

National Stock Exchange of India Circular

Department: Investigation	
Download Ref No: NSE/INVG/60051	Date: December 29, 2023
Circular Ref. No: 268/2023	

To All NSE Members,

Sub: SEBI Order in the matter of M/s Money Classic - Proprietor- Mr. Deepak Mishra, Investment Adviser.

This is with reference to NSE Circular No. NSE/INVG/43040 Dated December 27, 2019 in reference to SEBI Order No. WTM/MB/WRO/WRO/6287/2019-20 Dated December 27, 2019 and NSE Circular No. NSE/INVG/52443 Dated May 27, 2022 in respect SEBI Order No. WTM/SM/WRO/16580/2022-23 dated May 27, 2022.

Now SEBI vide its Order No. QJA/GR/ERO/WRO/29910/2023-24 dated December 29, 2023, has directed that following Noticee shall continue to be prohibited from accessing the securities market and further be restrained from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, or being associated with the securities market in any manner whatsoever, for a period of one (1) year from the date of this Order.

Sr. no.	Name	PAN	SEBI Registration No.
1	M/s Money Classic (Proprietor- Mr. Deepak Mishra)	BLVPM9284R	INA000001431

Further, SEBI vide above order dated December 29, 2023 has directed that the directions issued at sub-para 60(a) of SEBI order dated December 29, 2023 shall continue to be in force beyond the period of one (1) year, till the date of compliance with direction given in sub-para 60(b) above by the Noticee.

The order comes into force with immediate effect.

National Stock Exchange of India

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

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

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

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

In case of any further queries, members are requested to 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 M/s Money Classic - Proprietor- Mr. Deepak Mishra,
Investment Adviser**

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 12(3) of Securities and Exchange Board of India Act, 1992 read with Regulation 23, Regulation 27 and Regulation 35 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 and Regulation 28 of Securities and Exchange Board of India (Investment Advisers) Regulation, 2013.

IN RESPECT OF:

NOTICEE	SEBI Registration No.	PAN
M/s Money Classic (Proprietor- Mr. Deepak Mishra)	INA000001431	BLVPM9284R

Background:

- Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") vide its Order No. HO/7/2019-2020 dated August 7, 2019, decided to conduct inspection of Money Classic (Proprietor Mr. Deepak Mishra) (hereinafter referred to as "**Noticee/ Money Classic**") during the year 2019-2020 in terms of Regulation 23 of the SEBI (Investment Advisers) Regulations, 2013 ("**IA Regulations**") and Section 11(2)(i) of SEBI Act, 1992. Noticee is registered with SEBI as an Investment Adviser under IA Regulations and have the SEBI Registration No. INA000001431. However, the entity was not traceable. Accordingly, inspection could not be conducted. Further, Noticee's website of Money Classic i.e. <http://moneyclassicresearch.com> was not active. However, the said website was available on archive. From the perusal of website of Money Classic as available on archive, the following observations were made:
 - The advisory business of Money Classic was based on 'subscription model';
 - The fees were charged on the basis of the product/ package subscribed and the subscription period for the product is quarterly, half-yearly, etc.;
 - In the name of advice, Money Classic provided tips to its client through SMS in Equity (cash and derivatives), forex and Commodity derivatives segment;

- d. Money Classic provided telephonic and online assistance to its clients.
2. Money Classic offered packages namely Classic Cash, Intraday Cash Plus, Intraday Option Transparency Future, Transparency Option, Penny Stock Service, Forex Services, Commodity Services Stock Cash, Stock Futures, Stock Options, Index Futures/ Options, MCX (Classic/HNI), NCDEX (Classic/HNI), Currency Futures etc. to its clients as part of its advisory activity.
3. On account of the above and based on the other available information, SEBI passed an *interim ex parte* order dated December 27, 2019 against the Noticee. Following observations were made in the said order:
- “18. In summary, the Noticee, which is a SEBI registered intermediary, has not acted in the best interests of the investors by non-redressal of investor grievances and non-submission of timely ATRs to SEBI. SEBI is also not able to verify the compliance of the Noticee with the applicable regulatory requirements due to its non-traceability. On the basis of this conduct, the Noticee does not, prima facie, satisfy the ‘fit and proper person’ criteria to continue to act as an investment adviser. Hence, I am convinced that this is a fit case where, pending detailed examination, effective and expeditious preventive action is required to be taken by way of an ad interim ex-parte order to protect the interests of investors and preserve the safety and integrity of the securities market.”*
4. SEBI vide its letter IMD-DOF1/IA/NM/OW/P/4969/1/2019 dated December 30, 2019, forwarded a copy of aforesaid order passed by Whole Time Member, SEBI to the registered office address through Registered Post Acknowledgment Due (RPAD). The said letter came back undelivered. Further, vide email dated August 14, 2020, a copy of the order was sent to dpkmishra1112@gmail.com, the registered email id through email. Vide the said email, Noticee was, inter-alia, advised to furnish information regarding bank account statements of the proprietor, year-wise fees collected since the date of registration, client master data, copy of audited financial statements for last three years, sample copy of agreement entered into with the clients, etc. Further, vide letter dated SEBI/AROWRO/ILO/SL/OW/P/5840/12020 dated August 14, 2020, Noticee was also advised to furnish the information as per specified in Interim Order. The aforesaid letter also came back undelivered. Subsequently, a public notice dated September 7, 2020 was

issued in The Times of India and Dainik Bhaskar informing about the Order dated December 27, 2019. However, Noticee failed to provide any information.

5. Subsequently, SEBI passed a confirmatory order dated May 27, 2022 against the Noticee confirming the following directions issued against the Noticee vide interim order dated December 27, 2019:

“a. The Noticee/ its proprietor Mr. Deepak Mishra is restrained from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, in any manner whatsoever, till further directions. If the Noticee/ its proprietor Mr. Deepak Mishra has any open position in any exchange traded derivative contracts, they are permitted to close out/ square off such open positions within a month from the date of receipt of this Order.

b. The Noticee/ its proprietor Mr. Deepak Mishra and any person while working under it/ him or under its/ his instructions as employee or otherwise, shall cease and desist from undertaking the activity of investment advisory services, including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, till further orders.

c. The Noticee/ its proprietor Mr. Deepak Mishra is directed to provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this Order.

d. The Depositories are directed to ensure that till further directions no debits are made in the demat accounts of the Noticee/ its proprietor Mr. Deepak Mishra, held jointly or severally.

e. The Banks are directed to ensure that till further directions no debits/ withdrawals are made from and credits are made to the bank accounts held by the Noticee/ its proprietor Mr. Deepak Mishra, jointly or severally.

f. The Registrar and Transfer Agents are also directed to ensure that till further directions the securities held in the name of the Noticee/ its proprietor Mr. Deepak Mishra, jointly or severally, are not transferred.”

6. In view of the above, SEBI carried out examination in the matter on the basis of documents /information submitted by the complainants, banks and documents available on record.

7. Based on the above findings of examination, enquiry proceedings were initiated against Noticee in terms of Chapter V of SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as “**Intermediaries Regulations**”) and a Designated Authority (hereinafter referred to as “**DA**”) was appointed vide communiqué dated June 20, 2023 under Regulation 24 (2) of the Intermediaries Regulations to enquire into the following violations alleged against the Noticee:
- a. Non-Compliance with SEBI interim Order dated December 27, 2019 issued under Sections 11,11B and 11D of SEBI Act.
 - b. SEBI Circular no. CIR/OIAE/2014 dated December 18, 2014 read with Regulation 21 of IA Regulation
 - c. Schedule II of SEBI (Intermediaries) Regulations, 2008 read with regulations 6(f) and 13(a) of IA Regulations read with Regulations 28(b) and (d) of IA Regulations
 - d. Regulation 15(1) and clauses 1, 2 and 8 as specified under third Schedule of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations and Regulation 3 (a), (b), (c) and (d), 4(1) and 4(2)(k), (s) read with Regulations 2(1)(c) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act
 - e. Regulation 15(1) and Clause 4 of Code of Conduct as specified under Third Schedule read with Regulation 15(9) of IA Regulations.

Enquiry by the Designated Authority:

8. The DA had issued a Show Cause Notice dated July 14, 2023 (hereinafter referred to as “**DA SCN**”) under Regulation 25(1) of the Intermediaries Regulations, calling upon the Noticee to show cause as to why appropriate recommendation should not be made against it in terms of Section 12(3) of the SEBI Act read with Regulation 23 and Regulation 26 of the Intermediaries Regulations for the violations alleged to have been committed by the Noticee as enumerated in paragraph above.

9. The SCN was sent to Noticee through Speed Post AD (“**SPAD**”) at three different address of Noticee. The SCN sent to Noticee through SPAD returned undelivered. Accordingly, the SCN was affixed at the last known address of Noticee. Further, an attempt was also made to serve the SCN to Noticee through Stock Exchanges and Depositories (hereinafter referred to as “**MII**”) in terms of SEBI Circular dated July 29, 2022. However, MII could not serve the SCN to Noticee as the PAN of Noticee have been deactivated by them in terms of SEBI Circular dated July 29, 2022. Subsequently, in the interest of natural justice, a newspaper publication dated was made on August 10, 2023 in Times of India (Indore Edition) and Nai Duniya (Indore Edition). Vide aforesaid publication, Noticee was advised to collect the SCN dated July 14, 2023 from the Office of Designated Authority or download it from SEBI website under the section: - Enforcement: - Unserved Summons/Noticee. Through aforesaid publication, Noticee was also granted an opportunity of personal hearing before the DA on August 22, 2023. However, the Noticee neither appeared for the hearing nor submitted reply to the SCN.
10. However, as the Noticee neither appeared for the hearing nor submitted reply to the SCN despite the option to download the SCN from SEBI website as informed vide newspaper publication, DA proceeded to deal with the allegation made in the SCN, as ex-parte on the basis of material available on record and submitted an Enquiry Report dated September 18, 2023 (hereinafter referred to as ‘**Enquiry Report/ER**’) recommending cancellation of certificate of registration of Noticee as an IA.

Post-Enquiry Proceedings:

11. A post-enquiry Show Cause Notice dated October 09, 2023 (hereinafter referred to as ‘**Post Enquiry SCN**’) was issued to the Noticee enclosing a copy of the Enquiry Report dated September 18, 2023, submitted by the DA and calling upon the Noticee to show cause in terms of Regulation 27(1) of the Intermediaries Regulations as to why actions as recommended by the DA should not be taken against the Noticee in terms of the said Regulations.

12. I note that the Post Enquiry SCN was issued to the Noticee through SPAD dated October 09, 2023 to three available addresses, which returned undelivered. Subsequently, the SCN was served to the Noticee vide a newspaper publication dated December 12, 2023 in an English and Hindi daily (Indore Edition), as was done in case of Enquiry Report. In the interest of natural justice, through aforesaid publication, Noticee was also granted an opportunity of personal hearing on December 15, 2023. However, the Noticee failed to appear for the personal hearing and did not submit any reply to the Post Enquiry SCN as was the case in all the previous proceedings.
13. Considering the fact that the Noticee has neither filed any reply nor has availed the opportunity of personal hearing despite service of notices upon it, I am of the view that the Noticee has nothing to submit and in terms of Rule 4(7) of the SEBI Adjudication Rules, the matter can be proceeded ex-parte on the basis of material available on record. In absence of any response from the Noticee to the Post Enquiry SCN, I presume that the Noticee has admitted the charges levelled against it. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (**SAT**) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) has, 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".*
- Further, the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, and observed that:
- "...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 leveled against them in the show cause notices..."*

14. Further, the same position is reiterated by the Hon'ble SAT in the matter of *Dave Harihar Kirtibhai Vs SEBI* (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under:

"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."

15. In view of the aforesaid observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly I deem it appropriate to proceed against the Noticee *ex-parte*, based on the material available on record.

Consideration of Issues and Findings:

16. I have considered the allegations made in the DA SCN, Post Enquiry SCN, observations made thereon in the ER and the material available on record. The relevant extracts of the provisions of law allegedly violated by the Noticee are mentioned as under:

A. SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

B. PFUTP Regulations

3. Prohibition of certain dealings in securities:

No person shall directly or indirectly—

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

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(o) encouraging the clients by an intermediary to deal in securities solely with the object of enhancing his brokerage or commission (till February 01, 2019)

Fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income. (After February 01, 2019)

(s) mis-selling of securities or services relating to securities market;

Explanation-For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—

- i. knowingly making a false or misleading statement, or*
- ii. knowingly concealing or omitting material facts, or*
- iii. knowingly concealing the associated risk, or*
- iv. not taking reasonable care to ensure suitability of the securities or service to the buyer;*

C. Relevant provisions of IA Regulations

i. Consideration of application and eligibility criteria

6. For the purpose of the grant of certificate the Board shall take into account all matters which are relevant to the grant of certificate of registration and in particular the following, namely, —

- b) whether in case the applicant is an individual, he is appropriately qualified and certified as specified in regulation 7

ii. Qualification and certification requirement

7(2). *An individual registered as an investment adviser and partners and representatives of investment advisers registered under these regulations offering investment advice shall have, at all times, a certification on financial planning or fund or asset or portfolio management or investment advisory services:*

(a)from NISM; or

(b)from any other organization or institution including Financial Planning Standards Board India or any recognized stock exchange in India provided that such certification is accredited by NISM.:

Provided that the existing investment advisers seeking registration under these regulations shall ensure that their partners and representatives obtain such certification within two years from the date of commencement of these regulations:

Provided further that fresh certification must be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements

iii. Conditions of certificate:

13. The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:

(a).....

(b)the investment adviser shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted

iv. General responsibility

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

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

v. Risk profiling.

16. Investment adviser shall ensure that, -

a) it obtains from the client, such information as is necessary for the purpose of giving investment advice, including the following :-

i. age;

ii. investment objectives including time for which they wish to stay invested, the purposes of the investment ;

iii. income details

iv. existing investments/ assets;

v. risk appetite/ tolerance;

vi. liability /borrowing details.

b) it has a process for assessing the risk a client is willing and able to take, including:

i. assessing a client's capacity for absorbing loss;

ii. identifying whether client is unwilling or unable to accept the risk of loss of capital;

iii. *appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.*

vi. Suitability

17. *Investment adviser shall ensure that,-*

a) *All investments on which investment advice is provided is appropriate to the risk profile of the client;*

vii. Redressal of client grievances

21. (1) *An investment adviser shall redress client grievances promptly*

THIRD SCHEDULE

Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

[See Sub Regulation (9) of regulation 15]

CODE OF CONDUCT FOR INVESTMENT ADVISER

1. Honesty and fairness

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

2. Diligence

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

3.

4.....

5. Information to its clients

An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.

6. Fair and reasonable charges

An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board. The investment adviser shall ensure that fees charged to the clients is fair and reasonable.

8: Compliance:

An investment adviser including its representative(s) shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

D. SEBI Circular SEBI/HO/IMS/DF1/CIR/P/2019/169 issued on December 27, 2019

1. *Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (IA Regulations) provides for code of conduct to be followed by IAs. In order to further strengthen the conduct of IAs, while providing investment advice and to protect the interest of investors seeking their advice, the IAs shall comply with the following:*

(i)...

(ii)....

(iii)...

(iv) Display of complaints status on website

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

Number of complaints				
<i>At the beginning of the month</i>	<i>Received during the month</i>	<i>Resolved during the month</i>	<i>Pending at the end of the month</i>	<i>Reason for pendency</i>

2. *The measures as referred above shall come into effect from January 01, 2020.*
3.

E. SEBI Circular CIR/OIAE/2014 dated December 18, 2014

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8.
9. *All listed companies and SEBI registered intermediaries shall review their investors grievances redressal mechanism so as to further strengthen it and correct the existing shortcomings, if any. The listed companies and SEBI registered intermediaries to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. The listed companies and SEBI registered intermediaries shall keep the complainant duly informed of the action taken thereon.*
10. *The listed companies and SEBI registered intermediaries shall update the ATR along with supporting documents, if any, electronically in SCORES. ATR in physical form need not be sent to SEBI. The proof of dispatch of the reply of the listed company / SEBI registered intermediary to the concerned investor should also be uploaded in SCORES and preserved by the listed company / SEBI registered intermediary, for future reference.*
11. *Action taken by the listed companies and SEBI registered intermediaries will not be considered as complete if the relevant details/ supporting documents are not uploaded in SCORES and consequently, the complaints will be treated as pending.*
12. *A complaint shall be treated as resolved/disposed/closed only when SEBI disposes/closes the complaint in SCORES. Hence, mere filing of ATR by a listed company or SEBI registered intermediary with respect to a complaint will not mean that the complaint is not pending against them.*
13. *Failure by listed companies and SEBI registered intermediaries to file ATR under SCORES within thirty days of date of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance.*
17. Based on the ER containing recommendation of DA, in this order, I would be examining the sustainability of the findings given in the ER on the allegations made in the DA SCN.

I. Allegation w.r.t. Non-Compliance with SEBI Order dated December 27, 2019:

18. In this regard, I note from the ER that SEBI vide its letter IMD-DOF1/IA/NM/OW/P/4969/1/2019 dated December 30, 2019, forwarded a copy of order dated December 27, 2019 passed by Whole Time Member, SEBI to the registered office address through SPAD. The said letter came back undelivered. Vide email dated August 14, 2020, a copy of the order was also sent to the registered email id- dpkmishra1112@gmail.com. Noticee was, *inter-alia*, advised to furnish information regarding bank account statements of the proprietor, year-wise fees collected since the date of registration, client master data, copy of audited financial statements for last three years, sample copy of agreement entered into with the clients, etc.
19. The DA in the ER has also observed that SEBI, vide its aforementioned order dated December 27, 2019 had, *inter-alia*, directed Noticee to “*provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order*”. However, no information to this effect was received from the Noticee.
20. DA further observed that vide letter dated SEBI/AROWRO/ILO/SL/OW/P/5840/12020 dated August 14, 2020, Noticee was also advised to furnish the above stated information. The aforesaid letter also came back undelivered. Thereafter, a newspaper publication (public notice) dated September 7, 2020 was issued in the Times of India and Dainik Bhaskar informing about the Order dated December 27, 2019. SEBI did not receive any reply from the Noticee.
21. In view of above, Noticee, in the DA SCN, was alleged to not provided the information as mandated by the SEBI interim order dated December 27, 2019.
22. In this regard, DA in the ER noted from the documents available on record that an interim ex-parte order dated December 27, 2019 was passed against Noticee under sections 11, 11B and 11D read with Section 19 of the SEBI Act and

Regulation 35, Chapter VI of SEBI (Intermediaries) Regulations, 2008 with the following directions:

“The Noticee/its proprietor Mr. Deepak Mishra is directed to provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this Order.”

23. The DA in the ER further noted from the available records that the said Interim Order dated December 27, 2019 was sent to the registered office of the Noticee had come back undelivered. A copy of the Interim Order was also sent to the Noticee on its registered email id. Thereafter, a public notice dated September 7, 2020 was issued in The Times of India and Dainik Bhaskar informing about the Interim Order which was published on September 28, 2020. Thus, said interim order dated December 27, 2019 was duly delivered to the Noticee, however, no information was received in the present matter.
24. Thus, in view of above, I note and concur with the DA that the Noticee has not furnished information as asked by the Board by said interim order dated December 27, 2019 under Sections 11,11B and 11D of SEBI Act and thus I find that allegation of not furnishing the information to Board stands established.

II. Allegation w.r.t. Non- Redressal of SCORES complaints

25. I note that DA observed in the ER that SEBI received number of complaints in SCORES against the Noticee. Till September 28, 2019, a total of 255 complaints had been received against the Noticee in SCORES portal, out of which 31 were pending. The number of pending complaints as on April 30, 2021 the Noticee were as under:

Year	Pending Investors Complaints as on April 13, 2021
2018	19
2019	16
2020	2
Total	37

26. DA further observed in the ER that post September 30, 2019, SEBI received 11 more complaints. Out of these 11 complaints, 3 complaints were closed as these were duplicate complaints. For the purpose of the examination, emails dated March 4, 2021 were sent to all 8 complainants from whom complaints were received, seeking the following details:
- Risk Profile Assessment forms received from the IA;
 - Suitability Assessment received from the IA;
 - Invoices received from the IA;
 - Any email correspondences with the IA;
 - WhatsApp Chats with IA, if any;
 - Call recordings, if any;
 - Whether broking and demat account, login ID and password were shared with IA along with supporting evidences;
 - Any assurance of profits or guaranteed returns provided by the IA along with supporting evidences;
 - Summary of payments made to the IA, along with the proof of payments made;
 - Any other evidence in support of the allegations made against the IA.
27. The DA observed the following details regarding emails sent to complainants and the responses received from them:

Sl. No.	Name of the Complainant	SCORES Registration No.	Date of the Receipt of Complaint	Date of email seeking information from the complainant	Date of information received from the Complainant
1	Manmohan Sharma	SEBIE/MP20/000732/1	16/03/2020	04/03/2021	04/03/2021, 12/03/2021
2	Rangbadi	SEBIE/MP20/000509/1	20/02/2020	04/03/2021	Not received
3	Chaitanya Shirore	SEBIE/MP19/003057/1	21/11/2019	04/03/2021	06/03/2021, 08/03/2021, 13/03/2021
4	Rishi Katwal	SEBIE/MP19/002682/1	18/10/2019	04/03/2021	Not received
5	Sandeep Kumar Tiwari	SEBIE/MP19/002494/1	26/09/2019	04/03/2021	Not received
6	Anil Kumar Intodia	SEBIE/MP19/002462/1	22/10/2019	04/03/2021	Not received

Sl. No.	Name of the Complainant	SCORES Registration No.	Date of the Receipt of Complaint	Date of email seeking information from the complainant	Date of information received from the Complainant
7	Rohit Sinha	SEBIE/MP19/002427/1	16/10/2019	04/03/2021	04/03/2021
8	Mohammad Haroon	SEBIE/MP19/002296/1	27/09/2019	04/03/2021	Not received

28. DA further noted that all the responses that were received from the complainants were examined and the following observations were made:
- Only one complainant could provide risk profile form;
 - None of the complainants could provide any suitability assessments received from the Noticee;
 - Only one complainant- Shri. Manmohan Sharma provided call recordings of the conversation between him and the representatives of the Noticee wherein the representative of Noticee was assuring high returns to Shri Sharma.
29. Further, from the details provided by Shri Rohit Sinha, the DA observed in the ER that he paid Rs.5,500/- to Noticee on May 8, 2019. It was alleged by Shri Sinha that the Noticee caused a loss of Rs.56,500/- to him. Shri Sinha had provided the payment receipt and whatsapp chat between him and the employee of Noticee as evidence. Also, complainant, Shri. Manmohan Sharma, had provided call recording between him and the representative of the Noticee.
30. The DA further observed that another complainant, Shri Chaitanya Shirore had provided whatsapp chat between him and representative of the Noticee. Further, Shri Shirore provided copies of receipts regarding the payment made by him to the Noticee. From such receipts, it was observed that Shri. Shirore had paid Rs.91,250/- to the Noticee, the details of which were observed as below:

Sl. No.	Date	Amount Paid (Rs.)
1.	June 25, 2019	5,000
2.	June 26, 2019	18,000
3.	June 26, 2019	9,900
4.	June 27, 2019	30,000

5.	June 27, 2019	1,000
6.	June 27, 2019	20,000
7.	June 29, 2019	7,250
Total		91,250

31. I note that the DA in the ER observed that as on April 30, 2021, 37 unique complaints were pending against the Noticee at SCORES portal for more than 30 days which shows that the Noticee had not complied with the timeline to resolve the complaints as prescribed under SEBI Circular No. CIR/OIAE/2014 dated December 18, 2014. Details of the pending complaints are tabulated as under:

S. No.	SCORES Complaint NO.	Name of the Complainant	Date of Receipt of Complaint	Date of forwarding the complaint to Money Classic	Date of Receipt of ATR	Time taken in excess of 30 days to file ATR as on April 30, 2021
1	Manmohan Sharma	SEBIE/MP20/0000732/1	16/03/2020	02/04/2020	Not filed	363
2	Rangbadi	SEBIE/MP20/0000509/1	20/02/2020	16/12/2020	Not filed	105
3	Chaitanya Shirore	SEBIE/MP19/0003057/1	21/11/2019	04/12/2020	Not filed	117
4	Rishi Katwal	SEBIE/MP19/0002682/1	18/10/2019	04/12/2020	Not filed	117
5	Sandeep Kumar Tiwari	SEBIE/MP19/0002494/1	26/09/2019	02/04/2020	Not filed	363
6	Anil Kumar Intodia	SEBIE/MP19/0002462/1	22/10/2019	04/12/2020	Not filed	117
7	Rohit Sinha	SEBIE/MP19/0002427/1	16/10/2019	22/10/2019	Not filed	526
8	Mohammad Haroon	SEBIE/MP19/0002296/1	27/09/2019	27/09/2019	Not filed	551
9	Shushil Kumar	SEBIE/MP19/0002120/1	02/09/2019	05/09/2019	Not filed	573
10	Suresh Toppo	SEBIP/MP19/0000326/1	31/07/2019	03/08/2019	Not filed	606
11	Ashish Kumar Mishra	SEBIE/MP19/0001822/1	24/06/2019	27/07/2019	Not filed	613
12	Avtar Singh	SEBIE/MP19/0001453/1	14/06/2019	17/06/2019	Not filed	653
13	Patel Kanu Bhai Bhagwandas	SEBIP/MP19/0000250/1	30/05/2019	10/06/2019	25/06/2019	660
14	Prasad Somnath Durgude /Self	SEBIE/MP19/0001200/1	15/04/2019	20/05/2019	26/06/2019	681
15	Dhaval Dayarambhai Khodiyar	SEBIP/MP19/0000144/1	12/03/2019	15/03/2019	Not Filed	747

S. No.	SCORES Complaint NO.	Name of the Complainant	Date of Receipt of Complaint	Date of forwarding the complaint to Money Classic	Date of Receipt of ATR	Time taken in excess of 30 days to file ATR as on April 30, 2021
16	Virender Khatri	SEBIE/MP19/0000606/1	11/03/2019	12/03/2019	13/03/2019	750
17	Pradeep Kochar	SEBIP/MP19/0000093/1	12/02/2019	14-Feb-19	19/02/2019	776
18	Manoj Kumar Sati	SEBIP/MP19/0000081/1	06/02/2019	08-Feb-19	Not filed	782
19	Suresh E.	SEBIE/MP19/0000120/1	14/12/2018	16/01/2019	17/01/2019	805
20	Tarun Kumar	SEBIE/MP19/0000076/1	09/12/2018	14/01/2019	27/02/2019	807
21	Vihar V. Wankhade	SEBIE/MP18/0004751/1	11/12/2018	12/12/2018	Not filed	840
22	Alpesh Patel	SEBIE/MP18/0004728/1	05/11/2018	06/12/2018	19/02/2019	846
23	Om Prakash Pandey	SEBIE/MP18/0004609/1	20/11/2018	20/11/2018	Not filed	862
24	Vipin Panwar	SEBIP/MP18/0000499/1	14/11/2018	20/11/2018	29/11/2018	862
25	R Subrahmanyam	SEBIE/MP18/0004488/1	01/11/2018	13/11/2018	19/11/2018	869
26	Mitesh Srivastava	SEBIE/MP18/0004405/1	18/10/2018	23/10/2018	25/10/2018	890
27	Ritesh Bhatia	SEBIE/MP18/0004312/1	30/09/2018	04/10/2018	05/10/2018	909
28	Haribhau Mahamuni	SEBIE/MP18/0004243/1	20/08/2018	21/09/2018	24/09/2018	922
29	Hariram suthar	SEBIE/MP18/0004104/1	18/08/2018	18/10/2018	25/10/2018	895
30	Anand Parkash Garg	SEBIP/MP18/0000341/1	10/08/2018	04/09/2018	13/09/2018	939
31	Deepika sharma	SEBIE/MP18/0004051/1	06/08/2018	10/09/2018	13/09/2018	933
32	Muneendra Meesala /Self	SEBIE/MP18/0003631/1	28/07/2018	10/09/2018	25/09/2018	933
33	Jay Dayanand Shelar /Self	SEBIE/MP18/0002173/1	17/07/2018	30/10/2018	19/02/2019	883
34	Laxman Shegunasi	SEBIE/MP18/0002118/1	12/07/2018	01/11/2018	17/11/2018	881
35	Anil Kumar /Self	SEBIE/MP18/0001975/1	27/06/2018	09/07/2018	25/09/2018	996
36	Laxman Singh Sekhawat /Self	SEBIE/MP18/0001566/1	02/05/2018	05/06/2018	06/06/2018	1030

S. No.	SCORES Complaint NO.	Name of the Complainant	Date of Receipt of Complaint	Date of forwarding the complaint to Money Classic	Date of Receipt of ATR	Time taken in excess of 30 days to file ATR as on April 30, 2021
37	Sunit N Buchanalli	SEBI/MP18/0001427/1	16/04/2018	26/06/2018	30/07/2018	1009

32. From the above, the DA observed that there were 37 complaints received against Noticee which were pending for resolution. Out of the aforesaid 37 complaints, in case of 16 complaints, Noticee had not filed any ATR. DA observed that in case of other 21 complaints, Noticee had filed ATR with substantial delays i.e. 30 days to 1030 days.
33. In view of above, it was alleged in the DA SCN that the Noticee had not submitted the ATR in a time bound manner as prescribed by SEBI and had also not resolved investor grievances, and accordingly it was alleged that the Noticee had not complied with SEBI Circular no. CIR/OIAE/2014 dated December 18, 2014 read with Regulation 21 of IA Regulation.
34. In this regard, I note that the DA observed in the ER that the Noticee had not provided any replies for the allegations mentioned in the SCN. Therefore, the DA noted that said non-compliance has not been refuted by Noticee. In view of the aforesaid facts, I concur with the view of the DA and find that Noticee has violated SEBI Circular dated December 18, 2014 read with Regulation 21(1) of IA Regulations by not filing ATR and not resolving the complaints in a timely manner.

III. Allegation w.r.t. failing to meet 'fit and proper' criteria

35. I note that the DA in the ER observed that the inspection of Noticee was scheduled during the period September 24, 2019 to November 15, 2019. In this regard, as per the procedure, pre-inspection questionnaires were sent to the Noticee on the registered address available on record i.e. *"203, Modi Mansion, EB250, Scheme No.94, Ring Road, Indore 452010"*. Further, the Noticee had applied for change in registered office address in SI Portal on January 3, 2019 to

“13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010”, but did not submit the physical documents to ILO. The pre-inspection questionnaire was also sent to the IA on the address “13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010”. The said letters came back undelivered with the remark “Item Returned. Addressee Left Without Instructions”.

36. Thereafter, site visits were also conducted at both the addresses i.e. 203, Modi Mansion, EB250, Scheme No.94, Ring Road, Indore 452010 and 13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010 during different times but both the premises were closed. Thus, the DA observed that due to non-traceability of the IA, SEBI was not able to ensure compliance of provisions of IA Regulations.

37. Regulation 6 (f) of the IA Regulations is reproduced below for reference:

Consideration of application and eligibility criteria.

6. For the purpose of grant of certificate the Board shall take into account all matters which are relevant to the grant of certification of registration and in particular the following, namely, -

.....

.....

.....

(f) whether the applicant, its representatives and partners, if any, are fit and proper persons based on the criteria as specified in schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

38. From the above, DA observed that being ‘fit and proper’ is *sine qua non* to the grant of certificate of registration to the Investment Adviser.

39. Further, Regulation 13 of the IA Regulations deals with ‘Conditions of certificate’. Regulation 13(a) of IA Regulations is reproduced below for reference:

The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions: -

(a) the investment adviser shall abide by the provisions of the Act and these regulations;

40. Also Schedule II of the SEBI (Intermediaries) Regulations, 2008 deals with criteria for determining a 'Fit and Proper' person. The same is reproduced below for reference:

Further, for the purpose of determining as to whether an applicant or the intermediary is a 'fit and proper person' the Board may take account of any consideration as it deems fit, including but not limited to the following criteria in relation to the applicant or the intermediary, the principal officer, the director, the promoter and the key management persons by whatever name called –

- (a) integrity, reputation and character;*
- (b) absence of convictions and restraint orders;*
- (c) competence including financial solvency and net-worth; and*
- (d) absence of categorization as a wilful defaulter.*

41. From the above, DA observed that the definition of 'fit and proper' is an inclusive definition, and may include other criteria which would determine the 'fit and proper' status of the Intermediary.
42. The DA further observed that from the criteria for determining a 'Fit and Proper' person, it is clear that a registered intermediary cannot be termed as 'fit and proper' when it is not fulfilling one of the primary duties of a registered intermediary i.e. resolving complaints of its clients. Further, due to non-traceability of the IA, SEBI is not able to ensure compliance of provisions of IA Regulations by the IA.
43. I note that in view of aforesaid facts and circumstances, it was alleged in the DA SCN that the Noticee violated the 'fit and proper' criteria and thereby it was alleged that Noticee violated Schedule II of SEBI (Intermediaries) Regulations, 2008 read with regulations 6(f) and 13(a) of IA Regulations read with Regulations 28(b) and (d) of IA Regulations.
44. I note that as per Regulation 6(f) of IA Regulations, 'fit and proper' is sine qua non to the grant of certificate of registration to the Investment Adviser. The aforesaid regulation states that "whether the applicant, its representatives and partners, if any, are fit and proper persons based on the criteria as specified in

Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008. Further, Regulation 13(a) of the IA Regulations deals with 'Conditions of certificate' which states that the investment adviser shall abide by the provisions of the Act and these regulations.

45. In the present case, the DA noted from the documents available on record that inspection of Noticee was scheduled during the period September 24, 2019 to November 15, 2019. Accordingly, pre-inspection questionnaires were sent to Money Classic on the registered address available on record. DA also noted that the Noticee had applied for change in registered office address in SI Portal on January 3, 2019 to "13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010," but did not submit the physical documents to SEBI. The pre-inspection questionnaire was also sent to Noticee on the address "13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010". The said letters came back undelivered with the remark "Item Returned Addressee Left Without Instructions". Further, SEBI had also carried out site visit of the both the address of Noticee, however both the premises were closed.
46. I note that Regulation 25 of the IA Regulations deals with obligations of IA during inspection. The Pre-inspection questionnaire which was sent to the registered address of the Noticee came back undelivered. On account of the above, SEBI was not able to conduct inspection of the Noticee. Further, as already mentioned earlier in the order, Noticee failed to resolve the investor grievances as per SEBI Circular dated December 18, 2014 read with Regulation 21 of IA Regulations.
47. In view of the above, I note that the definition of 'fit and proper' is an inclusive definition, and may include other criteria which would determine the 'fit and proper' status of the Intermediary. From the criteria for determining a 'Fit and Proper' person, it is clear that a registered intermediary cannot be termed as 'fit and proper' when it is not fulfilling one of the primary duties of a registered intermediary i.e. resolving complaints of its clients, obligation of investment adviser on inspection etc. Thus, I concur with the view of the DA that Noticee has

violated the 'fit and proper' criteria as provided in the regulations 6(f) and 13(a) of IA Regulations.

IV. Allegation w.r.t. promising assured profit / unrealistic return to its clients

48. I note that the DA in the ER observed that the Noticee was promising high, assured /unrealistic returns for the investments made by the clients and in the process luring them to make larger investments. The high returns were promised to the clients based on the advice/ tips/ calls given by the Noticee. In this regard, DA placed reliance on the Complaint of Mr. Manmohan Sharma (SEBIE/MP20/0000732/1) which was received in SCORES wherein complainant submitted the call recording of the conversations between one of the employee of the Noticee and him. Copy of the email dated March 12, 2021 was submitted by the complainant. The transcript of the relevant portion of the call recording as observed by the DA is placed below for reference:

Duration of the talk	Name of the person	Transcript
9:02 TO 9:57	Complainant	50,000 se pehle pehle to profit he aaraha tha jab call di thi aapne
	Employee (Vermaji)	nahi loss bhi hua hai sir koi aisa nahi hai loss
	Complainant	n. a.
	Employee (Vermaji)	bhi hua hai lekin vo aapko kam pe loss hua hai vo to main aapko directly call kar ke de deta tha thik hai isliye aapko properly target nahi jaate the aapko kisi din aisa hota hai ki loss bhi hota hai buy sell main hota hai kabhi kabhi aisa aur ek chez batata hu main aapko abhi kya hai meri baat suno abhi 4 baje hue hai 4:30 baje tak ho jayeha aur ek chez main batao aapko hum ko sir ke saath hi kaam karna hai thik hai aap jis din bol doge investment <u>aapka rahega profit aapka rahega aapko batana rahega jisse investment aapka rahega kaam hum kar va denge aap to koi</u>

		<u>bhi share pe kaam karo 1,000 share pe karoge to 10,000 ka profit rahega 10,000 share pe karoge to 1, 00,000 sorry 10, 00,000 ka profit rahega. thik hai. aur ek chiz main bata du aapko</u>
	Complainant	laakho ki baat karne ka kisi ne bola aapko laakho main meri capacity hai he ni paise nahi hai laakho ki baat kar rehe ho aap batao. meri insult kar rahe ho mazaak uda rehe ho aap batao.
1:06 TO 1:46	Complainant	itna loss ho gaya aapne ko uska kya
	Employee (Vermaji)	sab nikal jayega sab nikal jayega bas thoda patience rakna padega sir aapko patience to rakhi rahe hai sir aacha aap bataiye aaj kitna ho gaya sir
	Complainant	ha
	Employee (Vermaji)	aaj 16 tarik hai aur ek cheez main bata du <u>aapko maine jo bataya aaj ka commiment 50,000 pay karo aaj ki date main 50,000 se 1, 00,000 tak ka profit dunga main option main thik hai broker se aap bat karlo option main agar 4 se 5 lakh ka margin ye mat batao ke 1 ya 2 lot hai margin batao option main agar 4 se 5 lakh ka margin de deta hai to uske according profit kitna nikal sakta hu bata dunga main thik hai.</u>

49. Further, from the website pages of the Noticee, DA observed the following disclosures regarding assured returns:

a) Classic HNI (MCR-S-C-43) -

This is specially designed for traders to earn high return on their investment in commodity market, as we specifically give calls with big targets.

b) Penny Stock Service -

Penny stocks are on fewer prices and have potential to go up to give at least 20 – 30 % return. We ensure that every stock recommended by us will give you 20 – 30 % return.

50. In view of above, DA observed that Noticee induced clients by promising them assured unrealistic profits. Thus, DA SCN alleged that the Noticee showed complete disregard to the responsibility to act in fiduciary capacity to its client as entrusted on it under IA Regulations, thereby, violating regulation 15(1) and clauses 1, 2 and 8 as specified under third Schedule of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations. Further, DA SCN also alleged that such representation is fraudulent and is covered within the definition of “fraud” defined under regulation 2(1)(c) of PFUTP Regulations, and accordingly, the Noticee violated the provisions of Regulation 3(a), (b), (c) and (d), 4(1) and 4(2)(k), (s) read with Regulations 2(1)(c) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.
51. In this regard, I note that the DA, from the call recording held between Mr. Manmohan Sharma and employee of Noticee as well as from the archive of website of the Noticee, observed that Noticee was promising assured profit in securities market. In view of the aforesaid facts and circumstances, DA noted that such act of misleading promises of assured return has component to influence the decision of investors dealing in securities and same was also reflected in the understanding of the clients of the Noticee, who have filed against the Noticee and Noticee, being an investment adviser, very well knew the fact that the investments in securities market are subject to market risk and any returns in the securities market cannot be assured with conviction.
52. Accordingly, concurring with the view of the DA, I find that, the Noticee, by indulging in such act of providing improper, non-genuine and non-suitable advice to its clients, has failed in its responsibility to act in fiduciary capacity towards its clients, which is entrusted upon it under Regulation 15(1) of the IA Regulations. Further, by acting in unfairly and dishonestly manner and keeping interest of its clients on stake, the Noticee has failed to abide by the Clauses 1, 2 and 8 of the Code of Conduct as provided in Schedule III read with regulation 15(9) of the IA Regulations and Regulation 15(1) of the IA Regulations.

53. I further note that Regulation 3(a) of the PFUTP Regulations prohibits any person from buying, selling or otherwise dealing in securities in a fraudulent manner and Regulation 3(d) of the PFUTP Regulations prohibits a person from engaging in any course of business which operates as fraud or deceit upon any person in connection with any dealing in securities. Further, IA being a SEBI registered intermediary cannot make a false statement without having reasonable grounds for believing it to be true as mandated in PFUTP Regulations. As noted above, in the present case Noticee had assured profit/returns to its clients. I find that an IA cannot sell products guaranteeing assured returns to investors as was being done by Noticee in the present case. It is a reasonable expectation that the IA would fully aware that all investments in stocks, derivatives, etc., in respect of which Noticee was offering investment advice, are subject to market risk. Thus, I find that it was falsely promising unrealistic assured returns on investments and had communicated the same to clients through her website and other means.
54. In view of above facts and circumstances, such assurance of high and unrealistic returns come under the ambit of fraudulent conduct and squarely covered under the definition of “fraud” as defined in regulation 2(1)(c) of PFUTP Regulations, 2003. Thus, I find and concur with the DA that by promising unrealistic returns to clients, Noticee has deceived its clients and thereby, Noticee has violated regulations 3(a), (b), (c), (d), 4(1), 4(2)(k) and 4(2)(s) of the PFUTP Regulations read with section 12A(a), (b) and(c) of SEBI Act.

V. Execution Service Provided

55. I note that from the WhatsApp chat between the representative of the Noticee and the complainant, Mr. Rohit Sinha, DA in the ER observed that the Noticee executed trades on behalf of Mr. Rohit Sinha. For this purpose, the relevant extracts of the WhatsApp chats are placed below for reference:

[5/9/19, 9:13:28 AM] Rohit Sinha: I will do it once I m free give me 10 min

[5/9/19, 9:15:06 AM] Jaya MCR: ok

[5/9/19, 9:16:43 AM] Jaya MCR: aap ki company ka name kya he

[5/9/19, 9:16:56 AM] Rohit Sinha: Parsons

[5/9/19, 9:17:25 AM] Jaya MCR: New York Stock Exchange (NYSE)

[5/9/19, 9:17:30 AM] Rohit Sinha: Yes

[5/9/19, 9:19:19 AM] Rohit Sinha: May@2019

[5/9/19, 9:19:26 AM] Rohit Sinha: Done

[5/9/19, 9:19:36 AM] Jaya MCR: today 11% increase your company shares
[5/9/19, 9:19:44 AM] Rohit Sinha: So u r saying there were other trades made on the account yesterday
[5/9/19, 9:19:46 AM] Rohit Sinha: 30 rs script
[5/9/19, 9:19:49 AM] Rohit Sinha: Yes
[5/9/19, 9:20:05 AM] Rohit Sinha: We r celebrating
[5/9/19, 9:20:20 AM] Jaya MCR: yes, sir
[5/9/19, 9:20:34 AM] Rohit Sinha: Password changed now try
[5/9/19, 9:20:39 AM] Jaya MCR: I am doing only 500 shares

56. From above, the DA observed that the Noticee was executing trades on behalf of the clients and the same is outside the scope of activities of IA. Furthermore, the information which the IA can seek from its clients has to be relevant for the purposes of the services to be provided to them. Thus, it was alleged in the DA SCN that the said actions of Noticee were in violation of Regulation 15(1) and Clause 4 of Code of Conduct as specified under Third Schedule read with Regulation 15(9) of IA Regulations.
57. In this regard, DA noted that Regulation 15(1) states that an investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise. Further, the DA noted that an IA is required to render investment advice to its clients and not manage funds or securities on behalf of the clients under the IA Regulations. From the data available on record i.e. WhatsApp Chat History, the DA observed that the Noticee had traded on behalf of their client, and thus, in absence of any contrary fact, DA noted that, the Noticee is liable for the violation of Regulation 15(1) of IA Regulations. However, DA further noted that clause 4 of Conduct read with Regulation 15(9) of IA Regulations, shall not be applicable in the present matter as the said clause deal with the information to be obtained from clients. The relevant Clause is reproduced as under:

“Information about clients

An investment adviser shall seek from its clients, information about their financial situation, investment experience and investment objectives relevant to the services to be provided and maintain confidentiality of such information.”

58. In view of the above, I find and concur with the view of DA that allegation levelled against Noticee stands established w.r.t. violation of Regulation 15(1) of IA Regulations.

59. In view of the aforesaid observations, I agree with the recommendation given by DA vide report dated September 18, 2023 that the registration of the Noticee (having SEBI Registration Number – INA000001431) as an Investment Advisor may be cancelled.

Directions:

60. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 12(3) of SEBI Act, 1992 and Section 19 of SEBI Act, 1992 read with Regulation 23, Regulation 27 and Regulation 35 of SEBI (Intermediaries) Regulations, 2008 and Regulation 28 of SEBI (Investment Advisers) Regulations, 2013, hereby cancel the certificate of Registration No. – INA000001431 of M/s. Money Classic, Proprietor- Shri Deepak Mishra, Investment Advisor, as recommended by DA and further direct as follows:

- a) The Noticee shall continue to be prohibited from accessing the securities market and further be restrained from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, or being associated with the securities market in any manner whatsoever, for a period of one (1) year from the date of this Order.
- b) The Noticee is directed to resolve the complaints pending against his name or his proprietary firm's name i.e., Money Classic in SCORES and otherwise, within a period of 30 days from the date of this Order. After completing the aforesaid resolution of complaints, the Noticee 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 –400051", within a period of fifteen (15) days from the resolution of all complaints, duly certified by an independent Chartered Accountant.

- c) The directions issued at sub-para 60(a) shall continue to be in force beyond the period of one (1) year, till the date of compliance with direction given in sub-para 60(b) above by the Noticee.
- d) During the period of restraint, the existing holdings of securities, including the holdings of units of mutual funds, of the Noticee, shall remain frozen.
- e) The Noticee shall be restrained from diverting any funds collected from investors, kept in bank account(s) and / or in his custody and from alienating any assets, whether movable or immovable, or create any interest or investment or charge on such assets held in his name or his proprietary firm's name i.e. Money Classic, including money lying in bank accounts except for making payments to clients by way of resolution of pending complaints, with prior permission of SEBI. The said restraint shall stand vacated after pending complaints are resolved and a report certified by an independent Chartered Accountant certifying that the complaints are resolved, is filed to the satisfaction of SEBI.

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

62. A copy of this order shall be served on the Noticee, Banks, Depositories and Registrar and Transfer Agents, all recognized Stock Exchanges and BSE Administration & Supervision Ltd. (BASL) for ensuring compliance with the above directions.

Date: December 29, 2023
Place: Mumbai

G. Ramar
Chief General Manager
Securities and Exchange Board of India