

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/56591	Date: May 04, 2023
Circular Ref. No: 119/2023	

To All NSE Members,

Sub: SEBI Order in matter of Muse Traders, Pure Traders and Taj Enterprises

SEBI vide its order no. QJA/GG/QJC/QJC-2/26152/2023-24 dated May 2, 2023, has hereby restrained the 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 5 (Five) years from the date of this Order or till the date of filing of report, as directed in sub para (h) of SEBI Order, whichever is later.

Sr. no.	Name	PAN
1.	Muse Traders Proprietor – Baljit Singh Rajpal	BERPR1999P
2.	Pure Traders Proprietor – Bhavna Jethvani	BBOPJ6519H
3.	Taj Enterprises Proprietor – Taj Khan	BWRPK1312F

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. Rohit Swami (Extension: 23023), Mr. Sandesh Sawant (Extension: 23335)

Direct No: 022-26598417/18 Fax: 022-26598195

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

**Sandesh Sawant
Senior Manager**

ANNEXURE: SEBI Order in matter of Muse Traders, Pure Traders and Taj Enterprises

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(1), 11(4), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 read with Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013

In respect of:

Noticee No.	Name of the Noticee	PAN
1	Muse Traders Proprietor – Baljit Singh Rajpal	BERPR1999P
2	Pure Traders Proprietor – Bhavna Jethvani	BBOPJ6519H
3	Taj Enterprises Proprietor – Taj Khan	BWRPK1312F

In the matter of Unregistered Investment Advisory Services

(The aforesaid entities are hereinafter collectively referred to as “Noticees”).

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received certain complaints *inter-alia* alleging that Muse Traders (hereinafter referred to as “Noticee No.1”), Pure Traders (hereinafter referred to as “Noticee No.2”) and Taj Enterprises (hereinafter referred to as “Noticee No.3”), taken money for providing services relating to investment advisory. Pursuant thereto, SEBI conducted examination into the affairs of the Noticees.
2. On the basis of findings of examination, a show cause notice dated December 06, 2022 (“hereinafter referred to as “SCN”), was issued to the Noticees, alleging that they had indulged in unregistered investment advisory activities without having certificate of registration from SEBI and thus, violated Section 12(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as



“SEBI Act”) read with Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “IA Regulations”). The SCN, thus, called upon the Noticees to show cause as to why suitable directions including imposing monetary penalty and directions as to refund of fees collected, should not be issued against them under Sections 11(1), 11B(1), 11B(2) and 11(4) read with Section 15EB of the SEBI Act.

Service of Show Cause Notice, Opportunity of Personal Hearing and Reply of the Noticees

3. The SCN was sent through speed post acknowledgement due (SPAD) to Noticee No. 1 at four addresses available on record viz., (1) Shop no. 5, 1st floor, 6-A, Nanak Nagar, Ring Road, Indore – 452001; (2) E-4, 503, Treasure Town, Treasure Vihar, Bijalpur, Indore – 452012; (3) PTC-110-2nd Floor, MG Road, Indore-452001; and (4) Shop no.2, Nirankari Mandal Road, Bhopal – 462030, all of which were returned undelivered. The SCN was sent to Noticee No. 2 at two addresses available on record viz., (1) 91, Janaki Nagar, Shop no. 1, Behind Holkar Science College, Indore – 452001; and (2) C/o Taj Khan, Paigame Rasool, Nr. Madrasa, 37, Vijay Palace Colony, Indore-452001, delivered at address no. 2. The SCN was sent to Noticee No. 3 at three addresses available on record viz., (1) Shop no. 2, Nirankari Mandal Road, Bhopal – 462030; (2) 59, Hoshangabad Road, Nr. Ashima Mall, Bagmugaliya, Bhopal – 462026; and (3) 53/533, New B Type, Bairiks, New Shivmandir, Bairagarh Huzur, Bhopal – 462030, all of which were returned undelivered.
4. I note from the records available before me that attempts were made to serve the SCN to the Noticees through Speed Post at the addresses available in the records of SEBI. Except Noticee No. 2, the delivery of speed post failed with remarks “Insufficient Address”. I also note that the SCN was served upon the Noticees by way of newspaper publication on January 03, 2023 and January 05, 2023 in the Indore and Bhopal Editions of ‘The Times of India’ and ‘Nai Dunia’, respectively. Simultaneously, the SCN was also uploaded on January 03, 2023 on the SEBI website under the section ‘Unserved Summons / Notices’. However, the Noticees neither filed any reply/objections to the SCN nor sought any personal hearing.



5. The Noticees were granted an opportunity of hearing on March 09, 2023 and April 11, 2023. In this regard, hearing notices were sent to the Noticees through speed post at the addresses and email ids, available on record. The hearing notice returned undelivered for the Noticees which has been served upon the Noticees by way of newspaper publication on March 4, 2023 and April 06, 2023, respectively, in the Indore and Bhopal Editions of 'The Times of India' and 'Nai Dunia'. The Noticees failed to appear for the hearing.
6. As mentioned above, the Noticees neither appeared for hearing nor submitted reply to SCN. In the circumstances, I am constrained to proceed *ex-parte* against the Noticees, based on the material available on record.

Consideration of Issues

7. I have considered the allegations made in the SCN, the Know Your Client (KYC) documents and Account Opening Form of the Noticees, bank statements, archived copy of web-pages of the Websites i.e. www.puretraders.com and www.musetraders.com (hereinafter referred to as "**Websites**") and other material available on record.
8. Before proceeding further, it is relevant to note that the definition of 'Investment Adviser' as given in Regulation 2(1)(m) of the IA Regulations is as follows:
- "(m) "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, Regulation 2(1)(l) states as follows:

"(l) "investment advice" means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or

investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning:

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;"

9. From the material available on record, I find that the Websites are currently not active. From the archived pages of the Website, I note that the following information was displayed in the Websites:

For the website www.musetraders.com:

"Muse Traders is an ISO 9001-2008 registered one of the leading stock advisory company in the stock and commodity market.

Services we provide: Customized plan, HNI MCX, Option (Low return high risk), Index Future (Low return high risk); Future (Low return high risk), Cash (low return high risk)

Muse Traders is a REGISTERED firm. It is one of the leading stock advisory company in stock and commodity market. Our strong hold in providing the most accurate tips makes us stand apart from our competitors.

Excellent services to our clients are our utmost priority. For ensuring this we have dedicated team of Market Expert which take care of clients personally online and by telephonic assistance round the clock.

We have wide range of services so that investor can use our services as per his trading style. Swing traders, STBT/BTST traders, Arbitraders, Risk hedgers and long term investors can avail our services to gain the profit from their investments.

Contact Information:

Address: PTC 110- 2nd Floor MG Road, Indore, Madhya Pradesh-452001

Email: info@musetraders.com support@musetraders.com

Phone: Mobile: +91-6262607539

Website: www.musetraders.com



Our Pricing:

Table No. - 1

Sr. N.	Package	Price in ₹			
		Weekly	Quarterly	Half Yearly	Yearly
1	Cash (Low Return High Risk)	11,999	24,999	34,999	54,999
2	Customize Plan	NA	2,50,000 to 21,00,000	NA	NA
3	HNI MCX	8,000	75,000	1,30,000	2,00,000
4	Index Future (Low Return High Risk)	14,999	29,999	44,999	74,999
5	Option (Low Return High Risk)	14,999	29,999	44,999	74999

It was observed from website (whois.com) that the said website was registered on 15-12-2020."

For the website www.puretraders.com:

The web archived details was not available for the website puretraders.com and from the printout of the google search of Pure Traders revealed the following information:

*"Address: 59 Hoshangabad Road, Near Ashima Mall, Bagmugaliya, Bhopal, Madhya Pradesh-462046
Phone: +91 6262607539
Email: info@thepuretraders.com*

Services:

Commodity: MCX Bullion, MCX Base Metal, MCX Energy.

Equity: Stock Future, Stock Option, Premium Cash, Premium Future, Premium Option, Cash, Future, Option, Expiry special.

Galaxy Investment: Investment Plan

Growth Investment: Growth Plan

MCX

Important links: Home, About Us, Services, Payment, Pricing, contact us free trial.

It is observed from the printout made from whois.com that the website was registered on 21-10-2020"

10. From the above, I note that the Websites viz., www.musetraders.com, www.puretraders.com have claimed to provide advisory in Customized plan, HNI MCX, Option (Low return high risk), Index Future (Low return high risk); Future

(Low return high risk), Cash (low return high risk), Stock Future, Stock Option, Premium Cash, Premium Future, Premium Option, Cash, Future, Option, Expiry special, MCX Bullion, MCX Base Metal, MCX Energy, Investment Plan, Growth Plan. I also find that the Websites made claims that it provides stock advisory to clients by offering various packages and levying fees on weekly / quarterly / half-yearly / yearly basis ranging from ₹8,000 to ₹21,00,000 towards its advisory service. Further, it was claimed on the website i.e. www.musetraders.com that Noticee No. 1 is an ISO 9001-2008 registered leading stock advisory company in the stock and commodity market. It was also claimed to have dedicated team of market experts for advising the clients. The website also claimed that the investors can avail its services to gain the profit from their investments. In view of the same, I find that the Noticee No.1 through its website viz., www.musetraders.com has represented to the public at large that it is an experienced investment adviser and has engaged in the business of providing investment advisory for consideration or fees.

11. The narration of the credit transactions in the IDFC First Bank accounts of the Noticees such as 'trading tips', 'registration charges', 'fees for trading', 'premium index option', 'index option', 'trading', 'tips', 'share consultant', 'subscription', 'membership charges', 'share tip', 'registration fees', 'service charge', 'investment', 'Brokerage fees', 'stock fees', 'intraday trading', 'share trading', indicate that the bank accounts were used to receive fees towards advisory service.

12. The complainants, Ravi Kumar Agastya and A Vinayagam have provided the bank account details sent to them by the Noticees for making payment of fees against advisory services. It was observed from their complaints that the Noticees were using following bank accounts for receiving their advisory fees from clients:

Table No. - 2

Sr. no.	Name of Account holder	Bank Name	Account number
1	Pure Traders	IDFC First Bank	10061365332
2	Muse Traders	IDFC First Bank	10062584546
3	Taj Enterprises	IDFC First Bank	10063967822

13. As noted above, the Noticees were using three bank accounts for collecting advisory fees. I observe from the KYC documents and account opening form from the IDFC First Bank, available in record that account opening form of Pure Traders was dated 13-10-2020 and Bhavna Jethvani signed as its Proprietor; account opening form of Taj Enterprises was dated 14-11-2020 and Taj Khan signed as its Proprietor; and account opening form of Muse Traders was dated 07-11-2020 and Baljit Singh Rajpal signed as its Proprietor. It was also observed that as per Certificate under Madhya Pradesh Shops and Establishment Act, 1958, Bhavna Jethvani was proprietor of Pure Traders and Baljit Singh Rajpal was proprietor of Muse Traders. It was also observed from the Bank statements of IDFC First Bank that the amount paid by complainants, Ravi Kumar Agastya was credited into the IDFC First Bank account of the Noticees, the details are as follows:

Table No. - 3

Date	Amount	Name of Account holder	Account number
31-12-2020	5,500	Pure Traders	10061365332
05-01-2021	1,50,000	Muse Traders	10062584546
05-01-2021	10,000	Muse Traders	10062584546
11-01-2021	4,50,000	Muse Traders	10062584546
15-01-2021	5,00,000	Taj Enterprises	10063967822
15-01-2021	17,500	Taj Enterprises	10063967822
16-01-2021	52,500	Taj Enterprises	10063967822
16-01-2021	5,17,500	Taj Enterprises	10063967822
16-01-2021	14,000	Taj Enterprises	10063967822
18-01-2021	5,70,000	Taj Enterprises	10063967822
27-01-2021	6,55,000	Taj Enterprises	10063967822
02-02-2021	6,70,000	Taj Enterprises	10063967822

14. From the above, I note that funds transferred by the complainant to Noticee Nos. 1, 2 and 3 were credited in the respective IDFC First Bank accounts of the Noticees. I also note that the common phone number +91 6262607539 was mentioned as its contact details on the websites of Muse Traders and Pure Traders. I also note from the email sent from email ID, info@musetraders.com

dated January 15, 2021 to Ravi Kumar Agastya instructing to transfer the fund in the IDFC First Bank account no. 10063967822 of Taj Enterprises. Further the email sent from email id, info@thepuretraders.com dated January 07, 2021, to A Vinayagam, complainant, advising him to make payment in the bank account of Muse Traders (IDFC First Bank account no. 10062584546). This indicates that the Noticees are connected to each other and have common objective of providing advisory services to clients for fees / consideration without obtaining registration from SEBI. The aforesaid facts, viewed in its totality, show that Noticee Nos. 1 to 3 were engaged in the business of investment advisory services and their bank accounts were used for the purpose of receiving consideration/fees.

15. I note that credit transactions for a total sum of ₹2,90,80,844/- were made into the IDFC First Bank accounts of the Noticees towards the advisory services. The summary of these credit transactions are tabulated below:

Table No. – 4

Transaction Period	Name of Account holder	Total amount credited during the period in ₹	Closing balance in ₹ and date
November 20, 2020 to July 15, 2021	Muse Traders	1,10,86,520	486 (July 02, 2021)
October 20, 2020 to July 15, 2021	Pure Traders	1,23,46,200	745 (April 08, 2021)
December 23, 2020 to July 15, 2021	Taj Traders	56,48,124	340 (April 23, 2021)
	Total	2,90,80,844	

16. From the above, I note that total credit transactions amounting to a sum of ₹2,90,80,844 was received in the aforesaid bank accounts of the Noticees during the period October 20, 2020 to July 15, 2021 towards advisory services rendered by the Noticees.

17. I note that Regulation 2(1)(m) of the IA Regulations provides that an '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. Further, it also provides that any person who holds out himself to be an 'investment adviser', by whatever name called, shall also be included in the definition of investment adviser.
18. It is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct their activities in accordance with the provisions of SEBI Act and Regulations framed thereunder. Section 12(1) of the SEBI Act reads as under:

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.

19. As per regulation 3(1) of IA Regulations, the registration of the investment advisers is mandatory. It provides that, *"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"*. The IA Regulation had come into force with effect from January 21, 2013 onwards and Noticees commenced their business in the year 2015.
20. I note that the registration criteria for an investment advisor as laid down in the IA Regulations inter-alia provides for minimum professional qualifications, previous experience of at least five years in advisory activity and mandatory net worth

requirement. Further, the IA Regulations also provide for disclosures of any conflict of interest, risk profiling of clients, maintenance of records related to client-assessments and the suitability of advice.

21. These requirements in the IA Regulations are aimed at ensuring that the interest of investors is protected and the entity granted with the registration undergoes a scrutiny by the regulator, before commencing the regulated activity.
22. From the aforesaid facts, I find that Noticee Nos. 1 to 3 were involved in rendering investment advice using the website platform, without holding the requisite certificate of registration, as mandated by law. Therefore, I hold that the Noticees acted as “investment adviser” within the meaning of Regulation 2(1)(m) of the IA Regulations and were rendering ‘investment advice’ in terms of Regulation 2(1)(l) of the IA Regulations. Thus, it is established that Noticee Nos.1, 2 and 3 have violated the provisions of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations. I am, therefore, inclined to pass suitable directions against the Noticees under section 11(1), 11B(1) and 11(4) and impose penalty under Section 11B(2) of the SEBI Act.
23. As observed above, I note that the Noticees have received **₹2,90,80,844/-** (Rupees Two Crores Ninety Lakh Eighty Thousand Eight Hundred and Forty-Four) in their aforesaid bank accounts, as advisory fees and the same, being proceeds of an illegal activity, is liable to be refunded to the respective clients.
24. I note that Hon’ble Securities Appellate Tribunal in its order dated August 25, 2022 in the matter of Eprofitzone Fincap Consultant Private Limited upheld the findings in Whole Time Member(WTM), SEBI Order dated May 27, 2020 directing refund of amount collected as consideration to the clients by an unregistered investment advisor. The findings in the said order is applicable to the facts in the instant case and I hold that the Noticees are liable to refund the amounts received from investors.



25. As regards monetary penalty, the relevant provision reads as below:

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.] Inserted by the Finance Act, 2018 w.e.f. 08-03-2019.*

26. In this regard, I note that the Noticees conducted their unauthorized advisory business collectively during the period October 20, 2020 to July 15, 2021. In view of the fact that the mobilized amounts are covered by the direction of refund and in view of the length of period of illegal activity carried on by the Noticees, I am inclined to impose commensurate monetary penalty under section 15EB of the SEBI Act.

DIRECTIONS

27. In order to protect the interest of the investors and secure market integrity, in terms of the powers delegated upon me under Section 19 of the SEBI Act, 1992 and Sections 11(1), 11(4), 11B(1) and 11B(2) read with section 15EB of the SEBI Act, I, do hereby issue the following directions:

- i. Noticee Nos. 1, 2 and 3 shall prominently display the contents of this order on all websites and other media, through which the investment advisory business was being conducted, for a period of 6 (six) months from the date of this order.
- ii. Noticee Nos. 1-3 shall be liable to refund the money received as consideration from investors/clients, in respect of their unauthorized investment advisory activities, as detailed hereinafter;
 - a. The Noticees shall issue a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide



circulation in Indore and Bhopal, about the contents of this Order and give 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;

- b. The Noticees shall accept refund claims / requests for a period of 6 (six) months from the date of public notice, as directed under sub-para (c) above;
 - c. The Noticees shall within a period of 7 (seven) months from the date of public notice, as directed under sub-para (c) above, carry out and complete the refund exercise;
 - d. The repayments 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 repayments;
- iii. The Noticees 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;
- iv. After completing the repayments to the claimants, 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 (MIRSD), SEBI, SEBI Bhavan II, Plot No. C7,G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051, within a period of 15 days, after completion of expiry of 7 (seven) months from the date of public notice, as directed above, duly certified by an Independent Chartered Accountant and the direction at sub-para (g) above shall cease to operate upon filing of such report on completion of refunds to claimants;

- v. The Noticees 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 5(Five) years from the date of this order or till the date of filing of report, as directed in sub-para (h) above, whichever is later;
- vi. The Noticees are, jointly and severally, imposed with monetary penalty of ₹9,00,000 (Rupees Nine Lakh);
- vii. The Noticees shall remit / pay the said amount of penalties within forty-five (45) days from the date of receipt of this order. The Noticees shall remit / pay the said amount of penalties 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 Chairman/ Members > PAY NOW. In case of any difficulties in online payment of penalties, the Noticees 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)	

28. This order shall come into force with immediate effect.



29. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the banks, Depositories and Registrar and Transfer Agents of Mutual Funds.

Date: May 2, 2023

Place: Mumbai



**CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA**