

National Stock Exchange of India Circular

Department: Investigation	
Download Ref No: NSE/INVG/62635	Date: June 26, 2024
Circular Ref. No: 340/2024	

To All NSE Members,

Sub: SEBI Order in the matter of unregistered investment advisory activities by 4W Wealth Management Pvt. Ltd.

SEBI vide its order no. QJA/KS/WRO/WRO/29270/2023-24 dated September 15, 2023, has restrained following entities from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two years from the date of this order or till the date of filing of report, as directed in para 38.8 of SEBI order dated September 15, 2023, whichever is later.

Sr. no.	Name of the Entity	PAN
1	Bhaves P. Bhensdadia	ARDPB0217G
2	Rinkalkumar Mohanbhai Chopda	AJJPC0634J
3	Parth Kanubhai Patel	CGZPP5636C

In continuation with the above order, SEBI vide its order no. QJA/GR/WRO/WRO/30533/2024-25 dated June 26, 2024, has restrained above entities from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever for a period of two years from the date of this order or till the date of filing of report, as directed in para 33.8 of SEBI order dated June 26, 2024, whichever is later.

This Order shall come into force with immediate effect.

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

National Stock Exchange of India

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

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

**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 activities by 4W
Wealth Management Pvt. Ltd.**

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

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

In respect of:

Noticee No.	Name of the Noticee	PAN
1	Bhaves P. Bhensdadia	ARDPB0217G
2	Rinkalkumar Mohanbhai Chopda	AJJPC0634J
3	Parth Kanubhai Patel	CGZPP5636C

In the matter of unregistered Investment Advisory activities by M/s 4W Wealth Management Pvt. Ltd.

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had passed an order dated September 15, 2023 in respect of M/s 4W Wealth Management Pvt. Ltd. (hereinafter referred to as “**Company**”) and its all directors, Bhaves P. Bhensdadia, Rinkalkumar Mohanbhai Chopda, Vivek Laxmanbhai Patel, Nileshbhai Chandubhai Patel and Parth Kanubhai Patel and issued directions under Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) for violating the provisions of Section 12(1) of the SEBI Act read with Regulation 3(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”) in the matter

Order in the matter of unregistered investment advisory activities by 4W Wealth Management Pvt. Ltd.

of unregistered Investment Advisory activities by M/s 4W Wealth Management Pvt. Ltd.

2. Out of the aforementioned entities, Bhavesh P. Bhensdadia (hereinafter referred to as **“Noticee No.1”**), Rinkalkumar Mohanbhai Chopda (hereinafter referred to as **“Noticee No.2”**) and Parth Kanubhai Patel (hereinafter referred to as **“Noticee No.3”**) (collectively referred to as **“Noticees”**) challenged the said order before the Hon’ble Securities Appellate Tribunal (“SAT”) vide Appeal No.95 of 2024 for violation of principles of natural justice. The Hon’ble SAT, vide order dated May 03, 2024, remitted the matter to SEBI with the following directions:

“

- i. *The appeal is allowed.*
- ii. *The impugned order dated September 15, 2023 is set aside except paragraph no. 38.7 and the direction contained in the said paragraph shall be subject to the fresh order to be passed by the SEBI after hearing the appellants.*
(38.7 of the SEBI order: The Noticee No. 2 to 6 are hereby prohibited from selling assets, properties including mutual funds/ shares/ securities in demat and physical form except for the purpose of effecting refunds, as directed above. Further, the banks are directed to allow debit from the bank accounts of the Noticees, only for the purpose of making refunds to the clients who were availing the investment advisory services from the Noticee No. 1);
- iii. *Appellant No.2 shall file his affidavit as mentioned in paragraph No. 7 of this order.*
- iv. *Appellants shall appear before the SEBI on June 04, 2024.*
- v. *The CGM of SEBI shall hear the appellant afresh and dispose of the appeal within three months from the date of first appearance.”*

3. In compliance with the aforesaid directions of Hon'ble SAT, hearing opportunity was granted to the Noticees on June 04, 2024. Authorised Representative (AR) of the Noticees along with all the Noticees appeared for the hearing and requested for additional time to submit their reply, which was acceded to.
4. Thereafter, vide letter dated June 14, the Noticees filed their written submissions and the same are summarized as under:
 - 4.1. *Noticee No.1 left the company with effect from December 14, 2013 and the same was also duly updated upon MCA. He was not active in company in any manner neither physical nor financially, hence, he has no liability for the company revenue or transaction. He is liable only for those transaction made during his tenure in the company and that transaction's responsibility had been taken by both other directors.*
 - 4.2. *A fire incident happened at the Company's office which resulted in the complete destruction of the premises. Post the fire incident, the Company could not setup sufficient infrastructure and also could not reach the break-even point and numbers of third-party loan and lack of business fund and director could not resist in panic condition as operation was consistently giving negative revenue and hence closed out its operations in August, 2016.*
 - 4.3. *Rs.3,13,92,402/- were transferred internally within 4W Wealth Management Pvt Ltd in different banks for business operation. So, it's not revenue but just interbank transfer to fulfill business operation.*
 - 4.4. *Company's director, Mr. Rinkal Chopda and Mr. Vivek Patel, had given credits of Rs.57,70,347/- to the company from their personal bank accounts, so that's not the revenue of the company.*
 - 4.5. *Rs.1,83,96,690/- had been taken as a help from the friends /relative/family members to run the company which can be verified from Bank Statement.*
 - 4.6. *Rs.1,28,83,143/- was self-cash deposit by directors to run business operation and not the revenue of the company.*

- 4.7. *Rs.4,28,47,173 was from the Lead Generation Business Sales Classification.*
- 4.8. *Rs.1,75,91,293/- was from Stock Market Advisory Business operation.*
- 4.9. *We are very extremely sorry for the un registered advisory operation done on the name of 4W Wealth Management Pvt Ltd.*

CONSIDERATION OF ISSUES AND FINDINGS

5. I note that the main allegation against the Noticees is that the Noticees provided investment advisory services without obtaining certificate of registration from SEBI, thereby violating Section 12(1) of the SEBI Act and Regulation 3 (1) of the IA Regulations. Therefore, I note that the following issues(s) arise for consideration in the present case: -
- a. Whether the Noticees acted as unregistered investment advisors in contravention of Section 12(1) of the SEBI Act and Regulation 3 (1) of the IA Regulations?
- b. If answer to issue no. a is in the affirmative, what directions should be issued against the Noticees?
6. Before proceeding further, it is pertinent to refer to the relevant provisions of the SEBI Act and the IA Regulations which are reproduced hereunder: -

SEBI Act

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

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.”

IA Regulations Regulation 2(1)(g)

“consideration” means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice;

Regulation 2(1)(l)

“investment advice” means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through Provided that investment advice given through any other means of communication for the benefit of the client and shall include financial planning: Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;”

Regulation 2(1)(m)

“investment adviser” means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;”

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.”

7. I note that SEBI had received a SCORES complaint (Reference No. SEBIE/MP16/0000179/1) dated March 31, 2016 from one Mr. Yogesh Kumar (“**complainant**”) against M/s. 4W Investment Adviser Pvt. Ltd., which is a company registered with RoC-Ahmedabad, with CIN U67120GJ2013PTC073241. As per information available on record the said company was incorporated on January 03, 2013 and the details pertaining to all the ex-directors of the company are given in the following table:

Table 1

S. No.	Name of the Director	PAN
1	Mr. Bhavesh P. Bhensdadia	ARDPB0217G
2	Rinkalkumar Mohanbhai Chopda	AJJPC0634J
3	Vivek Laxmanbhai Patel	BCXPP6594E
4	Nileshbhai Chandubhai Patel	CJTPP9131M
5	Parth Kanubhai Patel	CGZPP5636C

8. The complainant, through his SCORES Complaint No. SEBIE/MP16/0000179/1, referred at para above, had submitted that he received a call from mobile number 09227XXXX55, allegedly belonging to the company, wherein he was asked to do equity trading on trial basis for two days. Post acceptance of the said proposal, the complainant received three tips, out of which, with respect to two tips he made profits while with respect to one he made no loss no gain. Thereafter, the complainant was regularly contacted by the representative of the company and was forced to take subscription.

However, post subscription, the tips never resulted into profit and the complainant suffered a loss of INR 15,000/-.

9. The complainant had further attached a receipt of INR 5,000/- issued by the company, for a payment made by him on January 29, 2016 to the account belonging to the company.
10. Pursuant to the receipt of the said complaint, SEBI conducted examination into the activities of the company to ascertain whether there has been any violation of provisions of SEBI Act and Regulations made thereunder.
11. During the course of the examination, SEBI found that the company was maintaining bank accounts with Axis Bank, ICICI Bank, HDFC Bank and State Bank of India. Accordingly, SEBI sought details such as KYC, Account opening Form (AOF) and bank account statements from said banks with respect to the bank accounts of the company.
12. As the bank accounts of the company with Axis Bank (91302002569326) and ICICI Bank (136705000466) contained credit entries from Avenues (India) Pvt. Ltd. (henceforth being referred as “**Avenues**”) which provided payment gateway/ platform services to the company, SEBI sought from Avenues information such as KYC document, copy of agreement, transaction statement, etc. in respect of account maintained by the company with Avenues.
13. On the basis of findings of the examination, SEBI issued a Show Cause Notice dated September 17, 2021 (“**SCN**”) to the Noticees which, *inter-alia*, stated as follows: -
 - 13.1. *Securities and Exchange Board of India (hereinafter referred to as “SEBI”) had received a complaint on March 31, 2016 through SCORES*

from Shri Yogesh Kumar (hereinafter referred to as "complainant"), against M/s 4W Wealth Management Private Ltd. (PAN: AAACZ63 781)) (hereinafter referred to as "4W Wealth"). In the complaint it was, inter alia, alleged that the complainant received a call from 4W Wealth and he received three tips. With respect to two tips received, the complainant earned profit and on the basis of one tip, he sold shares on cost. Subsequently, the complainant received several calls from 4W Wealth with respect to subscription. However, after subscription, the tips never resulted into profit, instead he suffered a loss of Rs. 15,000. The complainant has also provided a copy of the receipt issued by 4W Wealth dated January 29, 2016.

13.2. Further, it was observed that the website of 4W Wealth i.e. www.4wealthmanagement.com is not active. The archive pages of the website were downloaded from web.archive.org. It was observed that 4W Wealth had, inter alia, disclosed the following in the website:

- a. About us: The company was established in the year 2013. It mentioned in the website that they are providing 'leads from client database 'for various industries, business houses and also provides 'Stock Market Client Database'.
- b. Home Page of the website inter-alia, mentions that 'the best stock trader database for telecallers in Advisory & Broker Companies'.
- c. Product pricing: The details are as follows:
 - a. Rs. 2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%,

- b. *Rs.2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%. Minimum purchases IS of Rs. 1,000/-, i.e. 500 leads,*
- c. *Rs.10/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%. Minimum purchases is of Rs. 1,000/-, i.e. 100 leads. Guaranteed leads, Replacement available.*
- d. *Rs.30/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%. Minimum purchases is of Rs. 1,000/-, i.e. 3500 leads.*

13.3. *4W Wealth had also disclosed the following bank accounts in its website:*

Axis Bank Limited A/C. No: 913020025669326	HDFC Bank Limited A/C. No: 50200004993340	ICICI Bank Limited A/C. No: 624605501839	State Bank of India A/C. No: 33536471217
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Further, as observed in the KYC of the Avenue India Pvt. Ltd., 4W Wealth was having another bank account with ICICI Bank Limited (A/c. no. 136705000466).

13.4. *The examination of the aforesaid bank accounts of 4W Wealth revealed the following:*

- a. *The account no. 913020025669326 was a current account in the name of 4W Wealth Management Private Limited wherein authorised Signatory was Shri Vivek Laxmanbhai Patel, director of the company. Total amount credited in the Axis Bank account from May 31, 2013 to April 12, 2018 was Rs. 2,33,78,991.93.*

- b. The account no. 50200004993340 was a current account in the name of 4W Wealth Management Private Limited wherein authorized Signatory was Shri Vivek Laxmanbhai Patel, director of the company. Total amount credited in the HDFC Bank Limited from April 02, 2014 to August 06, 2016 was Rs. 1,43,13,549.75.*
- c. The account no. 624605501839 was a current account in the name of 4W Wealth Management Private Limited wherein authorised signatories were Shri Vivek Laxmanbhai Patel and Shri Rinkalkumar M. Chopda, directors of the company. Total amount credited in the ICICI Bank account from February 19, 2014 to April 18, 2017 was Rs. 5,86,67,741.11.*
- d. The account no. 136705000466 was a current account in the name of 4W Wealth Management Private Limited wherein authorised signatories were Shri Vivek Laxmanbhai Patel and Shri Rinkalkumar M. Chopda, directors of the company. Total amount credited in the ICICI Bank account from January 29, 2014 to March 18, 2015 was Rs. 3,20,28,886.53, of which Rs.20,09,749 credit have been received through Avenue India Pvt. Ltd. payment gateway.*
- e. In the State Bank of India (33536471217) account no transaction has been observed during January 01, 2013 to July 28, 2020.*
- f. Avenues (India) Private Limited (Avenues) provided payment gateway to 4W Wealth Management Private Limited (4W Wealth). As mentioned in the KYC, agreement between Avenues and 4W Wealth with respect to service was entered on April 12, 2014 and key contact person's name was Shri Nilesh Chandubhal Patel and*

authorised signatory was Shri Vivek Laxmanbahi Patel, directors of the company. As per KYC, for settlement of the transactions the designated bank was ICICI Bank Limited A/c no. 136705000466, however, it was observed that Avenues made settlement of transactions in both the banks i.e. ICICI Bank A/c no. 136705000466 and Axis Bank A/c no. 913020025669326 held by 4W Wealth. Further, as per the point 'h' of the agreement, the description of the product [services stated as 'Service Provider for Stock Market Advisory'.

g. Further, as per the KYC of 4W Wealth, as provided by ICICI Bank, the type of Industry has been mentioned as "Share Advisory Firm".

13.5. It was observed that the amount paid by complainant in the bank account of 4W Wealth was consideration paid for availing investment advisory products and services as depicted by the Noticee in its website www.4wealthmanagement.com. Further, based on examination of bank account statements of the Noticee, it was observed that there are large number of credits from several other individual investors which are also paid towards availing various investment advisory products and services as depicted in the aforementioned website.

14. I note that based on the facts stated in the said SCN, it was alleged that the Noticees were engaged in the activities of providing investment advisory services without obtaining the requisite registration from SEBI, as required in terms of Section 12(1) of the SEBI Act, read with Regulation 3(1) of the IA Regulations. Further, it was alleged that the amounts credited in the bank accounts of the company were received as fees towards the services rendered as an investment advisor. The Noticees were called upon to show cause as to

why suitable directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act should not be issued against them for alleged violations.

15. I note that Regulation 2(1)(m) of the IA Regulations defines the term 'investment adviser'. As per Regulation 2(1)(m) of the IA Regulations, investment adviser means any person, who is engaged in the business of providing investment advice to clients or other person or group of persons for consideration. Further, it includes any person who holds himself out as an 'investment adviser'. Regulation 2(1)(m) of the IA Regulations refer to terms 'consideration' and 'Investment advice'. As per Regulation 2(1)(g) of the IA Regulations, consideration means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice. As per Regulation 2(1)(l) of the IA Regulations, 'investment advice' means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning. However, advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public, shall not be an investment advice within the meaning of Regulation 2(1)(l) of the IA Regulations.
16. I note from the observations of SEBI that the website www.4wealthmanagement.com belonged to the company. I also note from records that the said website has been inactive. From the archived pages of the said website, downloaded from web.archive.org, it was observed that: -
 - 16.1. The company was established in the year 2013 and it was into providing leads from client database for various industries, business houses and also provides 'Stock Market Client Database.

- 16.2. The Home Page of the website *inter-alia*, mentioned that the company provides 'the best stock trader database for tele-callers in Advisory & Broker Companies'.
- 16.3. The details of products offered by the company, as advertised on the website were as follows:
- a. Rs. 2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%,
 - b. Rs.2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%. Minimum purchases IS of Rs.1,000/-, i.e. 500 leads,
 - c. Rs.10/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%. Minimum purchases is of Rs.1,000/-, i.e. 100 leads. Guaranteed leads, Replacement available.
 - d. Rs.30/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%. Minimum purchases are of Rs.1,000/-, i.e. 3500 leads.
17. From the contents of the website referred above, I note that the website projects the company to be "*the best stock trader database for tele-callers in advisory and broker companies*". The website further states that it provides "leads from client database for various industries, business houses and also provides stock market client database". At the same time, I also note that the section on "product pricing" as available on the said website, carries details of charges to be levied for providing leads. The said section carries words such as "Stock,

MCX Segment” which indicate that the services rendered by the company are in the nature of investment advisory. It also advertises the minimum amount of purchases to be made by clients depending upon the type of package chosen by the clients. Also, the said section carries the terms “Guaranteed leads”. The above makes it clear that the nature of operations of the company is not just restricted to supply of database and is something more and includes stock market advisory also.

18. Apart from the website as referred to above, I also note that there were five bank accounts held in the name of the company, out of which the bank account maintained with SBI had nil transactions. The details of remaining four bank account is being given in the following table:

Table 2

	A	B	C	D
Bank Account Number	91302002569326	50200004993340	624605501839	136705000466
Bank Name	Axis Bank Ltd.	HDFC Bank Ltd.	ICICI Bank Ltd.	ICICI Bank Ltd.
Type of Account	Current Account	Current Account	Current Account	Current Account
Signatories	Mr. Vivek Laxmanbhai Patel	Mr. Vivek Laxmanbhai Patel	Mr. Vivek Laxmanbhai Patel and Mr. Rinkalkumar Mohanbhai Chopda	Mr. Vivek Laxmanbhai Patel and Mr. Rinkalkumar Mohanbhai Chopda
Total amount credited (INR)	2,33,78,991.93	1,43,13,549.75	5,86,67,741.11	3,20,28,886.53
Payment Received through Avenues (INR)	88,61,084.00	NA	NA	20,09,749.00

19. From the above table, I note that the company had received total credit of **INR 12,83,89,169.32** in its bank accounts, during the period from May 31, 2013 to April 12, 2018 out of which **INR 1,08,70,833/-** was received through Avenues (India) Pvt. Ltd., the payment gateway provider to the company. I further note

that the bank accounts mentioned at column A, B and C were also advertised on the website www.4wealthmanagement.com of the company.

20. On perusal of the statements of the bank accounts (belonging to the company), I note that there were many credit entries with narrations like “*Tips, Trading Tips, Trading Call, Trading Advisory, Stock Tips, advisory fee, trade subscription, future calls, shares, commodity calls, nifty tips, stock purchase, option pack, MCX, crude tips, Equity Cash, Share Advise, Future Tips, Premium calls etc*” (hereinafter referred to as “Narrations”). Following are a few examples of such transactions: -

20.1. A/c No. 913020025669326, Axis Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
10/07/2013	ICONN/25616888/910010045791463/100713/tips	5000
22/07/2013	ICONN/25831101/910010045791463/220713/tips	20000
09/12/2013	ICONN/29085887/913010019725990/091213/advisory a	4500
26/07/2014	INB/IFT/AMARESHWAR CHAURASIA/4 trading call	3500
09/08/2014	INB/IFT/THAVIDISETTI VENKATA/For advisory service	5000
25/09/2014	INB/IFT/THAVIDISETTI VENKATA/Advisory services Fe	10000
10/10/2014	INB/IFT/K SUDARSAN/TRADING	15000
21/10/2014	INB/IFT/THAVIDISETTI VENKATA/for Advisory Service	2500
09/12/2014	INB/IFT/SWAPNIL RAMESH RANE/Intraday Tips	5005
16/01/2015	INB/IFT/AMIT ASHOK TAMHANE/Pay for Trading Tips	3000
12/03/2015	INB/IFT/KOYEL GUHATHAKURTA/trading	4000

20.2. A/c No. 136705000466, ICICI Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
01-03-2014	BIL/000556636033/tips/NSP	3000.00
01-03-2014	BIL/000556684178/Tips Payment/NSP	7000.00
04-03-2014	BIL/000558460657/TRADING TIPS/NSP	10000.00
14-03-2014	BIL/000563519791/SHARES/NSP	100.00
14-03-2014	BIL/000563526665/SHARES MONTHLY FEE/NSP	9900.00
26-04-2014	BIL/000581654604/For stock broker/NSP	7000.00

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TRANSACTION DATE	PARTICULARS	Credit (INR)
08-05-2014	BIL/000587957360/Subscription fee Pra/NSP	2900.00
17-05-2014	BIL/000591629612/fee/NSP	33333.00
20-05-2014	NEFT-140519i42069579-DORESWAMY A D-INTRAY DAY TIPS	10000.00
09-06-2014	BIL/000601721723/For premium calls sh/NSP	5000.00
03-07-2014	BIL/000613033642/advisory fee/NSP	25000.00
25-07-2014	BIL/000622894733/share tips/NSP	2500.00
06-08-2014	BIL/000629086025/NIFTY/NSP	5000.00
04-09-2014	BIL/000642748458/SUBSCRIPTION FEE/NSP	10000.00
24-09-2014	BIL/000651806760/mcxtips/NSP	5000.00
26-09-2014	BIL/000652979640/future tips/NSP	5000.00
09-10-2014	BIL/000660112185/CASHTIPS/NSP	1000.00
10-10-2014	BIL/000660579761/WEALTHFEE/NSP	10000.00
13-10-2014	BIL/000661861066/subscription fees/NSP	4000.00
14-10-2014	BIL/000662337078/FEES/NSP	4000.00
05-11-2014	BIL/000672761498/subscription fee rit/NSP	3000.00
01-12-2014	BIL/000685168403/for advisory/NSP	5000.00
10-12-2014	BIL/000690333550/For One Month Tips/NSP	4000.00
15-12-2014	BIL/000692604833/ADVISOR FEES/NSP	4000.00
16-12-2014	BIL/000692821248/advisor fees/NSP	3000.00
19-12-2014	BIL/000694109704/fees/NSP	4000.00
23-12-2014	BIL/000695898868/consultant fees/NSP	5000.00
29-01-2015	BIL/000713789007/Stock Advisory Servi/NSP	2500.00
02-02-2015	BIL/000716134213/SHARES/NSP	3000.00

20.3. A/c. No. 624605501839, ICICI Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
09-04-2015	BIL/000750097975/share advice/NSP	5000.00
30-04-2015	BIL/000759807289/tips29/4/NSP	3900.00
06-05-2015	BIL/000763924653/FUTURE OPTION CALLS/NSP	11000.00
16-05-2015	BIL/000769318622/Share Advice Fees/NSP	5000.00
27-05-2015	BIL/000774158799/tips pay may 2015/NSP	5000.00
30-05-2015	BIL/000775871363/MCX/NSP	5000.00
01-06-2015	BIL/000777291794/mcx/NSP	5000.00
03-06-2015	BIL/000778817333/mcx/NSP	5500.00
04-06-2015	BIL/000779284877/trade/NSP	4000.00
05-06-2015	BIL/000779879289/mcx/NSP	20000.00

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TRANSACTION DATE	PARTICULARS	Credit (INR)
08-06-2015	BIL/000781049363/trade/NSP	4000.00
10-06-2015	BIL/000782602165/trade/NSP	2001.00
11-06-2015	BIL/000782907303/mcx/NSP	5000.00
11-06-2015	BIL/000782968683/trade/NSP	4500.00
11-06-2015	BIL/000783152595/trades/NSP	5500.00
13-06-2015	BIL/000783995095/mcx/NSP	5000.00
07-07-2015	BIL/000796635202/Payment to trader 4W/NSP	11000.00
13-07-2015	BIL/000800011393/Stock Advisery charg/NSP	4000.00
21-07-2015	BIL/000803809532/For Trading Tips/NSP	5000.00
20-08-2015	BIL/000819829122/Pay for trade option/NSP	3000.00
07-09-2015	BIL/000829889787/4w crude tips/NSP	3000.00
08-09-2015	BIL/000830455197/Crude sarvabg/NSP	2000.00
21-09-2015	BIL/000836622093/tradershare/NSP	2000.00
10-11-2015	BIL/000864420925/4WStock/NSP	1500.00
30-11-2015	BIL/000872664857/for trade service/NSP	3000.00
02-12-2015	BIL/000875630361/Tips/NSP	3000.00
17-12-2015	BIL/000884323788/trading share/NSP	2021.00
18-12-2015	BIL/000884856561/45 Days Tips payment/NSP	5000.00
21-12-2015	BIL/000886097154/trading share/NSP	2021.00
22-12-2015	BIL/000886554218/Aruna share/NSP	5000.00
11-01-2016	BIL/000898598130/subscription/NSP	10000.00
29-02-2016	BIL/000924876590/mcx/NSP	2000.00
16-03-2016	BIL/000935299926/advisory/NSP	2500.00
16-04-2016	BIL/000952555085/Subscription fee/NSP	5000.00
29-04-2016	BIL/000958854213/trade/NSP	5000.00
27-05-2016	BIL/000975513811/FOR EQUITY TIPS/NSP	10000.00
21-07-2016	BIL/001008140885/stock tip/NSP	10000.00

20.4. A/c. No. 50200004993340, HDFC Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
25/04/2014	50200002815882 -TPT-SHARE TIPS	6,000.00
09/05/2014	00901050024045 -TPT-CHARGE FOR TIPS	5,000.00
30/05/2014	03551870000330 -TPT-SHARE	5,000.00
09/06/2014	03591050109190 -TPT-COMMODITY CALLS	10,000.00
25/06/2014	09981610005239 -TPT-TO 4WM ADVISORY	1,500.00
01/08/2014	09901000005110 -TPT-OPTION SER PAYMENT	4,000.00
02/08/2014	07461050038366 -TPT-TIPS	4,000.00

Order in the matter of unregistered investment advisory activities by 4W Wealth Management Pvt. Ltd.

TRANSACTION DATE	PARTICULARS	Credit (INR)
18/08/2014	06211930000230 -TPT-FOR NIFTY TIPS	10,000.00
28/08/2014	08111130004765 -TPT-FEE FOR TIPS	25,000.00
03/09/2014	00081330027933 -TPT-STOCK TIPS	6,000.00
16/10/2014	08111130004765 -TPT-STOCK SUGGESTION	10,000.00
20/11/2014	50100002000710 -TPT-SHARE ADVISERY	3,000.00
27/11/2014	02121000032274 -TPT-ADVISORY	5,000.00
28/11/2014	02121000032274 -TPT-ADVISORY	5,000.00
23/12/2014	01831070022782 -TPT-FUTURE CALLS 6	15,000.00
30/12/2014	02121000032274 -TPT-ADVISORY	2,500.00
11/03/2015	02911140009328 -TPT-ADVISORY FEES	1,000.00
29/04/2015	01691000004373 -TPT-SERVICE TIPS	4,000.00
14/05/2015	07041070017560 -TPT-STOCK MARKET	11,000.00
14/05/2015	13291050020696 -TPT-TIPS CHARGES	3,000.00
19/05/2015	05191570000770 -TPT-ADVISORY FEE	5,000.00
23/05/2015	50100049348879 -TPT-STOCK ADVICE FEES	3,000.00
14/07/2015	50100037094479 -TPT-EQUITY SERVICE	3,000.00
22/09/2015	03681000002044 -TPT-STOCK ADVISORY	5,000.00
28/09/2015	03681000002044 -TPT-STOCK ADVISORY	5,000.00
05/10/2015	00421050286524 -TPT-ADVISORY FEE	1,500.00
08/10/2015	00571000172122 -TPT-ADVISORY CHARGES	5,000.00
12/10/2015	00571000172122 -TPT-ADVISORY CHARGES	5,400.00
19/10/2015	00571000172122 -TPT-ADVISORY CHARGES	3,225.00
02/11/2015	25141000002067 -TPT-FOR EQUITY TRADING	1,500.00
25/11/2015	03681000002044 -TPT-STOCK ADVISORY	3,600.00
30/11/2015	03681000002044 -TPT-STOCK ADVISE	2,000.00
02/12/2015	50100051001791 -TPT-COMMODITY	6,001.00
19/12/2015	50100055540919 -TPT-RAJESH OPTION	5,000.00
07/01/2016	50100042363462 -TPT-ADVISORY SERVICES	5,000.00
10/02/2016	50100078805390 -TPT-OPTION PACK	5,000.00
14/03/2016	IMPS-P2A-607415381831-919832053156-SHARE	2,500.00

21. The above said transactions carrying type of narrations stated above further stand to buttress the allegation that the nature of services rendered by the company was of the nature of investment advisory.

22. Further, I note from the KYC documents provided by ICICI Bank for account no. 624605501839, in the name of the company, that the type of Industry has been mentioned as “**Share Advisory Firm**”.
23. Further, I note that Avenues (India) Pvt. Ltd. (**Avenues**) which provided payment gateway/ platform services to the company had shared with SEBI, the KYC documents, transaction statements and copy of agreement dated April 12, 2014, signed between the company, and Avenues. Observations with respect to the said documents provided by Avenues are as below: -
- 23.1. The address of company is mentioned to be 321, Third Floor, Supermall, Near Lal Bungalow, C.G.Road, Ahmedabad – 380009.
- 23.2. At para (a), Mr. Nilesh Chandubhai Patel and Mr. Vivek Laxmanbhai Patel are mentioned as the Key Contact person and authorised signatory of the company, respectively.
- 23.3. At para (h), *the description of product/ services/ for which the payment gateway will be used*, is mentioned as “**Service provided for Stock Market Advisory**”.
- 23.4. At para (g), the details with respect to the current account number is stated to be 136705000466, which account belongs to the company.
24. I further note from the complaint of Mr Yogesh Kumar that the company had issued a signed receipt No. 425 dated January 29, 2016 for an amount of INR 5,000/-. The said amount was credited by the Avenues to the Axis Bank A/C No. 91302002569326 belonging to the company.

25. From the above discussions, I find that the company was acting as an Investment Advisor. However, I note that the company was not registered as an IA.
26. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy, inter alia, the following requirements, as provided under the IA Regulations:
- 26.1. An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee;
- 26.2. The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
- a. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognized foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;

- b. An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
- c. Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.

26.3. Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.

- 27. The IA Regulations provides for the minimum professional qualification and prescribes mandatory net-worth requirement. Further, it inter-alia provides for disclosures of any conflict of interest, risk profiling of clients, maintenance of records related to client assessments and the suitability of advice. The prescriptions in the IA Regulations are intended to safeguard the interest of investors and curb the perpetration of unregistered entities entering the field of investment advisory services and indulging in unscrupulous market practices.
- 28. In view of the totality of the matter, it is evident that the company i.e. 4W Wealth Management Pvt. Ltd. was acting as an “investment adviser” within the meaning of the term as defined in the IA Regulations without obtaining mandatory registration from SEBI. However, I note from the website of the Ministry of Corporate Affairs (MCA), the status of the company, which is a

company registered with RoC – Ahmedabad, as “strike-off”. I further note that the company has also been dissolved vide Notice No. ROC/AHMD/248(5)STK-7/PUB/1/2018 dated August 14, 2018, issued by the RoC-Gujarat, Dadra & Nagar Haveli at Ahmedabad in terms of sub-section (5) of Section 248 of the Companies Act, 2013, with effect from August 06, 2018. As the company was dissolved even prior to initiation of proceedings in the current matter, it would not be appropriate to determine liability against the company.

29. However, in connection with the foregoing discussion, I find it trite to note that any company being an artificial person and an inanimate legal entity cannot act by itself. It acts through its individual directors, who are expected to discharge their responsibilities on behalf of the company with utmost care, skill and diligence. As has been mentioned at the beginning of the order, I find that the Noticees were directors of the company. As directors they are responsible for the non-compliances committed by the artificial judicial person. Also as per section 179 of the Companies Act, 2013 (corresponding to section 291/292 of the Companies Act, 1956), the Board of a company is entitled to exercise all such powers and do all such acts and things which the company is legally authorized. The duty expected from an individual as a director of a company, has been succinctly expounded by the Hon’ble Supreme Court of India in the following findings made in the matter of N Narayanan vs Adjudicating Officer, SEBI (Order dated 26 April, 2013): -

“33. Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602 that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed

to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provide against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially.”

Therefore, I am of the view that the Noticees are liable for action owing to the principles of vicarious liability and are also none but officers in default.

30. I note that the Noticee No.1 has contended that he left the company with effect from December 14, 2013 and the same was also duly updated upon MCA. He further contended that he was not active in company in any manner neither physical nor financially, hence, he has no liability for the company revenue or transaction and that he is liable only for those transaction made during his tenure in the company and that transaction's responsibility had been taken by both other directors. With regards to the contention of the Noticee No.1 that he was the director in the company during the period January 03, 2013 to December 14, 2013, but was not active in company in any manner neither physical nor financially and that the responsibility had been taken by other two directors during the aforesaid period viz. Rinkalkumar Mohanbhai Chopda and Vivek Laxmanbhai Patel, I note that the stated undertaking given by the other two directors does not specifically discharged Noticee No.1 from his responsibility during his stated period of directorship in the company. Accordingly, I don't find any merit in the contention of the said Noticee.
31. Further, with regards to the submission of the Noticees on the breakup of the amount credited in their 4 bank accounts also specifying the amount of advisory fees collected, I note that the Noticees have admitted that they were involved in providing investment advisory services to the clients. Accordingly, they are required to refund the money collected as advisory fees to their clients and submit a completion report in this regard to SEBI. It is therefore, at the time of

submitting the said completion report to SEBI, the complete details on the extent of the credits received in the aforementioned four accounts, as stated in the SCN, along with the supporting documents, duly certified by an independent Chartered Accountant, may be provided to SEBI, as claimed hereinabove.

32. Accordingly, the activities of the Noticees, as brought out above, seen in the backdrop of the aforesaid provisions, I find that the Noticees have violated the provisions of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations.

DIRECTIONS

33. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4), and 11B (1) of the SEBI Act, do hereby issue the following directions:

- 33.1. The Noticees shall refund the advisory fee (called by whatever name) received by the company to the client of the company in the manner as detailed hereinafter;
- 33.2. The Noticees shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, about this Order and shall give details of modalities for refund, including the details of contact person such as name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of receipt of this order;
- 33.3. The Noticees shall accept refund claims/ requests for a period of 3 months from the date of public notice, as directed under para 33.2 above;

- 33.4. The Noticees shall within a period of four months from the date of public notice, as directed under para 33.2 above, carry out and complete the refund exercise;
- 33.5. Upon expiry of four months from the date of public notice, any balance of such advisory fee that remains with the Noticees, due to their inability to contact the client or otherwise, as directed in para 33.2 above, shall be deposited in a dedicated escrow account, to be opened and maintained by the Noticees for a period of one year and utilized only for the purpose of refund to the clients. Thereafter, the amount lying in the said escrow account shall be transferred to the Investors Protection and Education Fund maintained by SEBI;
- 33.6. The repayments to the claimants or clients shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channel, which ensures audit trail to identify the beneficiaries of repayments;
- 33.7. The Noticees are prohibited from selling assets, properties including mutual funds/ shares/ securities in demat and physical form except for the purpose of effecting refunds, as directed above. Further, the banks are directed to allow debit from the bank accounts of the Noticees, only for the purpose of making refunds to the clients who were availing the investment advisory services from the company;
- 33.8. After completing the aforesaid repayments, the Noticees shall file a report of such completion with SEBI addressed to the “Division Chief, Division of Post Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051”, within a period of 15 days, after expiry of four months from the date of

public notice, as directed above, along with the complete details on the extent of the stated credits received in the aforementioned four accounts, as mentioned in the SCN, including the supporting documents, duly certified by an independent Chartered Accountant. The direction at para 33.7 above shall cease to operate upon filing of such report. In case of disbursal of any amount from the said escrow account, the Noticees shall also file a report of such disbursal with SEBI, within a period of 15 days, after expiry of one year, as directed in para 33.5 above, duly certified by an independent Chartered Accountant;

33.9. The Noticees are restrained from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two years from the date of this order or till the date of filing of report, as directed in para 33.8 above, whichever is later;

33.10. The Noticees are also restrained from associating, as a director or key managerial personnel, with any listed public company or any public company which intends to raise money from the public or any intermediary registered with SEBI, for a period of two years from the date of this order;

33.11. The Noticees shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in para 33.9 above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws;

34. In case of failure of Noticees to comply with any of the aforesaid directions mentioned in para 33 above, SEBI, on the expiry of the stipulated time period therein, may recover such amounts, from the Noticees, in accordance with

Section 28A of the SEBI Act including such other provisions contained in securities laws.

35. The direction for refund, as given in Para 33 above, shall not preclude the clients/ investors to pursue other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
36. This order shall come into force with immediate effect.
37. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar, Transfer Agents of Mutual Funds and BSE Administration and Supervision Ltd.

Date: June 26, 2024

Place: Mumbai

G RAMAR
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA