National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/56902	Date: May 31, 2023
Circular Ref. No: 137/2023	

To All NSE Members

Sub: SEBI Order in the matter of unregistered Investment Advisory by Gowtham S and Kota Sunil Shankarbhai

SEBI vide its Order no. WTM/SM/SRO/SRO/26975/2023-24 dated May 31, 2023, has restrained entity Gowtham S (PAN: BCJPG2917G) from accessing the securities market directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 06 (six) months from the date of this Order;

Further, SEBI vide above order has restrained entity Kota Sunil Shankarbhai (PAN: BJAPK7820G) from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in sub-paragraph (i) and (v) of the order, whichever is later.

SEBI vide above order has directed that obligation of above entities, 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.

This Order shall come 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:

National Stock Exchange of India

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 email us at dl-invsg-all@nse.co.in

For and on behalf of

National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: - SEBI Order in the matter of unregistered Investment Advisory by Gowtham S and Kota Sunil Shankarbhai.

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF UNREGISTERED INVESTMENT ADVISORY BY GOWTHAM S AND KOTA SUNIL SHANKARBHAI

In respect of:

Sr. No.	Name of the Noticee	PAN
1.	**Gowtham S**	**BCJPG2917G**
2.	**Kota Sunil Shankarbhai**	**BJAPK7820G**

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee nos. and collectively as "Noticees", unless the context specifies otherwise)

Background

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received a complaint dated May 14, 2020 on SEBI Complaints Redress System (hereinafter referred to as "**SCORES**") portal from one Shri Amit Shanker Jha (hereinafter referred to as the "**complainant**") against Shri. Gowtham S (hereinafter referred to as ***"Gowtham / Noticee no. 1),*** who was registered with SEBI as a Research Analyst (hereinafter referred to as "**RA**") (INH200007308). Following was, *inter alia*, stated in the complaint:

a) On February 07, 2020, the complainant had paid INR 29,000/- to one Proworth Investment Research (hereinafter referred to as "***Proworth"***) under its service package "PROWORTH PRO10 SERVICE". Under the aforementioned package, the complainant was offered with a profit of INR 1 lakh on the investment of INR 1 lakh. As *Proworth* claimed to be a SEBI registered entity, the complainant also shared login ID and password of his trading account with *Proworth* through email and funded his trading account with INR 1 lakh.

b) The complainant was asked to sign on the consent letter to enable and facilitate placing and execution of trades in his trading account on his behalf, which *inter alia* states that "*I have established a business relation with Proworth Investment Research, an entity registered with SEBI under registration number INH200007308…*".

c) The positions taken by *Proworth* in the trading account of the complainant incurred losses instead of earning profit as promised, therefore the complainant sought for refund of his money, which was denied.

d) It was gathered from internet search that the registration number '*INH200007308*' pertains to Gowtham who is RA registered with SEBI. It was further gathered from the searches made on internet that the name of the *Proworth* has been changed from Proworth Investment Research to Profinity Investment Solutions. (hereinafter referred to as "***Profinity***"). Further examination reveals that the contact number of both the companies are same and the same was mentioned on their websites. Even, clients' testimonials available on the respective websites of *Proworth* and *Profinity* are exactly the same.

2. Pursuant to receipt of the complaint, SEBI forwarded the complaint to *Gowtham* for redressal. The complainant vide email dated May 18, 2020 informed SEBI that he has received a call from person named Priyank stating that there is no reason to worry as he (Priyank) will initiate the process of resolving the complaint

through settlement. Later on, the complainant vide his email dated May 24, 2020 informed SEBI that he has agreed to settle his complaint for an amount of INR 2.5 lakhs.

3. Taking into cognizance of the aforesaid complaint, SEBI initiated an examination into the matter, which, *inter alia*, revealed the following facts with respect to the activities of the *Noticees:*

a) Vide application dated December 04, 2019 vide number 763072, *Gowtham* had applied on the SEBI Intermediary Portal (hereinafter referred to as "**SI portal**") seeking to change its name and its address (in capacity of RA). He had proposed to change the name from '*Gowtham* to *Proworth*' and his address from Coimbatore to Ahmedabad. The aforesaid application received by SEBI had also mentioned the contact email id as proworth.in@gmail.com and mobile number as 98xxxxx882[1].

b) In the aforesaid application, *Gowtham* had also stated that "*I have started my new proprietorship firm and moving to Gujarat with my family. So I want to change my name and address.*" *Gowtham* had attached documents issued by Amdavad Municipal Corporation as a part of proof of change in the name and change in address. For this purpose, *Gowtham* was asked to first surrender the RA registration certificate held by him in his individual capacity, however, the said instructions were not abided by *Gowtham* even after multiple reminders. Consequently, the said application seeking change of name and address was closed by SEBI as not required to be processed.

c) It was revealed during the examination from certain posts on the website Quora.com, that the name of *Proworth* has been changed to Profinity. It was also gathered that *Proworth* was having a website namely www.proworth.in which was created on October 16, 2019, however the

[1] Mobile number has been masked to ensure privacy

aforesaid website remained inactive during the examination period and further its cached pages could not be accessed. Similarly, website of *Profinity* i.e. www.profinity.in was also inactive. However, the cached pages of the website of *Profinity* could be accessed and it was observed there from that the mobile number 98xxxxx882, which was mentioned as the contact number in the application for change in name and address filed with SEBI by *Gowtham,* was mentioned as one of the contact number of *Profinity*. Similarly, the twitter page of *Profinity* also mentioned the above number as its contact number. Further, following was *inter alia*, observed from the cached pages of the website of *Profinity*:

> *"We are a SEBI Registered Research Analyst who strongly believes in building a partnership with our clients. We are the business magnet for the traders and investors who deal in the stock market and provide best stock trading investment advice."*

d) The aforesaid website further hosted details of various service packages showing the different investment requirements, trading segment and the category of risk associated with such packages.

e) It was further gathered during the examination that the PayUmoney was mentioned as the payment gateway on its website for paying against the services proposed to be rendered by *Profinity*. It was further revealed that PayUmoney payment gateway was further linked to the bank account number "357XXXX194" of Central Bank of India, which belonged to one Shri. Kota Sunil Shankarbhai (hereinafter referred to as "***Sunil / Noticee no. 2***"). It was further noticed that the money paid by the complainant was also credited in the aforementioned bank account of *Noticee no. 2*. From further analysis of the aforementioned bank account statement, it was observed that the total amount mobilized through PayUmoney gateway in the above bank account stood at INR

8,47,000/- during the period commencing from February 06, 2020 to February 16, 2020.

f) It has also been noticed that refund to the complainant by way of settlement of the complaint was made from the aforementioned Central Bank of India bank account no. 357XXXX194 owned and belonged to *Sunil*. The aforesaid settlement of grievances of the complainant was done in 2 tranches where INR 1.5 lakh was paid on May 27, 2020 and INR 1 lakh was paid on May 29, 2020.

g) It has been noticed that *Gowtham* and *Sunil* have *prima facie* acted together engaged in the act of investment advisory activities done through *Proworth* / *Profinity* and have apparently received fees from the investors against providing stock recommendations, whereas the fact remains that the said investment advisory services were rendered by the *Noticees* without obtaining a registration as essentially under *IA Regulations, 2013*.

<u>Show Cause Notice, Reply and Hearing</u>

4. On the basis of the aforesaid factual observations, the evidence gathered during the examination and considering the *prima facie* illegal nature of the activities undertaken, a Show Cause Notice dated January 11, 2022 (hereinafter referred to as "**SCN**") was issued against the *Noticees*. It is alleged in the SCN that the *Noticee no. 1* and *2* have together carried out investment advisory activities without obtaining necessary registration from SEBI and that the *Noticees* by engaging in the acts of rendering investment advisory without having SEBI's registration, have violated the provisions of Section 12(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred as '***SEBI Act, 1992***') read with Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "***IA Regulations, 2013***"). The SCN further calls upon the *Noticee* to show cause as to why suitable directions including refund of fees collected,

debarment, non-association with listed entities, intermediaries, etc. should not be issued against them under sections 11B (1) / 11(4) of the *SEBI Act, 1992*.

5. I note from the records available before me that the SCN was duly served upon the *Noticee no. 1* through Speed Post and *Noticee no. 1* vide letter and email dated January 30, 2022 has submitted a written reply to the SCN. SCN sent to *Sunil* at the address, "*S/o Shri Shankarbhai Kota, 9/210, Ekta Apartment, Near Hatakeshwar Mahadev, Khokhra, Ahmedabad – 380026*" mentioned in the KYC of his bank account, returned undelivered. An attempt was made to affix the SCN on the aforementioned address however, proper affixture could not be completed. In addition to the above, vide email dated June 13, 2022, SEBI sent the digitally signed SCN on email id koshti.laxman@gmail.com (as available from Income Tax Department). It is noted that vide an email dated June 13, 2022, a response was received from the email id koshti.laxman@gmail.com stating that *"I have conveyed the same to Mr. Sunil Kota (Mob-9106761181)"* and attached a screenshot of the WhatsApp message forwarding the SCN to *Sunil*. Subsequently, since no reply was received by SEBI on the SCN, a reminder dated June 16, 2022, was sent on email id koshti.laxman@gmail.com. In this regard, vide email dated June 16, 2022, it was informed to SEBI form the aforesaid email id that the notices were forwarded to *Sunil* via WhatsApp and additionally attached the screenshot of contact details mentioned on the Income Tax e-filing portal associated with the PAN of *Sunil* and an email id sunilkota0901@gmail.com was noted from the same. Vide email dated June 16, 2022, SEBI sent the digitally signed SCN on email id sunilkota0901@gmail.com. A reminder was also sent on sunilkota0901@gmail.com vide email dated June 23, 2022. However, *Noticee no. 2* has neither filed any reply/objections to the SCN nor has sought any personal hearing. Nevertheless, in conformity with the principles of natural justice, an opportunity of personal hearing was provided to the *Noticee* and his personal hearing was scheduled on October 17, 2022. I note that the hearing notice was delivered on the *Noticee no. 2* through speed post. However, I note that the *Noticee no. 1* appeared physically for

hearing and presented his arguments, which no one appeared before me on the scheduled date of hearing on behalf of the *Noticee no. 2* despite the fact that after much efforts, the SCN and the hearing notice were duly served on him through his email address. In this regard, the observation of Hon'ble Securities Appellate Tribunal (for short "**SAT**") in the matter of *Sanjay Kumar Tayal & Ors. vs. SEBI (Appeal No. 68/2013)* decided on February 11, 2014, is relevant and same is referred to hereunder: -

> *"We see no merit in above contentions. As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, 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......."*

6. Under the circumstances and considering the aforesaid judicial position, I observe that principles of natural justice have been adequately complied with in the present matter, and as the *Noticee no. 2* has preferred not to participate in the present proceedings before me for the reasons best known to him, I am constrained to deal with the matter qua *Noticee no. 2* on merit based on the materials available on record.

Submissions of *Noticee no. 1*

7. I note that *Noticee no. 1* has submitted replies dated January 30, 2022, October 17, 2022 and October 18, 2022, to SEBI in the instant matter. The explanations offered and arguments advanced by *Noticees* in his written and oral submissions are as follows

a) After acquiring the RA certificate from SEBI, *Noticee no. 1* applied to various companies including to M/s Eqwires Research Analyst and received an interview call from the aforesaid firm. *Noticee no. 1* appeared for an interview on September 07, 2019 at "A-804, Dev Aurum Commercial, near Shell petrol pump, Prahalad Nagar road, Ahmedabad-

380015" before one Priyank Dineshbhai Shah (for short "***Priyank***"), who offered *Noticee no. 1* a job as a RA with a salary of INR 50,000 per month from November 01, 2019 to work in a new company viz: *Proworth*. *Priyank* has shared a Memorandum of Understanding ("***MoU***") with *Noticee no. 1* in this regard. *Noticee no. 1* agreed to the said job offer and reached Ahmedabad from his native place (Coimbatore) on October 31, 2019. *Noticee no. 1* stayed in Ahmedabad for 2 days, during which *Priyank* got certain documents signed by *Noticee no. 1* as job formalities in the new company. However, as the *Noticee no. 1* was not keeping well, he returned to his hometown (Coimbatore) after sometime.

b) Meanwhile, *Priyank* started using RA registration number of *Noticee no. 1* on the website of *Proworth* and assured *Noticee no. 1* that the same is displayed on website but the website is still non-functional, hence he is not mis-using the RA number of *Noticee no. 1*. It is further submitted that he has received a sum of INR 50,000 (in 3 parts- INR 30,000, INR 18200 and INR 1800) on December 03, 2019 that got deposited in the account of *Noticee no. 1* in the form of cash at Ahmedabad by *Priyank*.

c) Later on, *Priyank* attempted to change the address and the phone number disclosed in the RA number of *Noticee no. 1* to SEBI for which *Priyank* took the One Time Passwords (OTPs) from *Noticee no. 1* on December 04, 2019. In this regard, *Priyank* informed the *Noticee no. 1* that the same was being changed in order to avoid direct calls / emails from clients to *Noticee no. 1*.

d) Though *Noticee no. 1* gave the OTP but his suspicion grew about the intention of *Priyank* and he immediately stopped contacting him further. However, *Priyank* kept on insisting *Noticee no. 1* to come to Ahmedabad so that he can open a Bank account in name of *Proworth*, but the *Noticee* *no.* 1 did not respond to his call and has eventually joined a company named Pidilite after coming back to Coimbatore.

e) In May 2020, *Noticee no. 1* received an email from the complainant (Amit Shanker Jha) stating that the complainant has been cheated by *Proworth* and that his RA number is used by the said company while dealing with the complainant. Simultaneously, the *Noticee no. 1* received a call from *Priyank* and offered him an amount to be further transferred to the complainant in order to settle the complaint of Mr. Jha, the complainant. However, *Noticee no. 1* refused to do so and thereafter, the money was transferred by *Priyank* to the complainant from the bank account of *Sunil i.e. Noticee no. 2 (*his another known person) in order to settle the complaint of the complainant.

f) Subsequently, *Noticee no. 1* received the SCN from SEBI alleging that he along with *Noticee no. 2* has engaged in the act of investment advisory without having proper registration for the said activity. While denying the said allegation, it has been submitted vehemently that he himself was a victim of the fraud and has been cheated by *Priyank* who mislead his RA registration number to lure investors and collect money. The above acts were performed by *Priyank* without his knowledge and consent, and upon coming to know about the alleged acts, he decided to surrender his RA registration to prevent any further misuse of the said registration number and the request for surrender of registration by *Noticee no. 1* was accepted by SEBI on April 08, 2021.As the RA registration number of *Noticee no. 1* has been mis-used by *Priyank* in collecting money from various investors and the *Noticee no. 1* has no role in providing any unregistered IA services or in collecting money from various investors, he ought not to be held liable for the alleged acts. Further, apart from the meagre amount of INR 50,000 which was deposited by *Priyank* towards his salary in tranches, no other monetary benefit of any nature has been received by *Noticee no. 1* in his account from *Priyank* or any other investor.

Consideration of Issues and Findings

8. Considering the factual findings from the examination, the allegations levelled against the *Noticee* in the SCN based on such findings and the explanations offered by the *Noticee* through written and oral replies to the SCN, I find that the following issue requires consideration:

Whether the acts of the Noticees as imputed in the SCN, have resulted in the violation of the provisions of SEBI Act, 1992 read with IA Regulations, 2013 while providing the services related to Investment Advisory without having proper registration?

9. Before adverting to the facts of the case to deal with the aforesaid issue, it is apposite to refer to the relevant provisions of law, the violations of which have been alleged against the *Noticee* in the SCN. Such provisions are reproduced herein for ready reference:

SEBI Act, 1992

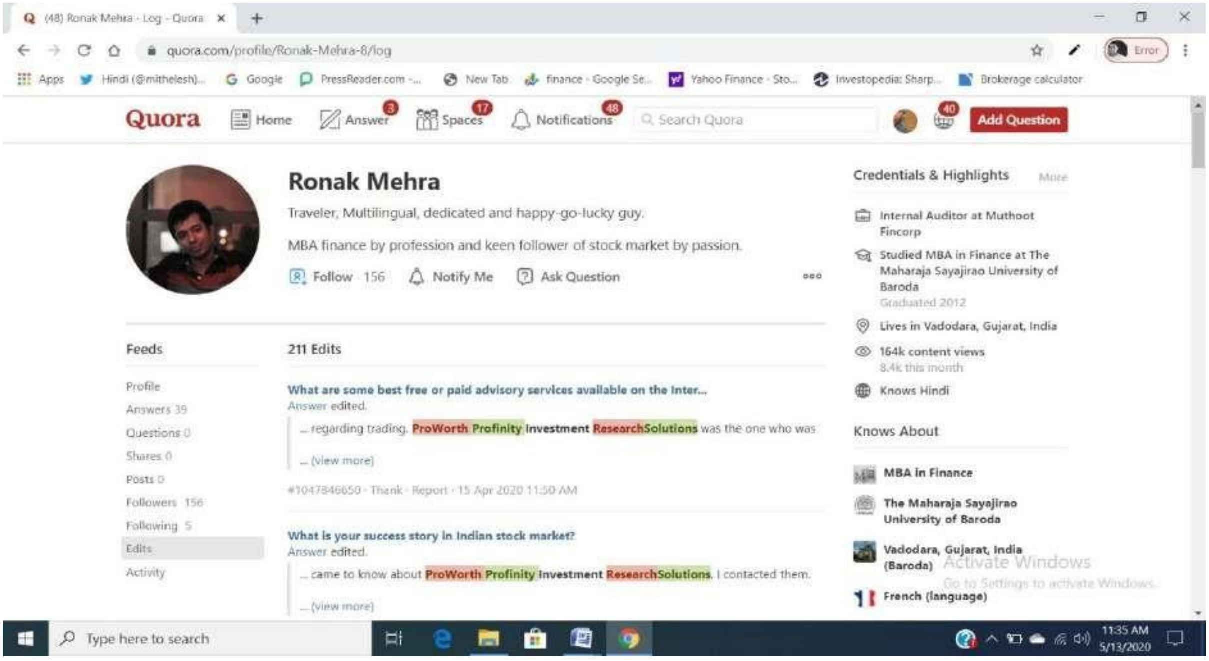
Section 12 (1): "No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in 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:"

SEBI (Investment Adviser) Regulations, 2013

Regulation 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"

10. As stated in the beginning, SEBI had received a complaint *inter alia* alleging that *Proworth*, which was portraying itself as a SEBI registered entity having registration number as INH200007308, collected INR 29,000/- from the complainant for the service package called "PROWORTH PRO10 SERVICE, under which it offered him a profit of INR 1 lakh on the investment of INR 1 lakh. It is further submitted by the complainant that the name of *Proworth* has been changed to *Profinity*. In this regard, it was observed from the https://www.quora.com/profile/Ronak-Mehra-8/log that the name of *Proworth* has been edited and changed to *Profinity*. A sample screenshot found from such examinations is reproduced below:

<u>Image - 1</u>



11. It is also observed that the testimonials of the clients displayed by both *Proworth* and *Profinity* on their respective websites i.e. www.proworth.in and www.profonity.in are exactly same. I further note that during the examination, it has been revealed that mobile number 98xxxxx882 was mentioned as one of the contact numbers of *Profinity* on its website. Similarly, the twitter page of *Profinity* also mentioned the contact number as 98xxxxx882. It is important to note that the

aforesaid mobile number was also mentioned as the contact number in the application for change in name and address filed with SEBI by *Gowtham.*

12. Considering the aforesaid evidences usage of same testimonials, same mobile number and observations from Quora.com regarding change in name, it is established that both *Proworth* and *Profinity* are same entity and the name of *Proworth* was only changed to *Profinity*. In this regard, as per further information gathered from the website of the *Profinity,* it was also observed, *inter alia*, that the following proclamations were made through the aforesaid websites:

- *"…..Profinity Investment Solutions is an innovative and creative organization whose primary goal is to create a benchmark in stock market by providing high quality and best in class services.*
- *Profinity Investment Solutions is a SEBI Registered Research Analyst which follow all the regulators and norms and provides excellent solutions to all the traders and investors who are in hunt of profitable trading services and recommendations which can add value for them.*
- *We are a SEBI Registered Research Analyst who strongly believes in building a partnership with our clients. We are the business magnet for the traders and investors who deal in the stock market and provide best stock trading investment advice.*
- *Genuine intraday stock tips provider, 100% accurate intraday tips free, Best F&O trading tips in India."*

13. The records before me also clearly suggest that *Profinity* had come out with a schedule of various investment advisory services with details of 'required investments and expected profits to be generated out of such investments'. In this respect, an illustrative table indicating a summary of different services offered by *Profinity is* given below:

<u>Table -1</u>

S. N.	Package	Projected Profit in INR	Investment Required in INR	Trading Segment	Risk Type / Additional Information
Profit Oriented Services					
1	Profinity Pro5 Service	50,000	1,50,000	NSE F&O	Moderate
2	Profinity Pro10 Service	1,00,000	2,00,000	NSE F&O	Moderate
3	Profinity Pro15 Service	1,50,000	3,00,00	NSE F&O	Moderate
4	Profinity Pro20 Service	2,00,000	3,50,000	NSE F&O	Moderate
5	Profinity Pro25 Service	2,50,000	4,50,000	NSE F&O	Moderate
6	Profinity Pro35 Service	3,50,000	6,00,000	NSE F&O	Moderate
7	Profinity Pro50 Service	5,00,000	8,00,000	NSE F&O	Moderate
8	Profinity Pro75 Service	7,50,000	12,00,000	NSE F&O	Moderate
9	Profinity Pro100 Service	10,00,000	18,00,000	NSE F&O	Moderate
Trades Oriented Services					
10	Profinity T5 Service	N.A.	1,00,000	NSE F&O	5 to 7 high quality trades, Dedicated Relationship Manager
11	Profinity T7 Service	N.A.	1,50,000	NSE F&O	7 to 10 high quality trades, Dedicated Relationship Manager
12	Profinity T10 Service	N.A.	2,00,000	NSE F&O	10 to 13 high quality trades, Dedicated Relationship Manager
13	Profinity T15 Service	N.A.	2,00,000	NSE F&O	15 to 18 high quality trades, Dedicated Relationship Manager
14	Profinity T20 Service	N.A.	2,50,000	NSE F&O	20 to 25 high quality trades, Dedicated Relationship Manager
15	Profinity T25 Service	N.A.	3,00,000	NSE F&O	25 to 30 high quality trades, Dedicated Relationship Manager

S. N.	Package	Projected Profit in INR	Investment Required in INR	Trading Segment	Risk Type / Additional Information
Profit Oriented Services					
16	Profinity T30 Service	N.A.	4,00,000	NSE F&O	30 to 35 high quality trades, Moderate
17	Profinity T35 Service	N.A.	4,00,000	NSE F&O	35 to 40 high quality trades, Moderate
18	Profinity T45 Service	N.A.	5,00,000	NSE F&O	45 to 50 high quality trades, Moderate
Weekly Services					
19	Profinity W25 Service	25,000	1,50,000	NSE F&O	Moderate
20	Profinity T3 Service	N.A.	1,00,000	NSE F&O	Dedicated Relationship Manager
21	Profinity HNI H75 Service	75,000	5,00,000	NSE F&O	Moderate

14. As already recorded earlier in this Order, it was unearthed during the SEBI's examination that the PayUmoney Gateway through which the complainant had transferred the money and which was also mentioned on the website of *Profinity,* was linked to bank account number 357XXXX194 held with Central Bank of India. I note from the KYC of the aforementioned bank account that the same belongs to *Sunil* (*Noticee no. 2*). Following are the details of the aforesaid bank account:

<u>Table -2</u>

Account holder	Bank Name	Bank A/c. No.	Authorised Signatory	Address & contact details
Kota Sunil Shankarbhai (BJAPK7820G)	Central Bank of India	3572335194	Kota Sunil Shankarbhai	Address: 9/210, Ekta Apartment, Nr. Hatkeshwar Mahadev, Khokhra, Ahmedabad – 380026 Mobile: 7383596913, Aadhaar: 255137592445

15. From the aforesaid facts, it is clearly ascertained that the advisory activities relating to securities market were allegedly provided through *Proworth / Profinity* to the clients/investors against monetary consideration. Further, such activities of providing advisory services relating to investing in, purchasing, selling or otherwise dealing in securities and various other investment products of securities, as was proclaimed by the said firms through their websites were being carried out in an unauthorized manner without having an appropriate SEBI registration. At this juncture, it is pertinent to look at the definition of Investment Adviser (or short "**IA**") as articulated in regulation 2 (1) (m) of the *IA Regulations, 2013* 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 also perused regulation 2(1)(l) of the *IA Regulations, 2013* 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.*"

16. In the light of the aforesaid definitions read with the contents published and proclaimed on the websites of the as well as the allegations imputed in the *SCN*, I note that through the websites of *Proworth / Profinity*, it has been made sufficiently clear to the public at large that the aforesaid entities were engaged in offering investment advice as defined under regulation 2(1)(l) of the *IA Regulations, 2013* and through their said websites, advices related to investing in, purchasing and selling of securities as well as various service packages were being dispensed to the investors at large in lieu of monetary considerations, for dealing in securities, which were nothing but offering of investment advisory services to the public. Considering the aforesaid factual findings that led to the commencement of the

instant proceedings, it leaves no doubt in my mind that the above noted activities of *Proworth / Profinity,* squarely satisfy the conditions for coming to an unassailable conclusion that indeed *Proworth / Profinity* was engaged in providing investment advisory services for consideration to the investors of securities market.

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

18. In order to ensure protection of investors' interest who desire to receive investment advice from various Investment Advisors, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and has to conduct its activities in accordance with the provisions of the relevant SEBI Regulations. However, the activities of *Proworth /*

Profinity, as brought out from the various materials described above including their websites, bank accounts, complaints, etc., seen in the backdrop of the aforesaid regulatory provisions, show that *Proworth / Profinity* were being held out as IA, although *Proworth / Profinity* were not registered with SEBI in the capacity of IA. Hence, I find that these activities/ representations as were being made through *Proworth / Profinity* without holding the mandatory certificate of registration as investment adviser by these firms, are in blatant violation of Section 12(1) of *SEBI Act, 1992* read with regulation 3(1) of the *IA Regulations, 2013*.

19. Now the issue which requires consideration is to examine the role of *Noticees no. 1* and *2* in the whole activities of unregistered advisory activities conducted under name of *Proworth / Profinity*, which is being dealt in subsequent paragraphs of this Order.

Noticee no. 1

20. I note that the SCN has alleged that the *Gowtham* is related to *Proworth / Profinity* in the following manner:

a) Vide application number 763072 dated December 04, 2019, *Gowtham*, had applied for change in name in his RA registration number INH200007308 from '*Gowtham* to *Proworth*' and change of address from Coimbatore to Ahmedabad in the SI portal of SEBI. The application also mentioned the contact email id as proworth.in@gmail.com and mobile number as 9809828882;

b) In the aforesaid application *Gowtham* had submitted the document issued by Amdavad Municipal Corporation (for short "AMC"), which indicated that *Gowtham* is the proprietor of *Proworth* and the address is Cellar 4, 5, 6, Tulsi Complex, 10 Rasmi Soc., Mithakhali Six Road, Ahmedabad.

21. With regard to the aforesaid allegation of having been connected with *Proworth*, *Noticee no. 1* has submitted that his RA number was misused by *Priyank*,

who was managing the affairs of the *Proworth / Profinity*, with whom he came into contact for a job opening. Subsequent to the interview, *Priyank* offered him a job of a Research Analyst in a new company (*Proworth*) with a salary of INR 50,000/- per month. He has further submitted that while filling the documents for the job application, his signatures on various documents were taken by *Priyank* under the pretext of processing his job application and such documents were later mis-used for obtaining documents relevant for *Proworth* such as certificate from AMC, rental / lease agreement for space of *Proworth*, etc. In this regard, during the personal hearing, *Noticee no. 1* retrieved his WhatsApp chats with *Priyank* (mobile number: 9601XXXX36) to substantiate his contention with respect to *Priyank* for period October 27, 2019 to October 16, 2020 out of his mobile phone and submitted it to SEBI to support his argument. After going through the shared WhatsApp chats, following conversations between him and *Priyank*, *inter alia*, have been noted:

Table -3

Date	Details of communication
30.10.2019	*Gowtham* informed *Priyank* that he is on his way to Ahmedabad to which *Priyank* responded positively.
06.11.2019	*Gowtham* informed *Priyank* that as he is not feeling well, he is travelling back from Ahmedabad to Coimbatore. *Priyank* insisted that he could have hospitalised in Ahmedabad only.
11.11.2019	*Gowtham* informed *Priyank* that he got a call from SEBI regarding address change application under his RA registration number to which *Priyank* assured him to not worry about anything and as he has done such things in the past, he will manage regarding affairs of change in name and address.

13.11.2019	*Gowtham* messaged *Priyank* that "*it seems you have already started using my RA number of Proworth website*". *Priyank* responded that "*It's posted on website as website making was in progress. As far as issues are concerned, problem arise when we misuse anything. At present everything is in development stage. We are not doing any offence. We are research analyst and we can apply for address change. Moreover, we are not starting any company. It's an individual entity/analyst only. Like we have in Equitics.*" *Priyank* further insisted *Gowtham* to come to Ahmedabad quickly for completing remaining documentation to which *Gowtham* stated that he will take printout and courier all such documents to *Priyank*.
15.11.2019	*Priyank* messaged *Gowtham* that he has sent some documents on email to be couriered to him to Ahmedabad after signing.
16.11.2019	*Gowtham* messaged *Priyank* "*I don't want to be a part of your association with proworth*" *Priyank* replied that "*Dear Gowtham, you have signed contract, based on your commitments and contract, we have initiated the work. We have explained everything transparently and we are taking complete responsibility of work. <u>We are paying 50k for every month</u> and invested a lot based on approval. Now if you step back or waste time due to one or other reason, it's a financial loss to us. 15 days are already passed and your <u>November salary</u> will be due to next 15 days but work has not started yet. We trusted you a lot but you are <u>unnecessarily stretching time</u> which is a big financial loss to us. You came here by your willingness, we never forced your for anything. We gave 50k instead of 35k and that too from home which will overcome your expenses to zero. If you stay in PG, you have to spend some 10k to 15k every month which will be saved now. our team accepted you as a family member and also created atmosphere to train you all research activities. But before*

	we do anything, you returned back. That's ok you had health issues but now understand the situation. We have done recruitments based on your commitment. 15 days passed and in another 15 days we have to give salary them also."
18.11.2019	*Gowtham* informed *Priyank* that he has couriered the documents after signing such documents.
22.11.2019	*Priyank* sought OTP from *Gowtham* for login into SEBI SI portal, which was provided by *Gowtham*.
27.11.2019	*Priyank* advised *Gowtham* to *"remove sebi number from your LinkedIn because when we are searching for sebi number in Google, it's showing your profile. We don't want that people see your profile and relate you or bother you. We just want to keep your identity private."* *Priyank* sought bank details from *Gowtham* for depositing salary of 50,000 in cash. *Gowtham* provided his DBS Bank account details.
03.12.2019	*Priyank* messaged *Gowtham* to provide another bank account as DBS bank denied to deposit cash in the said account. *Gowtham* provided details of his SBI bank account. Subsequently, *Priyank* informed regarding deposit of cash in *Gowtham's* account which was duly acknowledged by *Gowtham*.
04.12.2019	*Priyank* sought OTP from *Gowtham* for login into SEBI SI portal, which was provided by *Gowtham*. *Priyank* further informed that forward all the emails received from SEBI to Proworth.in@gmail.com so that he can monitor the address change application queries from SEBI and accordingly reply to such queries.
04.12.2019	*Priyank* kept messaging *Gowtham* to come to Ahmedabad or open an account

to 18.05.2020	in ICICI Bank so that they can start taking payments in name of *Proworth*. *Priyank* also during the chats threatened him to act as per his directions, else he might take action regarding breaking of *MoU*, etc. However, *Gowtham* kept resisting and never opened an account.
19.05.2020	*Gowtham* asked *Priyank* whether he has sent WhatsApp message from <u>another number (9601XXXX37), to which *Priyank* responded positively</u>. *Gowtham* also informed him regarding the email received from the complainant (Amit Shanker Jha) *Priyank* asked *Gowtham* to not communicate with the complainant and provided an option that he will transfer INR 1.3 lakh in *Gowtham's* account to further transfer to the complainant to close the complaint. He shared the "Gumasta Certificate" issued by AMC wherein *Gowtham* was being shown as the proprietor of *Proworth* and further blackmailed *Gowtham* that all the documents of *Proworth* are in name of *Gowtham,* SEBI will catch *Gowtham.*
20.05.2020	*Priyank* messaged *Gowtham* to inform SEBI that *Gowtham* is ready to refund amount of INR 1.29 lakh to the complainant. *Priyank* sent a draft message to *Gowtham* to be submitted in SEBI SCORES portal as a reply to the complainant, to which *Gowtham* replied kindly <u>transfer money first</u>. *Priyank* informed that he will transfer INR 65,000/- to *Gowtham's* account on May 20, 2020 and remaining INR 65,000/-, once the complainant agrees for settlement and sought bank details. *Gowtham* replied that *Priyank* may transfer money directly to complainant as he is not having online banking facility. However, *Priyank* asked for another bank account from *Gowtham.*
21.05.2020	*Gowtham* then gave the bank account details of his brother in ICICI Bank to *Priyank*. *Priyank* deposited INR 65,000/- in the ICICI bank account <u>of *Gowtham's* brother</u>.

22.05.2020	*Priyank* shared a draft reply with *Gowtham* to be sent to SEBI / SCORES for settling complaint. The said draft is placed below: *"I am Gowtham and I am a SEBI registered RA. I writing to you regarding the open complaint of Mr Amit Jha on SCORES. I replied to him on SCORES and shown my willingness to refund his charges of Rs 29,000 and even total loss compensation of Rs 99,000 or whatever SEBI instruct but he is disproportionately asking refund of total fees paid + 5 lacs extra amount, which is not possible for me being a middle class person.* *Before few months, I was searching for some opportunity to learn and work and <u>for that reason I planned to shift to Ahmedabad because I had a family friend there</u>. I went to Ahmedabad through one of my relatives and was staying with my family friend named Sunil kota.* *<u>I even applied for local Gumastha registration</u>, professional tax registration in the name of Proworth Investment Research and made rent agreement for office and applied for Name and address change on SI portal after which I provided supporting documents to SEBI Ahmedabad office. <u>We started enrolling new clients</u> but my health was not supporting because of accommodation and weather and I was not comfortable there. I fell ill because of food poisoning and I had to return back to hometown Coimbatore.* *…………………. <u>I worked for about 1.5-2 months</u> and stopped new enrolments. It may be noted that Mr Amit incurred loss when market collapsed due to Corona pandemic and many investors suffered huge losses………………….. "*
23.05.2020	*Gowtham* questioned *Priyank* about *Sunil* to which *Priyank* informed that in *Sunil's* bank account credits were received through PayUmoney. In this regard, *Gowtham* informed *Priyank* that he has not even seen *Sunil* and how will he justify to SEBI his relationship with *Sunil.*

	Priyank informed that complainant is ready to settle complaint in INR 2.5 lakh and once the complaint is settled, SEBI will not investigate further.
24.05.2020	*Gowtham* asked *Priyank* the status of Gumasta certificate and lease agreement which were still in his name to which *Priyank* informed that same will be closed soon as the Government offices are closed due to Covid-19 lockdown. *Priyank* asked status of email to be sent to the complainant to which *Gowtham* replied he will send soon. *Priyank* again shared a draft reply to be sent to complainant. *Gowtham* sent the email and shared the same with *Priyank* and later he also shared the reply of complainant with *Priyank*.
25.05.2020	*Gowtham* shared reply of complainant with *Priyank.* Discussion happened between *Priyank* and *Gowtham* regarding who will send money to complainant. *Priyank* kept insisting him that the complainant does not want cash so *Gowtham* has to transfer money to which *Gowtham* denied. *Priyank* insisted him that he is giving money and *Gowtham* has to just transfer that money to complainant.
26.05.2020	*Gowtham* denied to transfer money to complainant and said transfer it from *Sunil's* account. *Priyank* agreed and suggested *Gowtham* that if SEBI asks you who is *Sunil* reply them that he is my (*Gowtham's*) friend. *Priyank* advised to transfer INR 65,000/- to complainant which was deposited by *Priyank* in *Gowtham*'s brother account, to which *Gowtham* denied and said he will refund the amount to *Priyank*.
28.05.2020	*Priyank* shared bank account details of *Sunil* with *Gowtham* and asked him to

	return the INR 65,000/- to *Sunil's* account.
29.05.2020	*Gowtham* transferred INR 65,000/- to *Sunil's* account and *Priyank* transferred money to complainant. *Priyank* asked *Gowtham* to close the reply in the SCORES and shared draft reply with him.
30.05.2020	*Gowtham* shared reply received from complainant with *Priyank* regarding closure of compliant.
31.05.2020 to 16.10.2020	*Gowtham* kept on following up with *Priyank* regarding cancellation of documents of *Proworth* under his name such as Gumasta certificate, rent agreement, etc.

22. After an extensive perusal of the submissions made by *Gowtham* in his defence and the supporting evidences such as his WhatsApp chats with *Priyank*, it becomes glaringly clear that the affairs of *Proworth / Profinity* including registering *Proworth* as a proprietorship firm in the name of *Gowtham*, managing the rent / lease document in name of *Proworth* and *Gowtham,* managing respective websites wherein details of RA number of *Gowtham* was displayed, soliciting investors to render (unregistered) investment advisory services, etc. were all stage managed by *Priyank* from the very beginning of introduction of *Gowtham* as a job seeker to *Priyank*. I also note that there is no material available on record to suggest that *Gowtham* was instrumental in managing the activities of the above entity, *Proworth / Profinity* in providing services related investment advisory. On the contrary, on a holistic evaluation of materials including the WhatsApp chats exchanged between *Priyank* and *Gowtham* as available before me, it becomes evident that it was *Priyank* who was instrumental in collecting money from investors in lieu of rendering unregistered investment advisory services through *Proworth / Profinity* and further it was *Sunil's* bank account which was being used for receiving fee from the

investors as well as for settling the amounts with aggrieved complainant apparently with an intent to hush up the complaints and prevent the complainants from approaching Regulatory authorities.

23. The aforesaid findings are further reinforced by the fact that *Priyank* was the only person who was actively involved in resolving the complaint of the complainant and he was the one who was preparing draft replies at every stage to respond to the complainant and to SEBI, communicating with the complainant over phone and initiating refunds to the complainant from *Sunil's* bank account, etc. and *Gowtham* was apparently unaware of all the developments and activities of *Priyank*. I also note that the complainant vide email dated May 18, 2020 informed SEBI that he received a call from a person *Priyank* from mobile number 9601XXXX37 and it is further gathered from the aforementioned WhatsApp chats that the same number has been owned by *Priyank*. It is further observed from the WhatsApp chats that it was *Priyank* who had raised a request for change of name, address and contact details in the *Gowtham's* RA registration on the SEBI SI portal by taking OTP from *Gowtham*.

24. From the aforesaid discussions, it is *prima facie* established that *Priyank* was the master mind and Kingpin who was involved in the complete affairs of *Proworth / Profinity* starting from using *Gowtham's* RA registration number on *Proworth* website, thereby misrepresenting the same as an registered RA, registering *Proworth* in name of *Gowtham*, selling investment services to investors through *Proworth / Profinity* and collecting money from such investors without taking required IA registration from SEBI. I also note that on various occasions, *Gowtham* had asked *Priyank* not to use his RA registration number for collecting money from investors. However, instead of reporting the above acts of *Priyank* to the appropriate authorities viz. Police, SEBI, *Gowtham* preferred making request to *Priyank* asking him to stop using his registration number granted to him by SEBI in the capacity of a Research Analyst. It is not only desirable but expected and

incumbent upon the *Gowtham* to have reported the facts to SEBI immediately upon sensing the suspicious acts of *Priyank* so as to come out clean. I can't close my eyes to the same that till the time of hearing, no such facts have been disclosed in details and brought to the notice of SEBI. Such an act should have saved various investors from being duped by *Priyank* through *Proworth / Profinity*. At the same time, considering the facts and circumstances of the case, I have to acknowledge the miniscule role played by *Gowtham*, who somehow in the process of his desire to work as a RA with a firm in Ahmedabad ended up giving the particulars of his RA registration to *Priyank* and unintentionally became part of this fraudulent scheme by entering into an MoU with *Priyank* and allowing his RA number to be misused by *Priyank* for rendering unregistered investment advisory services.

Noticee no. 2

25. I have already recorded earlier that the unregistered investment advisory services were being offered through *Proworth / Profinity* in lieu of monetary considerations paid by the concerned investors into the bank account of *Sunil* held with Central Bank of India. I note that the bank account held in the name of *Sunil* bearing account number 357XXXX194 was credited with total amount of INR 8,47,000/- through PayUmoney within a period of 11 days i.e. from February 06, 2020 to February 16, 2020. I also, note that the account number 357XXXX194 reflected the payments made by the complainant. I also note that the refund to the complainant for settlement of the complaint was paid from the aforementioned Central Bank of India bank account no. 357XXXX194 belonging to *Sunil*. The aforesaid settlement was done in 2 tranches i.e. INR 1.5 lakh on May 27, 2020 and INR 1 lakh on May 29, 2020.

26. It is important to note that before issuance of the SCN, SEBI at the time of examination, advised the *Noticees* to provide the details of the clients who have availed their investment advisory services and the amounts collected from such

clients in the aforementioned Bank account i.e. 357XXXX194. However, I note that no reply was received by SEBI in this regard. As pointed out above, with respect to the allegations made in the SCN, till now no submissions have been put forth by the *Noticee no. 2* in response to the allegations made in the SCN. Considering the above, I further find it apt to refer to and rely on the observation of the Hon'ble SAT in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003, DoD-08.12.2006),* wherein it was *inter alia*, observed that "*…....the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them".* Therefore, in the absence of any material contrary to the allegations made in the SCN, in the light of the aforesaid findings, judicial observations and representations made by *Proworth / Profinity* through their websites with PayUmoney link crediting to the bank account of *Sunil*, credit entries in the bank accounts of the *Sunil* including that of the complainant, the fact that refund to the complainant was issued from the bank account of *Sunil* as well as the allegations imputed in the SCN, I find that materials on record are sufficient enough to reasonably conclude that it was *Noticee no. 2* who was directly or indirectly involved in activities pertaining to providing unregistered investment advisory services through *Proworth / Profinity*. Hence, I find that the role of *Noticee no. 2* by allowing its bank account to be used for credit and refund of monies earned as unregistered investment advisory activities, is in blatant violation of Section 12(1) of *SEBI Act, 1992* read with regulation 3(1) of the *IA Regulations, 2013*.

27. As stated above, *SEBI Act, 1992* and *IA Regulations, 2013* mandate that an investment advisor has to hold a certificate of registration to act as such. However, as already pointed out above, I find that neither the *Noticees* nor *Proworth / Profinity* were holding any certificate of registration from SEBI to act as investment advisor. Thus, through *Proworth / Profinity,* investment advisory services were being offered to investors in an illegal manner, with the sole objective of raising money from the

investors by way of subscription to their various investment packages/plans with the direct involvement of the *Noticee no. 2* in the present case, even though the aforesaid firms were not holding any Investment Advisor registration certificate when they were making such offers to the public.

28. I understand that the materials available on record do not indicate the exact amount of fees collected by *Proworth / Profinity*, as a result of providing such investment advice to investors in violation of the provisions of the *IA Regulations, 2013*. However, the SCN records that the *Sunil* has received credits worth of INR 8,47,000/- in its Central Bank of India account number 357XXXX194 from period February 06, 2020 to February 16, 2020, through payment gateway floated on the website of *Proworth / Profinity*. I also note that the aforesaid amount includes money in small amounts on various occasions. Further, the fact that the complainant had claimed that he had paid money to the *Proworth* for availing investment advisory services which was credited to the aforesaid bank account of *Sunil*, further reinforces the involvement of *Sunil* in unauthorised investment advisory services being rendered through *Proworth / Profinity,* holding out false promises to induce the innocent investors.

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

i. The *Noticee no. 2* shall, within a period of three months from the date of this Order, refund the money (approximately INR 8,47,000 as indicated at paragraph 28 of this Order) received from the clients / investors / complainants, as fees or consideration or in any other form, in respect of its unregistered investment advisory activities;

ii. To give effect and implement the above direction, the *Noticee no. 2* shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of its contact person such as names, addresses and contact details including email id and phone number, within 15 days of coming into force of this Order;

iii. The repayments to the clients/investors / complainants 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;

iv. After completing the refund as directed in sub-paragraph (i) above, within a further period of 15 days thereafter, the *Noticee no. 2* shall file a report detailing the amount refunded to SEBI addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot No. C7 G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051. The said report should be duly certified by an independent Chartered Accountant indicating entity wise details to whom refunds have been issued such as name, amount refunded, communication address, mobile numbers, telephone numbers, etc. alongwith the mode of payment by banking transactions duly supported by the certified copy of bank statements;

v. The remaining balance amount, if any, (after returning to the investors / clients / complainants out of the said INR 8,47,000, in case claims so received fall short of the amount of INR 8,47,000) shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/ complainants/ investors who were availing the investment advisory services from the *Noticee no. 2*. Thereafter, remaining balance amount if any, which could not be returned to the clients / investors / complainants, will be deposited in the Investors Protection and Education Fund maintained by SEBI;

vi. The *Noticee no. 2* is restrained from selling its assets, properties and holding of mutual funds/shares/securities held by it 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 only for the purpose of making refunds to the clients/investors who were availing the investment advisory services from the *Noticee no. 2* as directed above and for the purpose of depositing the balance amount with SEBI, as directed in this Order, from the bank account of the *Noticee no. 2*;

vii. The *Noticee no. 2* is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in sub-paragraph (i) and (v) above, whichever is later;

viii. *Noticee no. 2* is 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 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in sub-paragraph (i) and (v) above, whichever is later

ix. *Noticee no. 2* shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in sub-paragraph (vii) and (viii) 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;

x. Upon submission of report on completion of refunds to complainants/ investors to SEBI and after depositing the balance money with SEBI, if any, the direction at sub-paragraph (vi) above shall cease to operate within 15 days thereafter;

xi. The *Noticee no. 2* shall resolve all the complaints pending against it and file a report of such resolution with SEBI addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot No. C7 G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051. The aforesaid report shall be filed along with the report as contemplated under sub-paragraph (iv) above, within a period of 30 days, from the date of this Order;

xii. The *Noticee no. 1* is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 06 (six) months from the date of this Order;

30. 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.

31. 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.

32. The direction for refund, as given in paragraph 29 (i) and 29 (v) above, does not preclude the clients/investors of the *Noticee no. 2* from pursuing the other legal remedies available to them under any other law, against the *Noticee no. 2* for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

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

34. I have been given to understand that a separate holistic examination pertaining to role of Priyank in rendering unregistered investment advisory services in Indian securities market is already underway and subject to outcome of the said examination, necessary course of action will follow.

35. A copy of this Order shall be served upon the *Noticees*. A copy of this Order shall also be forwarded to:

i. All the recognized Stock Exchanges, Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions; and

ii. The Government of Gujarat/ Tamil Nadu for action, if any.

Sd/-

DATE: MAY 31, 2023 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA