

source of income, all the credit entries (INR 31,71,196) in its bank account would be taken as proceeds of the unauthorised investment advisory services.

Vusa Ravi ICICI Bank A/c. no. 1420XXXX0324

38.2. It is noted from *Notices*' submission that Mr. Vusa Ravi's bank account was also used for receiving fees from clients for the unauthorised investment advisory services rendered by the firm. It has been acknowledged by the *Notices* that a sum of INR 24,63,901 out of a total credit of INR 75,67,955 during the relevant period is the proceeds of the unauthorised investment advisory services. There is no material available on record to show that the remaining funds i.e., INR 51,04,054 are proceeds of the unauthorised investment advisory services. Therefore, I find that INR 24,63,901 would be taken as proceeds of the unauthorised investment advisory services.

Nithin Raj ICICI Bank A/c no. 1238XXXX7128

38.3. It is noted from Table No. 1 that *Notices* have admitted that during the relevant period INR 16,58,456 was received from the clients of Global Advisors towards fees of the unauthorised investment advisory services, in the bank account of Mr. Nithin Raj. An additional credit of INR 93,750 was also received in the in the bank account of Mr. Nithin Raj as "Office Expenses". The source of such "Office Expenses" of Global Advisors during the relevant period would be nothing but the fees collected from the clients of Global Advisors. Therefore, I find that INR 17,52,206 (INR 16,58,456 + INR 93,750) would be taken as proceeds of the unauthorised investment advisory services.

38.4. In view of the aforesaid discussion, I find that a cumulative amount of INR 73,87,303 (INR 31,71,196 + INR 24,63,901 + INR 17,50,206) is the amount collected by Global Advisors by way of subscription towards its unauthorized investment advisory services.

39. After holding that the *Notices* were running an unauthorized investment advisory services through which they lured numerous gullible retail investors to subscribe to

their service packages, who are the most vulnerable sections of the participants of the securities market, as a Regulator, it is an avowed duty of SEBI to protect the interest of such investors. As noted above, the *Noticees* have collected INR 73,87,303 in lieu of providing their unauthorized investment advisory services which were credited into their three bank accounts as depicted above. The only method I find feasible to redeem the investors is to direct the *Noticees* to repay such funds collected from the investors.

Order

40. In view of the foregoing discussions and my observations/findings about the activities engaged in by the *Noticees* in rendering investment advisory in unauthorized and illegal manner, as established in facts and circumstances of the case, in order to achieve the avowed object of SEBI Act I, in exercise of the powers conferred upon me in terms Sections 11, 11(4), 11B (1) and 11D, read with of Section 19 of the SEBI Act, while disposing of the allegations levelled in the SCN hereby direct the following:-

40.1. The *Noticees* shall within a period of three months from the date of this Order, refund the money received from the clients / investors / complainant, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

40.2. To give effect and implement the above direction, the *Noticees* shall cause public notice to be issued in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of their contact person such as names, addresses and contact details, within 15 days of coming into force of this Order;

40.3. The repayments to the clients/investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;

40.4. The *Noticees* shall resolve all the complaints pending against them and file a report of such resolution with SEBI addressed to the Division Chief, Division of

Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 40005, within a period of 30 days from date of this Order.

- 40.5. After completing the aforesaid repayments, the *Noticees* shall file a report of such completion with SEBI addressed to the Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 40005, within a period of 15 days, after completion of three months from the coming into force of this Order, duly certified by an independent Chartered Accountant and should indicate the amount of refund, mode of payment by bank transactions, name of the parties, communication address, mobile / telephone numbers, etc.
- 40.6. The remaining balance amount shall be deposited with SEBI which shall be kept in an escrow account for a period of one year for distribution to clients / investors who were availing the investment advisory services from the *Noticees*. Thereafter, the remaining amount, if any, shall be deposited in the Investors Protection and Education Fund, maintained by SEBI.
- 40.7. The *Noticees* are prevented 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 as directed above. Further, the Banks are directed to allow debit from the bank accounts of the *Noticees*, only for the purpose of making refund to the clients/ investors who were availing the investment advisory services from the *Noticees* and for depositing the balance amount with SEBI, as directed in this Order. The restraint on sale of assets shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed;
- 40.8. 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 2 (two) years from the date of this Order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in sub-paragraph 40.1 above, whichever is later;

40.9. The *Noticees* are also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in any capacity for a period of 2 (two) years from the date of this Order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in sub-paragraph 40.1 above, whichever is later;

40.10. The *Noticees* shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in sub-paragraphs 40.8 and 40.9 above, either directly or indirectly, investment advisory services or any other activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities law.

40.11. The *Noticees* shall not to divert any funds collected from investors, kept in bank account(s) and/or in their custody except for the purpose of refund as directed in sub-paragraph 40.1.

40.12. The *Noticees* shall not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except for the purpose of refund as directed in sub-paragraph 40.1 and until the refund is completed and a report as mandated under sub-paragraph 40.5 is filed with SEBI.

40.13. The direction for refund, as given in paragraph 40.1 above, does not preclude the clients/investors of the *Noticees* from pursuing 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.

41. This Order shall come into force with immediate effect.
42. It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Noticees* shall remain frozen.
43. Obligation of the *Noticees*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the *Noticees* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.
44. A copy of this Order shall be forwarded to the *Noticees*, the recognized Stock Exchanges, Depositories, Registrar and Transfer Agents and the Banks to ensure necessary compliance with the above directions.

DATE: April 28, 2023
PLACE: MUMBAI

-Sd-
S. K. MOHANTY
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA