

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/63602	Date: August 28, 2024
Circular Ref. No: 372/2024	

To All NSE Members,

Subject: SEBI order in the matter of unregistered investment advisory services/activities by Option Research Consultancy

This is with reference to SEBI Order no.QJA/GR/SRO/SRO/30711/2024-25 dated August 27, 2024, has debarred 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 (2) years from the date of this order or till the date of filing of report, as directed in para 57(e) above, whichever is later.

Sr. No.	Name	PAN
1	M/s. Option Research Consultancy	AAHFO6585D
2	Shri G. Faheeth Ali	AGQPF5876K
3	Ms. Fathima M	GXSPM7441E
4	Shri M.S. Ahammed Ali	DDMPA2078A
5	Shri M.S. Mohamed Fakrudeen	DAXPM9278L & BAUPM0058D

Further, SEBI vide above order has informed that all open positions, if any, of the Noticees debarred in the present Order, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

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

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

National Stock Exchange of India

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

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

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

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

**Sandesh Sawant
Senior Manager**

**ANNEXURE: SEBI order in the matter of unregistered investment advisory
services/activities by Option Research Consultancy**

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Section 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992.

In respect of:

S. No.	Name of the Noticee	PAN
1	M/s. Option Research Consultancy	AAHFO6585D
2	Shri G. Faheeth Ali	AGQPF5876K
3	Ms. Fathima M	GXSPM7441E
4	Shri M.S. Ahammed Ali	DDMPA2078A
5	Shri M.S. Mohamed Fakrudeen	DAXPM9278L & BAUPM0058D

In the matter of unregistered investment advisory services/activities by Option Research Consultancy

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) was in receipt of two complaints against Shri Purooskhan, SEBI registered Research Analyst (‘**RA**’), (SEBI Reg.No. INH200006008) on its SEBI complaint portal (**SCORES**). The complainants had *inter-alia* alleged that the RA through the website www.optionresearch.in had guaranteed 100% sure shot calls with no risk and doubling of the capital amount. One of the complainant had alleged that he had paid Rs.50,000/- for availing the investment advisory services and he had lost Rs.4 lakhs while trading based on the advice provided by the aforesaid RA in the website

www.optionresearch.in. He had further shared the screenshot of packages offered through the website www.optionresearch.in and the bank account details of the RA through which the payments were made to avail the investment advisory services ie State Bank of India ('SBI') account no. 40665847678 (IFSC- SBIN0007482) in the name of Option Research Consultancy ('**ORC**').

2. Similarly, the other complainant had also stated that a payment of Rs.5000/- was made to avail investment advisory services from ORC and the payment of Rs.5,000/- was made in the Kotak Bank Account No.0611813105 of i.e. Shri M.S. Mohamed Fakrudeen (Noticee No.5) .
3. Accordingly, SEBI had taken up the above said complaints with RA in SCORES. In response thereto, the RA vide emails dated 27.09.2022, 07.10.2022 and 12.10.2022 *inter alia* informed that his SEBI registration number INH200006008 are being misused by one Partnership Firm viz., M/s. Option Research Consultancy ("**ORC**" or "**Noticee No.1**"), its Partners viz., Shri G Faheeth Ali ("**Noticee No.2**"), Ms. Fathima M ("**Noticee No.3**"), Shri M.S. Ahammed Ali ("**Noticee No.4**") and its associated person viz., Shri M.S. Mohamed Fakrudeen ("**Noticee No.5**") (hereinafter, collectively referred to as the "**Noticees**"). Further he stated that he had filed a police complaint against ORC and its partner for misusing his registration. In this connection, RA has also submitted the copy of e-complaint filed with Tamil Nadu Police on 27.09.2022 under the head Cheating/ Embezzlement /Land Grabbing as well as the copy of cybercrime incident filed with Cyber Cell on 11.10.2022 under the category online financial fraud for misusing his name and registration number. However, copy of FIR registered, if any, in the matter has not been provided by RA.
4. Pursuant to the receipt of the aforesaid complaints and the response received from the RA, SEBI had conducted an examination in respect of the activities of the above said Partnership Firm ie ORC and its partners for the alleged act of providing investment advisory services to investors without obtaining registration from SEBI which is in violation of Section 12 (1) of Securities and Exchange Board of India Act,

1992 (hereinafter referred to as **the SEBI Act**) read with Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as **IA Regulations, 2013**) and for the alleged act of misusing the SEBI registration number of Shri Purooskhan (SEBI Reg. No. INH200006008) and falsely portraying to the public the ORC as a SEBI registered company, during the period 01.01.2022 to 12.02.2023, which is in violation of provisions of Regulations 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4(2)(s) of the PFUTP Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**').

5. The facts of the case, as mentioned in the SCN, are as following:

a. *The Noticees were running a business of Investment Advisery through its website www.optionresearch.in and providing Investment Advisery through Whatsapp Chat. Further, Noticees were collecting money in the bank account of ORC and Noticee No.5 for the said investment advisery services. However, it was observed from the SEBI website that ORC (Noticee No.1) was not registered with SEBI as an Investment Adviser but was projecting itself as a SEBI certified company. For the said purpose, it was using the Sebi Registration No. INH200006008. The same belongs to another SEBI registered Research Analyst Mr. Purooskhan.*

b. *ORC is a partnership firm wherein Noticee No. 2,3 and 4 are partners. As per partnership deed dated 29.09.2021 these partners have equal ownership in the partnership firm.*

c. *The bank account details of Noticee No.1 which was used to collect payments from clients for providing investment advisery services are as under:*

Name of Bank	State Bank of India (SBI)
Account Type	Current
Account Name	Option Research Consultancy
Account Number	40665847678

d. *From the bank account statement, Bank account opening form and KYC documents including partnership deed of aforesaid bank account following was observed:*

Name of the account holder	Option Research Consultancy
PAN	AAHFO6585D

Name of Partners	Shri G. Faheeth Ali; Ms. Fathima M and Shri M.S. Ahammed Ali
Nature of Activity / Business	providing consultancy services in share trading, futures and options, commodity trading etc., and allied business activities
Account Type	Current
Date of Incorporation of Partnership	29/09/2021
Account Open date	24-December-2021
Date of last credit	24-January-2023
Address as per Partnership Deed	Opposite to Ambiga College, Ferouz Tower Complex, Anna Nagar, Madurai – 625 020

- e. In this connection, the complainants provided certain documents as evidence, in support of his complaint, website link of Noticee No.1, copies of WhatsApp chats with ORC and transaction slips for the payment made by the complainants to ORC.
- f. The following content had been observed to be inter alia mentioned on the website of Noticee No. 1 about itself-
- i. “Get Free Sureshot Tips | SEBI Reg No. INH200006008 | “SEBI Certified company” and has...
 - ii. Who we are: We are individual SEBI Registered Research Analyst Reg No: INH200006008 and we are highly qualified experienced more than 15 years in stock market. We have come through lot of losses ups and down in stock market. Our unique and self-belief and confidence we have found some technical way we have found own strategy which is something different from other service provider. Our service all will update in track sheet which is very genuine 100% transparency without default anything
 - iii. Packages:

Sl No.	Packages	Features & Risk	Durati on	Price (in Rs.)
1	Recovery losses packages	Daily 1 recommendation 100% sureshot calls; capital required minimum 2 lakhs-20 lakhs; daily per trade returns minimum 20k to 2 lakhs (based on your capital), 100% no risk, 6 month time frame to recover you whole loss, double up the capital amount, follow up whatsapp and sms and personal technical analysis support via call	6 months	1,50,000
2	Golden combo package	Nifty & banknifty, daily 1-2 recommendation, capital required 30k, profit 5k to 10k, minimum stoploss, follow up whatsapp support & sms	1 month	9,999
3	Golden privilege package	Nifty & banknifty & stock option, daily 1-2 recommendation, capital required 50k, profit rs 10k to 20k, follow up whatsapp support & sms	3 months	30,000
4	Stock option	Daily 1 recommendation, capital required 30k, profit 20k to 30k, follow up whatsapp support & sms	1 month	9,999
5	Stock future privilege premium package	Calls-3 to 5 recommendation weekly bases, capital required 1 lakh, profit 30k to 50k, followup whatsapp support & sms	1 month	9,999
6	Diamond intra quarterly 3 months package	Nifty & banknifty, daily 1-2 recommendation, capital required 30k-60k, profit 10k to 30k, minimum stoploss, follow up whatsapp support & sms	3 months	20,000
7	Diamond intra yearly combo package	Nifty & banknifty, stockoption & stock future, daily strong 1 recommendation, capital required min 30k to 1 lakh, low risk, profit 20k to 30k daily, follow up whatsapp & sms	1 Year	1,00,000

- iv. Under documentation – Logo of SEBI, ISO, SSL (100% Secure transaction), Google Safe browsing was mentioned
- v. Client Login –Login interface provided for “Clients”
- vi. Contact Us- Support: - +91 8438020460 / 7548880460.”

- g. Further, it was observed from the submission of ORS during investigation that total amount credited /deposited in the SBI bank account of ORC admitted to be fees collected by ORC is INR 28,74,589. It was also found that one another bank account (Kotak Mahindra Bank A/c No. 0611813105) of Noticee No. 5 was also used to collect fees for investment advisory services by Noticee No.1. The details of the said Bank Account are as under:

Name of Bank	Kotak Mahindra Bank
Account Number	0611813105
Date of Account Opening	02-January-2017
Date of Account Closing	06-March-2023

- h. Through following points, the connection between ORC and Noticee No.5 was arrived.
- Mohamed Fakrudeen S/o Sikkandar Alam is related to one of the partner of ORC i.e. M.S. Ahammed Ali S/o Sikkandar Alam. It is noted that both of them share the same father name as well as same address.
 - To and fro fund transfers observed between the SBI account of ORC and the Kotak account of Noticee no.5;
 - The screenshot of WhatsApp chat shared by Gulshan Kumar confirms that ORC has shared the Google pay number 9944030786 which belongs to Noticee no.5 for receiving the fees for investment advisory services and the payment of Rs.5,000 made by Gulshan Kumar has reflected in the Kotak account of Noticee no.5.
- i. Summary of fees collected by ORC through investment advisory is given below:

Sr No.	Particulars	Amount (in Rs.)	Remarks
1.	Amount admitted as fees collected by ORC in its SBI account no. 40665847678	28,74,589	Examination carried out based on the complaint received from Arvind Gilda
2.	Amount identified as fees collected in the Kotak bank account no. 0611813105 of Noticee No.5	1,64,999	Examination carried out based on the complaint of Gulshan Kumar
	Total	30,39,588	

- j. In this connection, it was observed that the Noticee knowingly misrepresented the fact that he was SEBI registered company, and also about its expertise in investment advisory thereby luring and inducing investors to deal in the markets by availing its services with the objective of enhancing its income.*
- k. From the above, prima facie, it was found that the Noticees were involved in unregistered investment advisory activities without obtaining SEBI Registration.*
- l. Based on the aforesaid facts, it was alleged in the SCN that the Noticees have violated the provision of Section 12(1) of the SEBI Act read with Regulation 3(1) of IA Regulations for engaged in Investment Advisory activities without obtaining the requisite registration from SEBI.*
- m. Further, it was also observed and alleged that the Noticees had knowingly misrepresented the fact that ORC was registered with SEBI, and had also misrepresented about its expertise in investment advisory thereby luring and inducing investors to deal in the markets by availing its services with the objective of enhancing its income. Accordingly, Noticees were alleged to have violated Regulations 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4(2)(s) of PFUTP Regulations.*

SERVICE OF SCN, REPLIES AND PERSONAL HEARING

- 6. The aforesaid SCN alongwith its annexures was served by Speed Post acknowledgment due (SPAD) to Noticee No. 2,3,4 and 5 and through digitally signed email dated May 16, 2024 to Noticee No.1. Noticee No.2 vide a letter sought additional time to submit reply. Subsequently, personal hearing was scheduled on June 28, 2024 for Noticee No.2-5 and for Noticee No.1 on July 01, 2024 and were provided time to submit reply before the said hearing. The Hearing Notice ('HN') was served to the Noticees through SPAD and through hand delivery to Noticee No.3. However, none of the Noticees appeared before the QJA on the said dates. It was only afterwards that Noticee No. 3, 4 and 5 forwarded letters authorising Noticee No. 2 to represent them before the QJA (received by SEBI on July 01, 2024) and Noticee No.1 sent email on July 03, 2024 seeking another opportunity.
- 7. In response to the SCN, Noticee No.2 forwarded replies through multiple letters, therein he inter alia stated the following:

- a) All the complaints filed against Puroosh khan for the activities of ORC were withdrawn, also the complaints filed by Puroosh khan has been withdrawn.
 - b) The cyber cell has investigated the complaint of Puroosh khan and closed the same. It has been one year since ORC is closed.
 - c) We are conducting our business lawfully under a partnership deed dated 29.09.2021 and a business agreement with Mr. Puroosh khan dated 01.10.2021 who is a SEBI registered person. SEBI IA Regulations has been complied with while providing the investment advice as Mr. Puroosh Khan was the only one engaged in providing investment advisory to clients of the partnership company. Other directors viz. Noticee No. 2,3 and 4 were not associated with any investment advice, calls or such acts.
 - d) Puroosh Khan's SEBI registration number was never misused without his knowledge.
 - e) Mohammed Fakurdeen was never involved in any partnership agreement and is not associated with any unregistered investment advisory activities.
8. Post July 01, 2024 Noticee No. 1 and 2 sought additional time to submit documents and reply. Accordingly, the Noticees were given last opportunity of personal hearing on July 22, 2024. Noticee No.1 vide email dated July 16, 2024 requested personal hearing to be conducted on an earlier date citing medical grounds. Accordingly, the Noticees were allowed to appear for personal hearing on July 19, 2024. On the said date, the Authorised Representative of the Noticees appeared and reiterated the submission previously made by Noticee No.2 (see Para.7). Thereafter, additional time was provided to submit documentary proof of the said submissions. However, no further submission was made by the AR or the Noticees post the said hearing of July 19, 2024.
9. In view of the above, I note that both SCN and HN were duly served upon the Noticees and also sufficient opportunity was provided to the Noticees to respond to the charges. Hence, I note that the principles of natural justice were observed and sufficient opportunity was provided to defend the allegations.

CONSIDERATION OF ISSUES AND FINDINGS:

10. I have considered the materials available on record, accordingly the following issue requires consideration:

Whether the acts of the Noticees as imputed in the SCN, have resulted in the violation of the provisions of SEBI Act, 1992 read with IA Regulations, 2013 and PFUTP Regulations, 2003, while providing the services related to Investment Advisory without having proper registration?

11. Before proceeding further in the matter, it is pertinent to refer to the relevant provisions of the SEBI Act, IA Regulations and the PFUTP Regulations, alleged to have been violated by the Noticees, as per the SCN. The relevant provisions of law are reproduced herein below:

SEBI Act

Section 12 (1) - Registration of stock brokers, sub-brokers, share transfer agents, etc.

" 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."

"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;”

IA Regulations

Regulation 2(1)(g) – Definition of Consideration

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

Regulation 2(1)(l) – Definition of Investment Advice

“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) – Definition of Investment Adviser

“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) – Requirement of Registration from SEBI to act as Investment Adviser

“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:”

PFUTP Regulations, 2003

Section 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”.*

Section 4- Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following: -

- (k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;*
- (s) mis-selling of securities or services relating to securities market;”*

12. I shall now proceed to consider the matter on merits.

13. In the present matter, I note from the SCN that the website stated to be used by ORC with URL www.optionresearch.in was created on 29.11.2021. The webpages downloaded from the website www.optionresearch.in inter alia mentioned the followings:

- i) *Get Free Sureshot Tips | SEBI Reg No. INH200006008 | “SEBI Certified company” and has...*
- ii) *Who we are: We are individual SEBI Registered Research Analyst Reg No: INH200006008 and we are highly qualified experienced more than 15 years in stock market. We have come through lot of losses ups and down in stock market. our unique and self-belief and confidence we have found some technical way we have found own strategy which is something different from other service provider. Our service all will update in track sheet which is very genuine 100% transparency without default anything*
- iii) *Packages:*

Sl No.	Packages	Features & Risk	Duration	Price (in Rs.)
1	Recovery losses packages	Daily 1 recommendation 100% sureshot calls; capital required minimum 2 lakhs-20 lakhs; daily per trade returns minimum 20k to 2 lakhs (based on your capital), 100% no risk, 6 month time frame to recover you whole loss, double up the capital amount, follow up whatsapp and sms and personal technical analysis support via call	6 months	1,50,000
2	Golden combo package	Nifty & banknifty, daily 1-2 recommendation, capital required 30k, profit 5k to 10k, minimum stoploss, follow up whatsapp support & sms	1 month	9,999
3	Golden privilege package	Nifty & banknifty & stockoption, daily 1-2 recommendation, capital required 50k, profit rs 10k to 20k, follow up whatsapp support & sms	3 months	30,000
4	Stock option	Daily 1 recommendation, capital required 30k, profit 20k to 30k, follow up whatsapp support & sms	1 month	9,999

5	Stock future privilege premium package	Calls-3 to 5 recommendation weekly bases, capital required 1 lakh, profit 30k to 50k, followup whatsapp support & sms	1 month	9,999
6	Diamond intra quarterly 3 months package	Nifty & banknifty, daily 1-2 recommendation, capital required 30k-60k, profit 10k to 30k, minimum stoploss, follow up whatsapp support & sms	3 months	20,000
7	Diamond intra yearly combo package	Nifty & banknifty, stockoption & stock future, daily strong 1 recommendation, capital required min 30k to 1 lakh, low risk, profit 20k to 30k daily, follow up whatsapp & sms	1 Year	1,00,000

iv) Under documentation – Logo of SEBI, ISO, SSL (100% Secure transaction), Google Safe browsing was mentioned

v) Client Login –Login interface provided for “Clients”

vi) Contact Us- Support: - +91 8438020460 / 7548880460”

14. I note that based on the above contents of the website www.optionresearch.in, the SCN alleged that ORC was 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 also alleged that ORC has fraudulently misused Shri Purooskhan, SEBI Registered “Research Analyst” Registration No. (SEBI Reg. No. INH200006008) and falsely portrayed ORC on its website www.optionresearch.in as a SEBI registered Research Analyst to the public and received fees into the bank accounts towards the services rendered as an investment adviser.

15. The activities related to investment advice is regulated through IA Regulations, wherein 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. In this regard, I note from SCN that a copy of account opening form & KYC documents pertaining to the SBI account no. 40665847678 of ORC, where the one of the complainants has made the payment, was received from SBI on 07.11.2022 and following was noted from the same:

16.1 The bank a/c no. 40665847678 (current a/c) was opened on 24.12.2021 in the name of Partnership firm viz., Option Research Consultancy (ORC);

16.2 As per the Partnership deed dated 29.09.2021, there were three partners of ORC namely Shri G. Faheeth Ali; Ms. Fathima M and Shri M.S. Ahammed Ali each having equal ownership;

16.3 All three partners have signed the account opening form and are the authorized signatory as well as beneficial owners of the above account.

16.4 As per the partnership deed, the business of Partnership firm is mentioned as providing consultancy services in share trading, futures and options, commodity trading etc., and allied business activities under the name of ORC.

17. Thereafter vide SEBI's letter dated 11.11.2022, ORC and its partners were asked to submit the information relating to the unregistered investment advisory services

offered by them through the website www.optionresearch.in and also about quoting the SEBI Reg No. INH200006008 of RA on the said website.

18. In reply vide email dated 09.01.2023, ORC forwarded a letter dated 09.01.2023 wherein it was *inter alia* stated that Shri.Purooskhan (RA) was engaged as a compliance officer and authorized for giving calls. It was further stated that there was a dispute regarding the remuneration payable initially and later on, it was agreed upon mutually. However, there was no documentary proof submitted in support of the aforesaid claim.

19. Subsequently, SEBI vide email dated 10.01.2023 sought the comments of RA in respect of the submission of ORC that RA was engaged as its compliance officer and his association with ORC and he was advised to be present at SEBI, Southern Regional Office-Chennai on 24.01.2023 along with the above information sought by SEBI.

20. In this respect, I note from SCN that RA appeared at SEBI, Southern Regional Office, Chennai, on 24.01.2023 along with G Faheeth Ali (Noticee No.2) one of the Partners of ORC and made his submissions vide letter dated 24.01.2023 and following are noted from the same:

20.1 That his SEBI registration number of INH200006008 was used on the website www.optionresearch.in without his knowledge and he is not associated with ORC and its partners;

20.2 Further, he has stated that he was asked to submit the KYC Forms to SEBI by ORC/Noticee no.2 accordingly he has submitted copy of KYC forms (on the letter head of ORC) of 40 clients/investors (including the complainant's), copy of SBI account statement of ORC and sample recommendations provided by ORC from Jan 2022 to March 2022.

20.3 That he has been persuaded by ORC to join as its compliance officer but he has not accepted the offer and shared the copy of his WhatsApp conversation with ORC and Faheeth Ali (Noticee No.2) vide email dated 24.01.2023.

21. I further note from SCN that RA vide email dated 24.01.2023 has shared WhatsApp chat history between ORC / G Faheeth Ali (Noticee No.2) and RA. From the same, it was observed that RA and one of the partners of ORC i.e. G Faheeth Ali (Noticee No.2) are known to each other and RA was regularly interacting with ORC since September 2022, in respect of the SCORES complaint of Arvind Gilda and he has urged ORC to resolve the same. The RA has shared the photo of emails received from SEBI regarding the SCORES complaint with ORC. On 07.12.2022, RA was requested by ORC / G Faheeth Ali (Noticee no.2) to join as a compliance officer of ORC. In this connection, G Faheeth Ali (Noticee no.2) has shared an appointment/engagement letter dated 21.01.2023 to RA for employing him as compliance officer of ORC. Further, ORC/ G Faheeth Ali (Noticee no.2) has approached RA to act as its compliance Officer subsequent to the examination initiated by SEBI.

22. Based on the 40 KYC forms (including KYC of Arvind Gilda i.e. complainant) submitted by RA on 24.01.2023 on behalf of ORC, SEBI sent emails to 39 clients/investors (excluding the complainant) during investigation and they were requested to provide the reason for the payment made to ORC and nature of services availed from ORC along with supporting documents. Reply was received from one client/investor named Amit Kumar, the details are as under:

Amit Kumar: The client/investor has transferred Rs.9,999/- to ORC in their SBI account on 22.10.2022. The client/investor has submitted vide email dated 25.01.2023 that ORC has stated that they are SEBI registered adviser and provide trading calls. He had further stated that ORC showed the past performance but the trade calls received from ORC was not good. He also shared screenshot of the calls received from ORC.

23. I note from SCN that multiple credit entries were observed in the SBI account of ORC which are matching with the fee amount specified for the investment advisory packages mentioned on the website of ORC. The narration of certain credits entries in the SBI account of ORC had terms related to investment advisory activities such as Equity Research, Option res, Option in; fees, For Stock, opt, pay for stock, option

re, consultancy, Nifty and Bank Nifty option package charge and For consul. Also credits observed to be received from certain clients/investors mentioned in the aforesaid KYC forms.

24. I note from SCN that vide email dated 24.01.2023 ORC was advised to provide credit wise purpose of amount collected in the SBI account no. 40665847678 and also the list of clients/investors, investment advice provided, etc. However, ORC did not submit the said details. But, G Faheeth Ali (Noticee no.2) vide letter dated 02.02.2023 has submitted Income and Expenditure Account details of ORC which states that ORC has collected fees of Rs.28,74,589/- during the period 01.01.2022 to 30.01.2023.

25. From the above observations, it was alleged that ORC has offered investment advisory services and received fees in respect of its SBI account no. 40665847678. From the perusal of relevant documents, it was observed that all the three partners of ORC i.e. Noticee No. 2, 3 and 4 are the authorized signatory as well as beneficiary of the said SBI account. The SCN mentions the date of last credit in the said SBI account of ORC on 24.01.2023.

26. With respect to the aforesaid allegations, I note that, in terms of Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations, registration of the investment advisers is mandatory. It provides that, *“On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations”*.

27. It is imperative that any person carrying out investment advisory activities has to necessarily obtain requisite registration from SEBI and conduct its activities in accordance with the provisions of the SEBI Act and Regulations framed thereunder. In this regard, Section 12(1) of SEBI Act reads as under:

“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.”

28. Therefore, I note that in order to obtain 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:

- i. 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 nonrefundable application fee;
- ii. The applicant, in case of an individual investment adviser or its principal officer 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 Advisery) 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.

iii. 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.

29. Further, the IA Regulations requires minimum professional qualification and prescribes mandatory net-worth. 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.

30. In the present matter it is observed that ORC was not registered with SEBI in the capacity of Investment Adviser while acting as investment adviser. Further, the SBI bank account of ORC, which was shared with the complainant and where the complainant was making payment, was opened on December 24, 2021 and the last credit was observed on January 24, 2023. The said period coincides with the time during which the domain name www.optionresearch.in was registered and the website was active i.e. November 29, 2021 to November 29, 2022. Hence, I note from the SCN that the amounts received by ORC to the tune of Rs.28,74,589/- in the bank account of SBI (A/c No. 40665847678) was construed to be in the nature of Investment Advisory fees. However, the said amount of fees collected by ORC was arrived based on the submission of Noticee No.2 during investigation and the possibility of higher amount than mentioned above collected as fees by ORC for the investment advisory services cannot be ruled out.

31. In view of the above, I find that aforesaid total credit of Rs.28,74,589/- in the SBI bank account of ORC was received by it as fee for investment advisory services while acting as an investment adviser without obtaining requisite certificate of registration from SEBI. In view of this, I find that ORC by acting as an investment adviser within the meaning of the IA Regulations, without obtaining requisite certificate of registration from SEBI and also collected fees in furtherance of the same, has acted in total disregard to the requirements of law and has violated Regulation 3(1) of the IA Regulations and Section 12(1) of the SEBI Act.
32. With respect to the allegation of *fraud* upon the investors and potential investors by misrepresenting itself as a SEBI registered company, it was observed during investigation that ORC was using the SEBI Registration No. INH200006008 and portraying itself as a SEBI registered research analyst. The said registration number belonged to Mr. Purooskhan, a SEBI registered Research Analyst. When the same was enquired with Mr. Purooskhan, vide emails dated 27.09.2022, 07.10.2022 and 12.10.2022 inter alia informed that his SEBI registration details are being misused and that he has filed a police complaint against ORC for misusing his registration details of INH200006008.
33. For the above allegation, Noticee No.1 submitted during the investigation that Mr. Purooskhan was the compliance officer of ORC and was authorised for giving the calls. However, in response to the SCN it was submitted by Noticee No.2 that Mr. Puroosh Khan was the director of ORC and used to provide calls and investment advice. In this regard, I note that that there is not just glaring discrepancy in the submissions of the said Noticees the said submissions were without any documentary evidence. In the instant case, ORC was found to be providing the investment advisory services and at the same time was portraying itself as a '*SEBI Registered Research Analyst*' which is factually wrong as ORC is not registered with SEBI in any capacity. Further, it is also illegal to provide such services without obtaining appropriate SEBI registration. Moreover, association of any nature with Purooshkhan will not affect the present case as the services were provided by ORC using its own name. The name of website, the letterheads on which 40 KYC forms

were submitted by Mr. Purooshkhan to SEBI and the said complaints received by SEBI on its SCORES portal sufficiently proves this fact.

34. In light of the above observations, I note that ORC was offering investment advisory services through various packages on payment of charges. The website of ORC has misled the public by falsely claiming it to be a SEBI Certified Company and wrongly quoted the registration number: “REG No. INH200006008”, pertaining to a SEBI Registered Research Analyst Mr. Purooshkan, of ORC and thereby created misleading impression to the gullible investors that it is a SEBI registered intermediary.

35. In view of the above, I note that ORC created a false picture of itself to induce the clients into availing the services it offered. The act of Noticee No.1 to misrepresent material information regarding its SEBI registration is a non-genuine and a deceptive act and has been made with an intent to influence the clients to avail of its advisory services and to deal in securities. In my view, to misrepresent oneself as a SEBI registered Company/research analyst without actually obtaining a registration from SEBI tantamounts to mislead the investors. Such reckless conduct which was intended to knowingly misrepresent the truth or concealment of material fact and also a suggestion as to a fact which is not true by one who does not believe it to be true constitutes ‘fraud’ under the PFUTP Regulations.

36. On this aspect, it is pertinent to refer to the observations of the Hon’ble Supreme Court in the case of **SEBI Vs. Kanaiyalal Baldevbhai Patel** (2017) 15 SCC 1, which are as under-

“The definition of ‘fraud’, which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a ‘fraudulent act’ or a conduct amounting to ‘fraud’. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word “induce”.....

.....to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient.”

37. In this regard, the observation recorded by the Hon’ble Supreme Court of India in the matter of **SEBI Vs. Kanaiyalal Baldevbhai Patel** [(2017) 15 SCC 1] is also worth quoting: “...A person can be said to have induced another person to act in a particular way or not to act in a particular way if on the basis of facts and statements made by the first person the second person commits an act or omits to perform any particular act. The test to determine whether the second person had been induced to act in the manner he did or not to act in the manner that he proposed, is whether but for the representation of the facts made by the first person, the latter would not have acted in the manner he did...”.

38. Therefore, I am constrained to observe that the acts of ORC of resorting to misrepresentation and spreading falsehood regarding itself being a SEBI registered company/research analyst are fraudulent in nature, having the potential to fraudulently induce the investors to deal in securities by availing the services of ORC.

39. With regard to the allegations of violation of PFUTP Regulations, I note that Regulation 3 of PFUTP regulations prohibits certain dealings in securities wherein manipulative or deceptive methods are used, or any entity employs any device or scheme or artifice to defraud in connection with dealing in or issuing securities and also engage in any act, practice, course of business which operate as fraud or deceit upon any person in connection any dealing in or issue of securities.

40. Further, I also note that Regulation 4(2)(k) of PFUTP regulations provides that dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves disseminating information or advice through any media,

whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities. Also, Regulation 4(2)(s) of the PFUTP Regulations prohibits mis-selling of securities or services related to securities market. Mis-selling has further been explained in the said Regulations to mean knowingly making false or misleading statements or not taking reasonable care to ensure suitability of the securities or services to the buyer. Therefore, I note that ORC was indeed involved in mis-selling of services to its clients by making false and misleading statements of itself being a SEBI registered company.

41. Accordingly, I note that ORC (Noticee No.1) by presenting itself as a SEBI registered company/research analyst on its website with respect to its investment advisory related activities, without obtaining the requisite certificate of registration as an investment adviser and knowingly publishing false and misleading information, had used non-genuine, deceptive means and has thereby defrauded investors and potential investors, which, I find is in violation of the provisions of Regulation 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4 (2)(s) of the PFUTP Regulations.

Role of Noticee No. 2, 3 and 4

42. As per Section 27 of the SEBI Act 1992, every partner is liable for the contravention committed by the partnership firm, in the present case ORC, while he/she is a partner. The relevant provision is stated below:

“27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention

was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

(2) Notwithstanding anything contained in sub-section (1), where contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Explanation: For the purposes of this section, —

(a) “company” means anybody corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.”

43. Upon perusal of the partnership deed of ORC dated 29.09.2021, I note that all the three partners i.e. Noticee No. 2, 3 and 4 have equal ownership in ORC. I also note from SCN and the material available that all the three partners of ORC i.e. Shri G Faheeth Ali, Ms. Fathima M and Shri M.S. Ahammed Ali have signed the account opening form pertaining to SBI bank account (used for receiving the investment advisory fees) of ORC therein all the three partners are authorized signatories and beneficiaries of the said SBI account.

44. Since violations against Noticee No.1 has already been established in the preceding paragraphs, Noticee no.2 to 4 i.e. partners of ORC viz., Shri G Faheeth Ali; Ms. Fathima M and Shri M.S. Ahammed Ali are also liable for the unregistered investment advisory services provided by ORC through the website www.optionresearch.in/whatsapp and for the fraudulent and deceptive activities of ORC during the period 01.01.2022 to 12.02.2023 and accordingly have violated the provisions of Section 12(1) of SEBI Act, 1992 read with Regulation 3 (1) of IA Regulations and Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k),(s) of PFUTP Regulations.

Role of Noticee No. 5

45. In respect of Shri M.S. Mohamed Fakrudeen (Noticee No.5), I note from the SCN that one of the complainant has made payment of Rs.5,000/- on 12.02.2023 to avail investment advisory services from ORC and the payment of Rs.5,000/- was made in the Kotak bank account no. 0611813105 of i.e. Shri M.S. Mohamed Fakrudeen (Noticee No.5). The said complainant vide email dated 28.02.2023 has also shared screenshot of WhatsApp chat and screenshot of payment proof in support of the same.

46. In this regard, vide email dated 08.03.2023, the aforesaid complaint was forwarded to ORC, RA and Shri M.S. Mohamed Fakrudeen (Noticee No.5) and they were also advised to submit the details of fees collected in the Kotak Account of M.S. Mohamed Fakrudeen (Noticee No.5). However, no reply was received for the said email.

47. I note from SCN that the screenshot of WhatsApp chat shared by the complainant regarding the payment of Rs.5,000/- which was made in the account of Shri M.S. Mohamed Fakrudeen (Noticee No.5) for availing advisory services from ORC and also the examination of account opening form and KYC documents of Kotak account of Mohamed Fakrudeen (Noticee No.5) has revealed that a sum of Rs.1,64,999/- were received in the said account matching with the fee amount specified for investment advisory packages mentioned on the website of ORC. The details are given below:

Date of Transaction	Amount (in Rs.)	Particulars
28/12/2022	1,50,000	Recd:IMPS/236216335546/BANDHISH B/KKBK/X7162/P2AMO
12/02/2023	9,999	UPI/SRINIVASAREDDY /304362066157/Payment from Ph
12/02/2023	5,000	UPI/Mr GULSHAN KUM/304306809715/UPI
Total	1,64,999	

48. Further, following points shows the connection between Noticee No.5 and ORC.

- i. Mohamed Fakrudeen (Noticee No.5) S/o Sikkandar Alam is related to one of the partner of ORC i.e., M.S. Ahammed Ali (Noticee No.4) S/o Sikkandar Alam. It was observed that both of them share the same father name as well as same address.
- ii. To and fro fund transfers observed between the SBI account of ORC and the Kotak account of Mohamed Fakrudeen (Noticee no.5);
- iii. The screenshot of WhatsApp chat shared by Gulshan Kumar confirmed that ORC has shared the Google pay number 9944030786 which belongs to Mohamed Fakrudeen (Noticee no.5) for receiving the fees for investment advisory services and the payment of Rs.5,000/- made by Gulshan Kumar has reflected in the Kotak account of Mohamed Fakrudeen (Noticee no.5).

49. Thus, it is evident from the examination carried out pursuant to the complaint that Kotak bank account of Mohamed Fakrudeen (Noticee no.5) was used to collect fees for providing investment advisory services in the name of ORC subsequent to the examination of the unregistered activities of ORC and its SBI account by SEBI. It is noted that the Kotak bank account of Mohamed Fakrudeen (Noticee no.5) was closed on 06.03.2023.

50. Accordingly, I note that, Noticee No.5 i.e. Shri M.S. Mohamed Fakrudeen has allowed ORC to use his Kotak bank account for receiving investment advisory fees of atleast Rs.1,64,999/- during the period 28.12.2022 to 12.02.2023 and there were fund transfers between Noticee No.5's bank account and ORC's bank account and therefore he is equally liable for the unregistered investment advisory services provided by ORC. Thus, Noticee No.5 has violated the provisions of Section 12(1) of SEBI Act, 1992 read with Regulation 3 (1) of IA Regulations.

51. Further, I note from SCN that atleast Rs.30,39,588/- (i.e. Rs.28,74,589/- + Rs.1,64,999/-) has been received as fees by ORC during the period 01.01.2022 to 12.02.2023 for providing unregistered investment advisory services. Summary of which is given below:

Sr No.	Particulars	Amount (in Rs.)	Remarks
1.	Amount admitted as fees collected by ORC in its SBI account no. 40665847678	28,74,589	Examination carried out based on the complaint received from Arvind Gilda
2.	Amount identified as fees collected in the Kotak bank account no. 0611813105 of Noticee No.5	1,64,999	Examination carried out based on the complaint of Gulshan Kumar
	Total	30,39,588	

52. In view of the findings above, I note that, sharing details of various investment plans through, website and whatsapp including the details of fees along with profit details, capital required and validity of the plan and also sharing the bank account details for collecting the fees for service rendering as well as the narration of the bank statement like fees, clearly indicates that the Noticees were engaged in investment advisory service relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, through its website/whatsapp, in lieu of consideration. It is therefore noted that, if an entity is engaged in providing 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 in lieu of consideration, including entities which are holding themselves out as investment advisers, will be covered by the definition of '*Investment Adviser*' as given in Regulation 2(1)(m) of the IA Regulations. This apart, as noted above, the receipt of consideration of Rs.30,39,588/- from the clients in bank accounts of ORC and Noticee No.5 for the investment advisory services provided by ORC is nothing but were services being offered by ORC in lieu of the consideration. Hence, I find that without any doubt in terms of Regulation 2(1)(l) of IA Regulations, 2013, Noticee No.1 was doing investment advisory services through its website/whatsapp. Therefore, I find that ORC was engaged in the business of providing investment advice to its clients, for consideration, and was holding itself out to be '*Investment Adviser*' as given in Regulation 2(1)(m) of the IA Regulations, 2013.

53. In view of the above observation, I find that the Noticees are liable to be imposed with penalty under both Sections 15EB and 15HA of the SEBI Act, as applicable.

54. Accordingly, I note that the SCN had called upon the Noticees to show cause as to why suitable directions, including direction of refund of fees/monies collected from the investors and penalty be not imposed upon the Noticees under Sections 15EB and 15HA of SEBI Act, as applicable, for the violations alleged in the SCN. Sections 15EB and 15HA of the SEBI Act are reproduced hereunder: -

Section 15 EB - Penalty for default in case of investment adviser and research analyst

“Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.”

Section 15HA - Penalty for fraudulent and unfair trade practices

“If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher”.

55. I note that Section 15J of the SEBI Act provides for factors, which are required to be considered for adjudging quantum of penalty. Section 15J of the SEBI Act reads as follows: -

“15J. Factors to be taken into account while adjudging quantum of penalty.

While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

56. As observed above, I note that the Noticees received total credit of amount to the tune of Rs.30,39,588/- (Rupees Thirty Lakhs Thirty Nine thousand five hundred and fifty eight) in the bank accounts of SBI and Kotak Bank as investment advisory fees. These being the proceeds of an illegal activity, are liable to be refunded to the respective clients. However, I note that the aforesaid amount was arrived based on the submission of one of the Noticees during investigation and the possibility of higher amount collected by ORC as fees for unregistered investment advisory services cannot be ruled out.

DIRECTIONS:

57. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4), 11(4A), 11B (1), 11B (2) and 19 of the SEBI Act read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby issue the following directions:

- (a) The Noticees i.e. ORC and its partners Noticee No.2, 3 and 4 alongwith Noticee No.5 shall refund all the money, jointly and severally, collected/received from any investor / complainant, as fees or consideration or in any other form, in respect of its unregistered investment advisory activities immediately, and in any case, within a period of three months from the date of this order.
- (b) Noticee No.1 shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one newspaper in vernacular language with wide circulation, detailing the 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;

- (c) The repayments to the complainants/investors shall be effected only through electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- (d) The Noticees are prohibited from selling its assets, properties including mutual funds/shares/securities held by him 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 complainant/investors who were availing the investment advisory services from the Noticees;
- (e) 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, duly certified by an independent Chartered Accountant and the direction at para 57 (a) above shall cease to operate upon filing of such report;
- (f) The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from ORC. Thereafter, remaining amount, if any, will be deposited in the ‘Investors Protection and Education Fund’ maintained by SEBI;
- (g) In case of failure of the Noticees to comply with the aforesaid directions in sub-paragraph (a) and (f), SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticees, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws,
- (h) The Noticees are debarred 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 (2) years** from the date of this order or till the date of filing of report, as directed in para 57(e) above, whichever is later;

- (i) The obligation of the aforesaid debarred Noticees, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order only, in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the Noticees debarred in the present Order, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.
- (j) The Noticees shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in para 57(h) 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;
- (k) Further, the Noticees are hereby imposed with the following monetary penalties:

Noticee No.	Name of the Noticee	Penal Provision	Amount (in Rupees)
1.	M/s. Option Research Consultancy	Section 15HA and 15EB of SEBI Act, 1992.	6,00,000 (Six Lakhs)
2.	Shri G Faheeth Ali		6,00,000 (Six Lakhs)
3.	Ms. Fathima M		6,00,000 (Six Lakhs)
4.	Shri M.S. Ahammed Ali		6,00,000 (Six Lakhs)
5.	Shri M.S. Mohamed Fakrudeen	Section 15EB of SEBI Act, 1992.	1,00,000 (One Lakh)

- (l) The Noticees shall remit / pay the said amount of penalty, within a period of forty-five (45) days from the date of receipt of this order, through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT → Orders → Orders of EDs/CGMs → PAY NOW. In case of any difficulties in online payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

(m) The Noticee(s) shall forward details of the online payment made in compliance with the directions contained in this Order to the Division Chief, *Division of Post-Inspection Enforcement Action*, MIRSD, SEBI, SEBI Bhavan II, Plot no. C -7, “G” Block, Bandra Kurla Complex, Bandra(E), Mumbai-400 051” and also to e -mail id: tad@sebi.gov.in in the format as given in table:

Case Name	
Name of the Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Bank details in which payment is made	
Payment is made for: Penalty or Disgorgement	

58. For any non-compliance of this order, the Noticees shall be subject to strict action under the applicable provisions of the law, including prosecution.

59. The direction for refund as given in Para 57(a) above, does not preclude the complainants/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

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

61. A copy of this order shall be sent to the Noticees, all the recognized Stock Exchanges, the relevant banks, Depositories, Registrar and Transfer Agents of Mutual Funds and BSE Administration and Supervision Ltd., to ensure that the directions given above are strictly complied with.

Date: August 27, 2024

Place: Mumbai

G RAMAR
QUASI JUDICIAL AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA