

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
INTERIM EX PARTE ORDER

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

In Re: Securities and Exchange Board of India (Investment Advisers) Regulations, 2013
and
Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

In respect of:

S. No.	Name of the Entity	PAN
1	Capital Nivesh Research and its Proprietor Naresh Nimawat	AUMPN9148A
2	Bright Money Solutions and its Proprietor Naresh Nimawat	AUMPN9148A
3	Ashwin Doriya	GMMPD6808M

In the matter of Capital Nivesh Research and Bright Money Solutions

-
1. Capital Nivesh Research (hereinafter referred to as “**CNR**”) is a proprietorship firm, having office at “140/2, Vikas Nagar, Udiapur, Dist. Udaipur, Rajasthan”. The proprietor of CNR is Mr. Naresh Nimawat (PAN: AUMPN9148A). The website of CNR was www.capitalnivesh.com; contact number of CNR is 8989576700 / 8269456068 and contact email id is capitalniveshresearch@gmail.com.
 2. Bright Money Solutions (hereinafter referred to as “**BMS**”) is a proprietorship firm, having office at “Indraprastha complex – A, Sector 14, Hiran Magri, Udaipur, Rajasthan”. The proprietor of BMS is Mr. Naresh Nimawat (PAN: AUMPN9148A). The website of BMS is www.brightmoneysolutions.com; contact number of BMS is 9285102019 / 8357074930 and contact email id is info@brightmoneysolutions.com.

3. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) was in receipt of complaints dated October 05, 2019 and December 31, 2019 from complainants Mr. Bankim Bihari and Mr. Sudhakaran T respectively, against CNR and complaint dated March 16, 2020 from complainant Mr. Shahaji Ukirde against BMS, wherein, *inter alia* it was alleged that CNR and BMS are collecting money from investors through investment plans and not providing services. It was also alleged that they are involved in unregistered investment advisory business. Thereafter, the matter was taken up for preliminary examination by SEBI.

SEBI’s Examination:

4. SEBI conducted an examination in relation to the affairs of Mr. Naresh Nimawat, Proprietor of CNR and BMS and one Ashwin Doriya (hereinafter referred to as “**Noticee**”) to ascertain possible violation, if any, of the provisions of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) and rules and regulations made thereunder.
5. As per the intermediary database on SEBI website, it is observed that CNR/ BMS / their proprietor are not registered with SEBI in any capacity. The website of CNR and BMS has been perused and observed that website www.capitalnivesh.com is not active and website www.brightmoneysolutions.com is still active.
6. From the website of CNR (some screenshots of webpages of CNR website is submitted by the complainant Mr. Bankim Bihari), it is observed that CNR had used bank account number 50200038495361 held in the name of Proprietor, Mr. Naresh Nimawat with HDFC Bank for accepting payments. From the website of BMS, it is observed that it is using bank account number 50200047901917 held in the name of BMS with HDFC Bank and bank account number 50200015438477 held in the name of Mr. Ashwin Doriya with Bandhan Bank for accepting payments. Accordingly, Account Opening Form (AOF), Know Your Client (KYC) details and bank statements for these accounts were sought from HDFC Bank and Bandhan Bank. SEBI’s examination found that CNR, proprietor Mr. Naresh Nimawat and BMS, proprietor Mr. Naresh Nimawat held themselves out and acted as an Investment

Advisor for providing tips and trading calls in securities market without obtaining a registration under SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “IA Regulations”).

CONSIDERATION & PRIMA FACIE FINDINGS

7. I have perused the material available on record such as information available on the website of CNR and BMS and the information obtained from Banks. In this context, *prima facie*, the following issues arise for determination:

7.1. ***Issue No. 1: Whether CNR and BMS was / is holding themselves out and/or acting as investment adviser?***

7.2. ***Issue No. 2: If answer to the aforesaid issue is in affirmative, whether CNR and BMS have, prima facie, violated any provisions of SEBI Act read with IA Regulations and provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations”)?***

7.3. ***Issue No. 3: If answers to Issue Nos. 1 & 2 are affirmative, who are responsible for the violations?***

7.4. ***Issue No. 4: If answer to Issue No. 2 is in affirmative, whether urgent directions, if any should be issued against those responsible for the violations?***

ISSUE No. 1: Whether CNR and BMS was / is holding themselves out and/or acting as investment adviser?

8. As regards the first issue, I note the following from the material available on record:

8.1. The website of CNR and BMS has been perused and observed that website www.capitalnivesh.com is not active and website www.brightmoneysolutions.com is still active. Some screenshots of webpages of CNR website is submitted by the Complainant Mr. Bankim Bihari. Upon perusal of the information obtained from the webpages of website of CNR and BMS, the following claims made by CNR and BMS are noted:

<u>www.capitalnivesh.com</u>	<u>www.brightmoneysolutions.com</u>
<p><i>“CAPITAL NIVESH is amongst the most trusted names in the arena of financial services. It is a SEBI (Security and Exchange Board of India) registered investment advisory firm, which follows all the norms made by SEBI for the investors protection. This difference from others make us more disciplined, experienced, skillful and quantitative to make you receive desired profit from financial market by providing recommendation on suitable segment as per your risk bearing capacity.</i></p> <p><i>We provide tips in EQUITY (Stocks, Future, Option) & COMMODITY (MCX) Segments, based on latest research by a team of highly qualified analytical experts who are skilled and impeccable in their analysis.</i></p> <p><i>CAPITAL NIVESH feels proud for the role, we have played in enabling and empowering self-directed and non-directed traders and investors for last long years. Since these years, our enduring individuals have put their trust in us to score incredible success rewards and personalized service that supports their needs and help them define their own financial success.”</i></p> <p><i>OUR VISSION: To be worlds best research house in terms of quality, profitability and client satisfaction.</i></p> <p><i>OUR VALUE: We at make your money financial research believe in continuous improvement in our methods and practices.</i></p>	<p><i>“BM SOLUTIONS is amongst the most trusted names in the arena of financial services. It is a SEBI (Security and Exchange Board of India) registered investment advisory firm, which follows all the norms made by SEBI for the investors protection. This difference from others make us more disciplined, experienced, skillful and quantitative to make you receive desired profit from financial market by providing recommendation on suitable segment as per your risk bearing capacity.</i></p> <p><i>We provide tips in EQUITY (Stocks, Future, Option) & COMMODITY (MCX) Segments, based on latest research by a team of highly qualified analytical experts who are skilled and impeccable in their analysis</i></p> <p><i>BM SOLUTIONS feels proud for the role, we have played in enabling and empowering self-directed and non-directed traders and investors for last long years. Since these years, our enduring individuals have put their trust in us to score incredible success rewards and personalized service that supports their needs and help them define their own financial success.”</i></p> <p><i>OUR VISSION: To be worlds best research house in terms of quality, profitability and client satisfaction.</i></p> <p><i>OUR VALUE: We at make your money financial research believe in continuous improvement in our methods and practices.</i></p>

<p><i>OUR MISSION: To create awareness regarding the safe trading and investment amongst our clients around the globe.</i></p> <p><i>OUR GOALS: Our goal is to provide you more and more opportunities to earn your best by our tips.</i></p> <p><i>Customers are requested to co-operate with the employees in providing KYC as Capital Nivesh follows all the norms of SEBI”</i></p> <p><i>“Capital Nivesh provide best tips in EQUITY (stocks, Future, Option) & COMMODITY (MCX, NCDEX) segment. We do this with our strong research capabilities and robust team of experts, we help you to establish a legacy that will stand test of time. We take special care to minimize risk (adverse) while delivering qualitative growth without compromising on quality”</i></p>	<p><i>OUR MISSION: To create awareness regarding the safe trading and investment amongst our clients around the globe.</i></p> <p><i>OUR GOALS: Our goal is to provide you more and more opportunities to earn your best by our tips.</i></p> <p><i>Customers are requested to co-operate with the employees in providing KYC as BM Solutions follows all the norms of SEBI”</i></p> <p><i>“BM Solutions provide best tips in EQUITY (stocks, Future, Option) & COMMODITY (MCX, NCDEX) segment. We do this with our strong research capabilities and robust team of experts, we help you to establish a legacy that will stand test of time. We take special care to minimize risk (adverse) while delivering qualitative growth without compromising on quality”</i></p>
---	---

8.2. Various services offered by BMS are mentioned on its website. The pricing and description for the same as per its website is as under:

Service Name	Description	Price (Rs.)
<i>CUSTOMIZED MEMBERSHIP</i>	<i>The Customized Service Package comprises of profitable Investment calls for short term Investors who are ardent to make profit instantly. Short term...</i>	<i>25,000</i>
<i>AGR MEMBERSHIP</i>	<i>The AGGRESSIVE Growth service Package comprises of profitable Investment calls for short term and long term Investors who are ardent to make profit instantly...</i>	<i>75,000</i>
<i>DELIVERY PLUS MEMBERSHIP</i>	<i>The DELIVERY PLUS Service Package comprises of profitable Investment calls for short term and long term Investors. CASH:- Stock cash segment...</i>	<i>1,20,000</i>

Service Name	Description	Price (Rs.)
<i>CGR MEMBERSHIP</i>	<i>The Combative Growth Service Package comprises of profitable Investment calls for short term and long term Investors. CASH:- Stock cash segment is very...</i>	<i>5,00,000</i>
<i>ADVANCED MEMBERSHIP</i>	<i>The ADVANCED Growth Service Package comprises of profitable Investment calls for short term and long term Investors. CASH:- Stock cash segment...</i>	<i>12,50,000</i>

8.3. From the above table, it is noted that fee charged by BMS for its various services are in range from Rs. 25,000/- to Rs. 12,50,000/-.

9. *Bank Account / payment details:*

9.1. The following bank account details were / are mentioned on website of CNR and BMS:

Entity	CNR	BMS	
Bank	HDFC	HDFC	Bandhan Bank
Account Name	Capital Nivesh	Bright Money Solutions	BM Solutions
Account No.	50200038495361	50200047901917	50200015438477
Account Type	Current	Current	Current
IFSC Code	HDFC0000624	HDFC0000624	BDBL0001513

9.2. The following information is gathered from HDFC bank and Bandhan bank (upto 06/12/2020) in regard of aforementioned bank accounts:

Account Name (As per the website)	Account Name (As per KYC)	Bank Name	Date of Account Opening	A/c no.	Bank Statement Period	No. of Credit Transaction	Date of last Credit	Total Credit in Rs	Closing Balance in Rs.
Capital Nivesh	Naresh Nimawat	HDFC	12/04/2019	50200038495361	12/04/2019 till 6/12/2020	346	21/07/2020	53,03,779	0
Bright Money Solutions	Bright Money Solutions	HDFC	13/02/2020	50200047901917	13/02/2020 till 6/12/2020	376	12/09/2020	39,82,788	1
BM Solutions	Ashwin Doriya	Bandhan Bank	09/09/2020	50200015438477	09/09/2020 till 05/12/2020	76	05/12/2020	2,43,480	368
Total								95,30,047	369

9.3. From an analysis of Bank statements, the following is observed:

9.3.1. The aforesaid bank accounts are active.

9.3.2. The total credit received in the aforesaid bank accounts is approximately Rs. 95,30,047/- during the period April 12, 2019 to December 05, 2020.

10. I find that BMS had displayed the bank account of Mr. Ashwin Doriya in its website for the purpose of receiving fee, for the services which are mentioned in website of BMS. The bank account of Mr. Ashwin Doriya was opened on September 09, 2020. Therefore, Mr. Ashwin Doriya by virtue of actively allowing his bank account displayed in the website of BMS for the purpose of receipt of fee and actually receiving the fee, is acting together with Mr. Naresh Nimawat in providing services which are mentioned in the website of BMS from September 09, 2020. In light of the aforesaid discussions, I *prima facie* observe that Mr. Naresh Nimawat, proprietor of CNR and BMS and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat, has been putting the information in public domain / advertising by using websites namely www.capitalnivesh.com (previously active) and www.brightmoneysolutions.com (currently active) about the various services offered by them in securities market. The information available in both website is almost similar / identical. It is also *prima facie* observed that various plans / packages are being offered by them to avail their services. Thus, I *prima facie* observe, that Mr. Naresh Nimawat, proprietor of CNR and BMS and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat were / are, *prima facie*, holding themselves out as an investment adviser.
11. In view of the above facts and circumstances, especially the content of the websites coupled with the credit transactions in the bank accounts, *prima facie*, it is inferred that the fees / funds credited to the bank accounts, were for the purpose of availing the services indicated on the website of CNR and BMS. I note that CNR had used the bank account held in the name of Mr. Naresh Nimawat for collection of funds. As reflected from the bank statement, I *prima facie* note that CNR has commenced with the collection of fees/ funds for the purpose of providing the services from April 2019. From the AOF/ KYC of BMS for account opened with HDFC Bank, I note the date of incorporation of BMS is February 04, 2020. Thus, it *prima facie* appears that Mr. Naresh Nimawat, proprietor of CNR and BMS is

carrying out services related to investments in securities market as mentioned in websites from April 12, 2019 and February 04, 2020 respectively.

12. In this regard, I have perused the definition of investment adviser as given in regulation 2(m) of IA Regulations, which states that investment adviser means “*any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called*”. Further, I have also perused the Regulation 2(l) of the IA Regulations which defines investment advice as “*advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.*”
13. In light of the aforesaid definitions, it is, *prima facie* noted, from the contents of the websites of CNR and BMS that they were / are holding themselves out as investment adviser by offering to provide services related to investing in, purchasing and selling in securities and is also offering various investment packages for subscription and these services fall within the definition of “Investment Advice” under Regulation 2(l) of the IA Regulations. Further, multiple credit entries have been received in the bank accounts, which when seen together with the contents of the websites, leads to, on preponderance of probability basis, a *prima facie*, conclusion that the credit entries in the bank account are consideration for the investment advice given by CNR and BMS to its clients. Thus, *prima facie*, CNR and BMS was / is an investment adviser as defined under Regulation 2(m) of the IA Regulations.
14. Further, it is also *prima facie* observed from CNR and BMS webpages that both claim to be registered with SEBI as investment advisory firm. The fact that CNR and BMS, is claiming so registered with SEBI to provide investment advisory services and offers various subscription packages in various segments of the market viz, equity, derivatives and commodity, when seen in light of the receipt of money in its bank accounts, *prima facie*

shows, on preponderance of probability basis, that the credit of money is in fact the fee for the investment advisory services rendered by CNR and BMS. Therefore, CNR and BMS has not only held themselves out as investment adviser but has also acted as an investment adviser for consideration.

ISSUE No. 2: *If answer to the aforesaid issue is in affirmative, whether CNR and BMS have, prima facie, violated any provisions of SEBI Act read with IA Regulations and provisions of PFUTP Regulations?*

15. In order to ensure that investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of SEBI Act states that “*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*”
16. Further, Regulation 3(1) of the IA regulations, states 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*”.
17. Thus, as per Section 12(1) of SEBI Act and Regulation 3(1) of IA Regulations, any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI regulations i.e. the registration of the investment advisers is mandatory.

18. The activities of CNR and BMS, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions shows that CNR and BMS were / are holding themselves out as investment advisers and have acted / are acting as investment advisers. However, no material was available on record to indicate that CNR or BMS or its proprietor Mr. Naresh Nimawat in his individual capacity had a certificate of registration as an Investment Adviser. In this context, it is noted that CNR, BMS, Mr. Naresh Nimawat and Ashwin Doriya in their individual capacity are not registered with SEBI as intermediary. The characteristics and features of the business activity carried out by both CNR and BMS, as discussed in the preceding issue, *prima facie*, leads to the conclusion that CNR and BMS were / are holding themselves out and acting as investment advisers without a certificate of registration from SEBI. In my view, these activities/ representations of CNR and BMS were / are, *prima facie*, in violation of Section 12(1) of SEBI Act read with regulation 3(1) of the IA Regulations.
19. Before proceeding further, I would like to refer to the provisions of Regulation 2(1)(c) of the PFUTP Regulations defines ‘*fraud*’ and ‘*fraudulent*’ which state as under:
- “(c) “*fraud*” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—
- (1) *a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*
 - (2) *a suggestion as to a fact which is not true by one who does not believe it to be true;*
 - (3) *an active concealment of a fact by a person having knowledge or belief of the fact;*
 - (4) *a promise made without any intention of performing it;*
 - (5) *a representation made in a reckless and careless manner whether it be true or false;*
 - (6) *any such act or omission as any other law specifically declares to be fraudulent,*

- (7) deceptive behaviour by a person depriving another of informed consent or full participation,*
- (8) a false statement made without reasonable ground for believing it to be true.*
- (9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.*

And “fraudulent” shall be construed accordingly ...”

20. It is noted that fraudulent activities / dealings are prohibited under the provisions of section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3 (a), (b), (c), (d) and Regulations 4(1) and 4(2)(k) of the PFUTP Regulations. The provisions of Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3 (a), (b), (c) and (d) of the PFUTP Regulations, which are reproduced below:

SEBI Act, 1992

“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 recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;”*

PFUTP Regulations

“Prohibition of certain dealings in securities

- 3. No person shall directly or indirectly—*

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. *Prohibition of manipulative, fraudulent and unfair trade practices*

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

21. From the website of CNR and BMS, it is noted that they claim to be registered with SEBI as an investment advisory firm which follows all the norms made by SEBI for investor protection. Thus, *prima facie*, CNR and BMS are knowingly concealing the fact that they are not registered with SEBI as an investment advisor and are also making representations knowing that the representations are false, thereby luring and inducing investors to deal in securities by availing their services

22. The above discussed act of CNR and BMS is *prima facie*, fraudulent and are covered under the definition of 'fraud' defined under regulation 2(1)(c) of PFUTP Regulations. Thus, *prima*

facie fraudulent activity / conduct / act / practice of CNR and BMS as discussed above are *prima facie* in violation of provisions of Sections 12A (a), (b), (c) of SEBI Act and regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of PFUTP Regulations.

ISSUE NO. 3: *If answers to Issue Nos. 1 & 2 are affirmative, who are responsible for the violations?*

23. I note that Mr. Naresh Nimawat is the sole proprietor of CNR and BMS. I note the legal status of the proprietary firm from the judgment of the Hon'ble Supreme Court of India in *Ashok Transport Agency vs. Awadhesh Kumar & another*, [(1998) 5 SCC 567] that "... A proprietary concern is only the business name in which the proprietor of the business carries on the business. . A suit by or against a proprietary concern is by or against the proprietor of the business...". Therefore, I find that Mr. Naresh Nimawat is liable for the acts of CNR and BMS. I further find that Mr. Ashwin Doriya had allowed his bank account for the purpose of collection fee and has been acting together with Mr. Naresh Nimawat from September 09, 2020. Therefore, Mr. Ashwin Doriya is jointly and severally liable with Mr. Naresh Nimawat for the acts of BMS from September 09, 2020. Further, I also *prima facie* find that Mr. Naresh Nimawat is using multiple websites with different names to carry out unregistered Investment advisory activity.

ISSUE NO. 4: *If answer to Issue No. 2 is in affirmative, whether urgent directions, if any should be issued against those responsible for the violations?*

24. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The PFUTP Regulations and IA Regulations have been formulated with the main objective of preventing fraudulent activities and regulating investment advisory activities to safeguard the interests of investors and hence registration of investment advisory activities with SEBI has been made mandatory. The IA Regulations *inter alia* seek to create a structure within which investment advisers will operate and also make them duly accountable for their

investment advice by requiring investment advisers to comply with the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market. Similarly, the PFUTP Regulations seeks to curb fraudulent and manipulative activities in the securities market in order to boost investor confidence in the securities market and to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy.

25. In the instant case, it is noted that CNR and BMS are soliciting and inducing the investors to deal in securities market on the basis of investment advice, stock tips, intra-day calls etc., *prima facie*, without having the requisite registration as mandated under the IA Regulations and under the fraudulent claim of being SEBI registered investment advisory intermediary. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent CNR and BMS and its proprietor Mr. Naresh Nimawat, from collecting any more fees from the public and indulging in unauthorized investment advisory activities. It is noted from material available on record that the last transaction in the bank account of CNR / Naresh Nimawat (HDFC Bank) is on July 21, 2020 and bank account number 50200015438477 (Bandhan Bank) mentioned on BMS website is on December 05, 2020. Moreover, the website of BMS, www.brightmoneysolutions.com, is still active. Furthermore, the details of BMS including its location, email (enquiry can be sent to BMS by an email) and telephone number are mentioned on its aforementioned website. Also, the very act of Mr. Naresh Nimawat to change URL / website address, multiple times, *prima facie*, shows that he is trying to avoid regulatory detection and is determined in continuing unregistered investment advisory activities. Therefore, the threat of investors getting lured towards the unregistered activity of BMS, through its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya (by virtue of displaying his bank account in the website of BMS) in the securities market is still in existence and imminent. The total amount of money, *prima facie*, observed to have been collected by CNR and BMS is Rs. 95,30,047/- and indicates the magnitude of the prospective threat to the investors

26. It is noted that permitting the investors to receive an investment advisory service from an unregistered entity, in effect means, the same is received from the unqualified person without following the safeguards mentioned in the IA Regulations. An investor receiving a service from unregistered investment advisor not in consonance with the IA Regulations vis-a-vis an investor who receives such service from registered investment adviser following the IA Regulations stands in a disadvantageous position in respect of his protection as investor as envisaged under the IA regulations. An unregistered investment adviser has not even satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing of service from such person is detrimental to investors and such unqualified service can result in irreparable detriment as the investors' money is invested based on unqualified and un-regulated service. Exposing investors to such service also has the effect of interfering with the development of securities market, as victim of such services tend to lose faith in the securities market. Such an injury to the development of the securities market also qualifies as "irreparable injury" or "irreparable detriment" as the objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

27. Further, if an ex-parte order is not passed, many prospective investors may subscribe by parting with significant fees and may cause irreparable injury to themselves as discussed earlier. However, if an ex-parte order is passed, what is at stake is right of the current entity herein vis-a-vis multitude of prospective and current clients of the entity. It may be noted that one of the underlying differences between the "ex-parte orders in the case of private suits" and "ex-parte public enforcement actions", is the identification of the injured party. In private damage suits, the injured individual, as "whole", is identifiable whereas ex-parte public enforcement actions, seeks to protect the floating multitude of investing public by preventing, continuous and imminent violations of the securities laws. Though, it can be argued that a final remedy by way of refund is available, as against the step of passing an ex-parte interim order, the potential loss of investment by the investors by following the advice from an unqualified person and resultant loss of investor's confidence and reliability of securities market, cannot be retrieved, if prima facie unregistered investment advice is permitted to be

extended to the investors by not passing an *exparte-interim order* at this stage. Therefore, I consider the balance of convenience is also not in favour of Mr. Naresh Nimawat proprietor of CNR and BMS and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat.

28. Considering the facts and circumstances of the present matter and on the basis of the *prima facie*, findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Mr. Naresh Nimawat proprietor of CNR and BMS and Mr. Ashwin Doriya from collecting any more funds from the public and indulging in unauthorized investment advisory activities. As noted in the preceding paragraphs, monies were being credited in the bank accounts as on December 05, 2020 and their bank accounts are still active. Moreover, the website of BMS is active. The same *prima facie* demonstrates that Mr. Naresh Nimawat proprietor of CNR and BMS and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat can still lure investors to deal through it in the securities market and probability of investors reaching Mr. Naresh Nimawat proprietor of CNR and BMS and Mr. Ashwin Doriya is still high. Therefore, the threat of investors getting lured towards the unregistered activity of Mr. Naresh Nimawat proprietor of CNR and BMS and Mr. Ashwin Doriya in the securities market is still in existence and imminent.

29. The amount of money, *prima facie*, observed to have been collected by Mr. Naresh Nimawat proprietor of CNR (Rs. 53,03,779) and BMS (Rs. 39,82,788) and Mr. Ashwin Doriya (Rs. 2,43,480) is approximately Rs. 95,30,047/- and indicates the magnitude of the prospective threat to the investors. In light of the same, I find that there is no other alternative but to take recourse through an *interim ex-parte* order against CNR, BMS and its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya for preventing them from collecting funds by defrauding investors and by indulging in unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the law. As the website of BMS is active which *prima facie*, shows that the investors can reach it and also its bank accounts are active, the balance of convenience demands the preventive measure of stopping the collection of money in the above-mentioned bank accounts from investors. The same can be effectively achieved by an appropriate direction of stopping credit into the above-mentioned bank account. As CNR, BMS and its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya

by acting together with Mr. Naresh Nimawat have already evaded the jurisdiction of SEBI by *prima facie*, acting as unregistered investment adviser, the balance of convenience also demands that CNR, BMS and its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya have to be prevented from diverting the funds collected from the investors through the fraudulent and unauthorized investment advisory activity. Accordingly, an appropriate direction stopping the debit from the above-mentioned bank account has been incorporated.

30. With the initiation of quasi-judicial proceedings, given the fact that CNR, BMS and its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat have already evaded the jurisdiction of SEBI by *prima facie*, acting as unregistered investment adviser, it is possible that CNR, BMS and its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya may divert the money collected from the subscribers / clients. The same may result in defeating the effective implementation of the direction of refund, if any, to be passed after deciding the matter on merits. It therefore becomes necessary for SEBI to take urgent steps to prevent CNR, BMS, Mr. Naresh Nimawat and Mr. Ashwin Doriya from diverting the money collected from the subscribers / clients. It is also essential to take urgent steps to prevent them from alienating any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of Mr. Naresh Nimawat proprietor of CNR and BMS and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat and also the interests of those who may fall prey to the unregistered investment advisory by reaching Mr. Naresh Nimawat proprietor of CNR and BMS and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat through the website, the balance of convenience lies against the CNR, BMS, Mr. Naresh Nimawat and Mr. Ashwin Doriya, which requires immediate action against them including not to divert the money collected from the subscribers / clients / investors.

ORDER:

31. In view of the above, pending conclusion of enquiry on granting of hearing opportunity as per this Order, to CNR,BMS, Mr. Naresh Nimawat and Mr. Ashwin Doriya, I, in order to protect the interests of investors and integrity of the securities market, in exercise of the powers conferred upon me under Sections 11, 11(4), 11B (1) and 11D read with Section 19 of the SEBI Act hereby issue by way of this *interim ex-parte order*, the following directions:-

31.1. *Capital Nivesh Research, Bright Money Solutions and proprietor Mr. Naresh Nimawat (PAN: AUMPN9148A) and Mr. Ashwin Doriya (PAN: GMMPD6808M) are directed:-*

31.1.1. *to cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders;*

31.1.2. *not to divert any funds collected from investors, kept in bank account(s) and/or in their custody until further orders;*

31.1.3. *not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.*

31.1.4. *to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc., in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders;*

31.1.5. *not to access the securities market and buy, sell or otherwise deal in securities, either directly or indirectly, in any manner whatsoever, until further orders;*

31.1.6. *to provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order;*

31.1.7. to submit the number and details of clients who have availed their investment advisory services and to submit details of fees collected from each such client, immediately but not later than 5 working days from the date of receipt of this order.

31.2. If CNR, BMS or its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. CNR, BMS or its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

31.3. HDFC Bank and Bandhan Bank are directed not to permit any debits / withdrawals and not to allow credits, from / to the following bank accounts, without the permission of SEBI. The said Banks are directed to ensure that all the above directions are strictly enforced.

Sr. No	Name of Bank Account Holder	Bank Account Number	Name of the Bank
1	Mr. Naresh Nimawat	50200038495361	HDFC Bank
2	Bright Money Solutions	50200047901917	HDFC Bank
3	Mr. Ashwin Doriya	50200015438477	Bandhan Bank

31.4. The Depositories are directed to ensure, till further direction, that they neither permit any debits nor any credits in the demat accounts held by (a) Mr. Naresh Nimawat either individually or jointly and (b) Mr. Ashwin Doriya either individually or jointly.

31.5. The Registrar and Transfer Agents are directed to ensure, till further directions, that they neither permit any transfer nor redemption of the securities, including Mutual Funds units, held by (a) Capital Nivesh Research, (b) Bright Money Solutions, (c) Mr. Naresh Nimawat either individually or jointly, and (d) Mr. Ashwin Doriya either individually or jointly.

32. This Order shall also be treated as a Show Cause Notice and *Capital Nivesh Research, Bright Money Solutions and proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya* are show caused as to:

- 32.1. why their act of falsely claiming to be a SEBI registered investment adviser, thereby luring and inducing investors to deal in securities by availing its services, may not be treated as a fraudulent practice/ act/ conduct, in terms of PFUTP Regulations;
- 32.2. why the investment advisory plans floated by them should not be held as “Investment Advisory Services” in terms of the IA Regulations and thereby the activity of *Capital Nivesh Research* and *Bright Money Solutions* and its proprietor Mr. Naresh Nimawat and Mr. Ashwin Doriya by acting together with Mr. Naresh Nimawat be treated as unregistered activity under the SEBI Act and relevant Regulations;
- 32.3. why suitable directions / prohibitions under Sections 11(1), 11(4), 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, including the following, should not be issued / imposed against them, for the alleged violation of provision of SEBI Act, PFUTP Regulations and IA Regulations as discussed above in this order:
 - 32.3.1. Directions for prohibition from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for an appropriate period;
 - 32.3.2. Directions to not be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever;
 - 32.3.3. Why Mr. Naresh Nimawat be not directed to refund, the fees collected from the investors/clients for unregistered investment advisory activities under Sections 11 and 11B(1) of SEBI Act;
 - 32.3.4. Why Mr. Ashwin Doriya together with Mr. Naresh Nimawat be not directed to refund, jointly and severally, the fees collected from the investors/clients from September 09, 2020 for unregistered investment advisory activities under Sections 11 and 11B(1) of SEBI Act
 - 32.3.5. Any other directions as it deemed necessary.

33. The *prima facie* observations contained in this Order, are made on the basis of the material available on record. In this context, CNR, BMS, Mr. Naresh Nimawat and Mr. Ashwin Doriya may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.
34. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against CNR, BMS, Mr. Naresh Nimawat and Mr. Ashwin Doriya in accordance with law
35. The above directions shall take effect immediately and shall be in force until further orders.
36. A copy of this order shall be served upon CNR, BMS, Mr. Naresh Nimawat and Mr. Ashwin Doriya, Stock Exchanges, Banks namely HDFC Bank and Bandhan Bank, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

-Sd-

DATE: DECEMBER 17, 2020

PLACE: MUMBAI

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA