

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTION 11(1), 11(4), 11(4A), 11B(1), 11B (2) and 11(D) of THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

S. No.	Name of the Entity	PAN
1	M/s. S K Financial Services	Not Available
2	M/s. Amore Growth Advisory Services	Not Available
3	M/s. Wealth Creator Services	Not Available
4	Satish Kumar Dubey	ARFPD9419C

In the matter of Unregistered Investment Advisory Services by Satish Kumar Dubey, Proprietor of SK Financial Services, Amore Growth Advisory Services and Wealth Creator Services.

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received a complaint on October 21, 2020 alleging that SK Financial Services is operating as unregistered advisory in Indore. Copy of receipts for transactions made through Easebuzz platform were also annexed with the said complaint.
2. Pursuant to the said complaint, SEBI sought information from Easebuzz relating to accounts of SK Financial Services. As per information provided by Easebuzz, following details were found with regard to account maintained by SK Financial Services with Easebuzz: -
 - a. Name — SK Financial Services,
 - b. Email — skfinancialservicessskf@gmail.com



- c. Contact Number —810xxxx565
- d. Bank Name — ICICI Bank
- e. Branch Name — Vijay Nagar, Indore
- f. Bank Info — SK Financial Services
- g. IFSC Code- ICICxxxx859
- h. Account Number – 18590xxxx338
- i. Business Name — SK Financial Services
- j. PAN ID-ARFPD9419C

3. SEBI sought information from ICICI Bank relating to account No. 18590xxxx338 of SK Financial Services. On the basis of information provided by ICICI Bank, following details were found by SEBI: -

- a) Satish Kumar Dubey is the sole proprietor of SK Financial Services and is having a current account no. 18590xxxx338 with ICICI Bank, which was opened on October 14, 2016;
- b) As per the Account opening Form (AOF), the type of profession is Financial Consulting Services;
- c) The communication address of SK Financial Services is Plot No. 2, Vijay Nagar, Near Navin Photocopy, A.B. Road, Indore, Madhya Pradesh — 452010 and address of Satish Kumar Dubey (Proprietor) is: RDA Colony, B-Block, 209, Heerapur, Raipur, Chhattisgarh — 492001;
- d) During the period October 17, 2016 to July 19, 2021, amount of ₹1,47,93,209.68/-was credited through various entries, and the balance of the said account as on July 19, 2021 was ₹2,42,075.36/-;
- e) The said account was opened by furnishing a cheque of HDFC Bank bearing Account no. 50100xxxx0492.



4. SEBI sought information from HDFC Bank relating to account No. 50100xxxx0492. On the basis of information furnished by HDFC Bank, SEBI found: -
- The account was salary account opened in the name of Satish Kumar Dubey;
 - The address mentioned in Account Opening Form was Capital Via Global Research Ltd., 6th Floor, Block B Metro Tower, Near Mangal City Mall, Vijay Nagar, Madhya Pradesh 452010;
 - During the period September 02, 2014 to July 16, 2021, sum of ₹65,66,329.39/- was credited through various entries and balance in the said account as on July 16, 2021 was ₹3,29,616.13.
5. Subsequently, SEBI sought information from PayUmoney with respect to accounts linked to the PAN of Satish Kumar Dubey. On the basis of information provided by PayUmoney, SEBI found following details with respect to accounts of Satish Kumar Dubey: -

Table No. 1

Merchant ID	Merchant Name	Merchant Email	Link Bank Account
5364111	Satish Kumar Dubey	satishdubey999@yahoo.in	ICICI Bank a/c no.1859xxxx2642 (IFSC - ICICxxxx859)
5443276	Satish Kumar Dubey	Geniuselectronic105@gmail.com	ICICI bank a/c no. 1859xxxx0296 (IFSC-ICICxxxx859)
5514049	Amore Growth Advisory Services	amoregrowthtips@gmail.com	HDFC Bank a/c no. 50200xxxx09544 (IFSC - HDFCxxxx404)
5727395	Satish Kumar Dubey	wealthcreatorservices@gmail.com	Indusind Bank a/c. no. 2010xxxx4058 (IFSC - INDBxxxx878)
5796252	Satish Kumar Dubey	skfinancialservicesskf@gmail.com	-

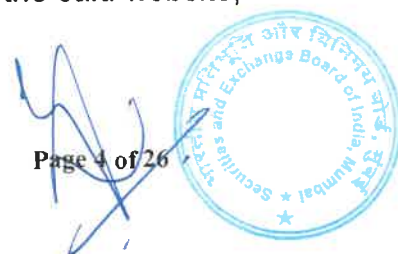


6. SEBI found that Satish Kumar Dubey maintained various merchant accounts with PayUmoney which were connected to different bank accounts held with ICICI Bank, Indusind Bank and HDFC Bank. SEBI sought information relating to above mentioned bank accounts from ICICI Bank, Indusind Bank and HDFC Bank.
7. Upon analysis of information provided by ICICI Bank, Indusind Bank and HDFC Bank, SEBI found the following details: -

Table No.2

Bank Name	Account No.	A/c. Opening date	Credit considered From Date	Credit considered Upto Date	Total Amount Credited (in – Rs.)
ICICI Bank	1859xxxx0338	17.10.2016	17.10.2016	19.07.2021	1,47,93,210/-
HDFC Bank	5010xxxx880492	19.08.2014	12.08.2016	16.07.2021	51,79,250/-
ICICI Bank	1859xxxx2642	06.01.2016	12.08.2016	11.10.2016	15,274/-
ICICI Bank	1859xxxx0296	17.08.2016	12.08.2016	25.06.2021	5,551,897/-
HDFC Bank	5020xxxx709544 (Closed)	18.05.2016	12.08.2016	06.12.2020	26,50,720/-
IndusInd Bank	201000954058	09.01.2017	12.01.2017	29.12.2020	67,99,339/-
Total					2,99,90,140/-

8. SEBI found that Merchant ID:5514049 in the name of Amore Growth Advisory Services, with PayUmoney, was also linked to the PAN of Satish Kumar Dubey. The said Merchant ID mentioned domain name as www.amoregrowthtips.com i.e. website of Amore Growth Advisory Services. Upon checking the said website, SEBI found that the said website was inactive. From the archived pages of the said website, SEBI found that Amore Growth Advisory Services was projecting itself to be offering investment advisory services as the said website,



inter-alia, stated *"Our Team generate the calls for our clients portfolio as well as involve in advisory process of retail and HNI clients"*.

9. On the basis of contents of the said website, complaint, information provided by Easebuzz, PayUmoney, ICICI Bank, Indusind Bank and HDFC Bank, SEBI noticed that SK Financial Services ("**Noticee No.1**" or "**SKFS**"), Amore Growth Advisory Services ("**Noticee No.2**" or "**AGAS**"), Wealth Creator Services ("**the Noticee No.3**" or "**WCS**") and Satish Kumar Dubey ("**the Noticee No.4**"), ("**collectively referred as "Noticees"**") held themselves as investment advisers, engaged in the activities of 'investment adviser' and charged fee as consideration for such services. Accordingly, SEBI vide letters dated August 03, 2021 and reminder letters dated August 16, 2021 advised the Noticees to provide details of the clients, who availed their investment advisory services, and the amounts collected from the clients. However, the said letters returned undelivered to SEBI.
10. On the basis of above findings, SEBI issued show cause notice dated June 10, 2022 ("**SCN**") to the Noticees inter-alia making following allegations and calling upon the Noticees to show cause as to why suitable directions, including directions under Section 11(1), 11(4) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"), direction for refund of fees/monies collected from the investors should not be issued against them for violations alleged therein: -
- a) The Noticees were engaged in the activities of investment adviser without obtaining registration with SEBI, as required under Section 12(1) of the SEBI Act and Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 ("**IA Regulations**").
 - b) The acts of the Noticees by holding them out as investment advisers, without having any certificate of registration, violated Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations.



Service of the SCN

11. The SCN was sent through speed post to the Noticees at below mentioned addresses. Report received on the delivery of the SCN is as follows: -

Table No. 3

Noticee	Address	Report
SK Financial Services	Plot No.-2, 2 nd Floor, AB Road, Vijay Nagar, Infront of Metro Tower, Indore, Madhya Pradesh- 452010	Left
	3 rd Floor, Fozi Tower, Vijay Nagar, Indore, Madhya Pradesh- 452001	Left
Amore Growth Advisory Services	Plot No.-2, 2 nd Floor, AB Road, Vijay Nagar, Infront of Metro Tower, Indore, Madhya Pradesh- 452010	Left
Wealth Creator Services	House No.27, Bhagya Shree Colony, Infront of Bhagyashree Girls, Hostel, Indore, Madhya Pradesh – 492001	Insufficient Address
	304/2, Bhawarkua, Infront of PNB, AB Road, Indore, Madhya Pradesh – 452001	Insufficient Address
	2 , Vijay Nagar, AB Road, Near Navin Photocopy, Indore, Madhya Pradesh – 452010	Left
Satish Kumar Dubey	RDA Colony, B- Block- 209, Heerapur, Raipur, Chhattisgarh – 492001	Left

12. The SCN was sent to the Noticees through hand delivery/affixture at below mentioned addresses and report thereof was as follows: -

Table No. 4

Noticee	Address	Report
SK Financial Services	Plot No.-2, 2 nd Floor, AB Road, Vijay Nagar, Infront of Metro Tower, Indore, Madhya Pradesh- 452010	Refused to take SCN
	3 rd Floor, Fozi Tower, Vijay Nagar, Indore, Madhya Pradesh- 452001	Refused to take SCN



Amore Growth Advisory Services	Plot No.-2, 2 nd Floor, AB Road, Vijay Nagar, Infront of Metro Tower, Indore, Madhya Pradesh-452010	Refused to take SCN
Wealth Creator Services	House No.27, Bhagya Shree Colony, Infront of Bhagyashree Girls, Hostel, Indore, Madhya Pradesh – 492001	Office not found
	304/2, Bhawarkua, Infront of PNB, AB Road, Indore, Madhya Pradesh – 452001	Refused to take SCN
	2 , Vijay Nagar, AB Road, Near Navin Photocopy, Indore, Madhya Pradesh – 452010	Office not found

13. The SCN was served on the Noticees through publication in newspaper- Times of India (Indore Edition), Raj Express (Indore Edition), Times of India (Raipur Edition) and Hari Bhoomi (Raipur Edition) dated July 16, 2022, and August 2, 2022, respectively.

Opportunity of personal Hearing

14. The Noticees were granted opportunity of hearing on November 10, 2022. In this regard, hearing notice dated September 21, 2022 was served on the Noticee No.4, proprietor of the Noticee No. 1 to 3. In response thereto, SEBI received email dated September 27, 2022 from dubeysatish88@gmail.com confirming receipt of hearing notice and stated that further details may be provided on email id. Further, the Noticee No.4 vide email dated September 28, 2022 stated that his address was RDA colony, B Block, 209, Heerapur, Raipur, Chhatisgarh-492001, even though service of the SCN to the said address was not effective and the same got returned with the remark 'Left' (as seen in Table-3). Accordingly, the SCN was served to the Noticee No.4 vide letter dated September 29, 2022.



15. The Noticee No.4 appeared in person for hearing dated November 10, 2022. He admitted that he was proprietor of Noticees No.1 to 3. He submitted that he was earlier employee of Capital Via Global Research Limited. After leaving Capital Via Global Research Limited, he was engaged in insurance business and teaching about execution of trades in market. Further, he submitted that transactions referred to in bank accounts, mentioned in the SCN, related to his insurance business and fees for teaching about execution of trades in market. In view of the submissions of the Noticee No.4, he was granted liberty to file reply to the SCN on or before November 18, 2022. Further, the Noticee was directed to furnish following information on or before November 18, 2022: -
- a) Income Tax Returns from the assessment year 2015-2016, 2016-17, 2017-2018, 2018-2019, 2019-2020 and 2020-2021.
 - b) Documents in support of the contention that transactions referred to in bank accounts, mentioned in the SCN dated June 10, 2022, related to insurance business.
 - c) Documents in support of the contention that transactions referred to in bank accounts, mentioned in the SCN dated June 10, 2022, related to fees for teaching about execution of trades in market.
 - d) Details (in Excel Format) i.e. Name, address, premium and contact number of clients whose insurance was claimed to be done by the Noticees from 2016 till June 2022.
16. SEBI vide email dated November 14, 2022 reminded the Noticees to provide information directed to be furnished in hearing dated November 10, 2022. The Noticees vide email dated November 16, 2022 sought extension of 15 days to file reply and required information. Accordingly, SEBI vide email dated November 19, 2022 informed the Noticees to file reply and required information



by November 25, 2022. The Noticees vide email dated November 24, 2022 filed reply along with certain annexure(s).

Consideration:

17. I have perused the material available on record, such as the SCN, the complaint dated October 21, 2020 (received by SEBI via Email), and reply of the Noticees.
18. I note that the complaint dated October 21, 2020 alleged that one unregistered advisory was being run in Indore in the name of SK Financial Services. The said complaint also enclosed payment receipts, issued by Easebuzz, for the following payments made to SK Financial Services: -

Table No.5

Date of Payment	Amount (In ₹)
August 28, 2020	10000/-
September 01, 2020	15,000/-
September 02, 2020	25,000/-
September 04, 2020	10,000/-

19. From the information provided by Easebuzz vide email dated October 22, 2020, I note that: -
- a) Account was maintained with Easebuzz in the name of Noticee No.1. For the said account, PAN card of Noticee No.4 and Cheque no. 000385, drawn on ICICI Bank account no. 18590xxxx338 in Indore Vijaynagar Branch, held in the name of Noticee No.1, were furnished as KYC documents for opening the said account;
- b) Transaction summary of the account of Noticee No.1 with Easebuzz, inter-alia, showed credit transactions to the said account on August 28, 2020, September 01, 2020, September 02, 2020 and September 04, 2020 from one Satish Kumar (the Complainant). The credit amount received from customers including Satish Kumar in the said account with Easebuzz was transferred to ICICI account no.18590xxxx338;



- c) Establishment certificate dated June 04, 2016, issued by District Labour Office, Indore, for Noticee No.1 mentioned its address as Plot No.2, Vijay Nagar, Indore. Further, it mentioned that Noticee No.4 was in-charge of Noticee No.1.

20. I note the following from the information provided by ICICI Bank for account no. 18590xxxx338: -

- a) ICICI Bank account no. 18590xxxx338 was held in the name of the Noticee No.1;
- b) Cheque no. 000040 dated September 28, 2016, for amount of Rs.25,000/, drawn on HDFC Bank account no. 501000xxxx0492, held in the name of Noticee No.4, was given for opening the account no. 18590xxxx338;
- c) Communication address of Noticee No.1 was mentioned as Plot No.2, Vijay Nagar, Near Navin Photocopy, Indore, MP-452010. Registered address of Noticee No.1 was mentioned as RDA colony, B-Block, 209, Heerapur, Raipur, Chhatisgarh-492001;
- d) PAN card of Noticee No.4 and Establishment certificate dated June 04, 2016, issued by District Labour Office, Indore, for Noticee No.1 were furnished as KYC documents;
- e) Driving Licence of Noticee No.1 was furnished as address proof;
- f) Account Opening form mentioned that Noticee No.1 was a sole proprietorship concern, incorporated on June 04, 2016 and engaged in profession of Financial/consulting services & DSA. The Noticee No.4 was sole proprietor of Noticee No.1;



- g) Narration for transaction dated March 09, 2018, March 23, 2018, April 06, 2018, April 09, 2018, April 17, 2018 and July 31, 2018 in account no. 18590xxxx338 of Noticee No.1 read as "BIL/001408426291/Investment/NSP", "UPI/808239788835/For Commodities/8432777978@ybl/A", "NEFT-N096180514249474-AMIT KUMAR SHARMA-Service p", "NEFT-N099180515691220-SAURAV KUMAR-trading fee-50", "BIL/001434030129/Investment/NSP" and "BIL/INFT/001503163345/Trade Tips/SK FINANCE/ICICI";
- h) Customers including Satish Kumar made payment in Noticee No.1's account with Easebuzz which intun deducted some amount and transferred remaining amount in Noticee No.1's Easebuzz account to Noticee No.1's account no. 18590xxxx338 with ICICI Bank.

21. From the information furnished by HDFC Bank for account no. 501000xxxx0492, I note the following: -

- a) It was salary account opened in name of Noticee No.4. Mailing address of Noticee No.4 was mentioned as - Capital Via Global Research Ltd, 6th Floor, Block B, Metro Tower Near Mangal City Mall, Vijay Nagar, Madhya Pradesh – 452010 and permanent address as- RDA Colony, B Block, 209, Heerapur, Rajpur, Chhatisgarh-492001;
- b) Bank statement inter-alia contained monthly credit entry of Salary from September 02, 2014 to June 2015;
- c) During the period September 02, 2014 to July 16, 2021, total of ₹65,66,329.39/- was credited through various entries and balance as on July 16, 2021 was ₹3,29,616.13.

22. I note the following from information furnished by PayUmoney: -

- a) Following bank accounts and merchant id with PayUmoney were linked with PAN No. ARFPD9419C of the Noticee No.4:-



Table No.6

Merchant ID	Merchant Name	Merchant Phone	Linked bank account no.
5364111	Satish Kumar Dubey	8109015515	ICICI Bank a/c no.1859xxxx2642 (IFSC - ICICxxxx859)
5443276	Satish Kumar Dubey	9685407420	ICICI bank a/c no. 1859xxxx0296 (IFSC-ICICxxxx859)
5514049	Amore Growth Advisory Services	8109015515	HDFC Bank a/c no. 50200xxxx09544 (IFSC - HDFCxxxx404)
5727395	Satish Kumar Dubey	8103625565	Indusind Bank a/c. no. 2010xxxx4058 (IFSC - INDBxxxx878)
5796252	Satish Kumar Dubey	8319674452	

23. Following is noted from the information furnished by ICICI Bank, Indusind Bank and HDFC Bank in relation to accounts connected with PayUmoney: -

- a) ICICI Bank a/c no.1859xxxx2642 was opened in the name of Noticee No.4. Driving Licence and Pan Card of Noticee No.4 were furnished as address proof and identity proof. It was opened on January 07, 2016 and closed on January 16, 2017;
- b) Account opening form for ICICI Bank a/c no. 1859xxxx0296 mentioned the name of Noticee No.4 to be applicant engaged in business of –Broker. Driving licence of the Noticee No.4 was furnished as address proof for opening the account. It was opened on March 14, 2016 and the last transaction was on November 26, 2020. Communication address of the Noticee No.4 was mentioned as Plot No.2, AB Road, 2nd Floor, Vijay Nagar, Above SBI ATM, Indore, M.P. -4502010;
- c) Indusind Bank a/c. no.2010xxxx4058 was opened in the name of Noticee No.3. Account opening form mentioned Noticee No. 3 as proprietorship concern having Noticee No. 4 as its proprietor. Noticee No.3 was stated to be engaged in service industry with 0 to 20 employees and turn over



exceeding 50 lacs. It was opened on January 09, 2017. Registered address and communication address of the Noticee No.3 was mentioned as 2, Vijay Nagar, AB Road, Near Navin Photocopy, Indore, M.P. -452001;

- d) Account opening form for HDFC Bank account no. 50200xxxx09544 mentioned name of the Noticee No. 2 as applicant having address- Plot No.2, AB Road, Vijay Nagar, Opp. Metro Tower, Vijay Nagar, Indore, M.P.- 452010. Nature of Business was mentioned as "Consultant and Advisor". As per documents filed for opening the said account, the Noticee No.4 was mentioned as sole proprietor of the Noticee No.2. The Noticee No.2 was stated to be registered under Municipal Corporation of Indore vide registration no. 5160332621. The Noticee No.2 was stated to be incorporated on April 25, 2016 as an unregistered entity for the purpose of advisory services. The said account received ₹33,16,191/- as credit during May 20, 2016 to April 10, 2017.

24. From the above, I find that Noticee No. 1, 2 and 3 were operating from common address i.e. Plot No.2, Vijay Nagar, Indore, MP-452010. Noticee No.4 was the sole proprietor of Noticee Nos. 1, 2 and 3.

25. I note that website, www.amoregrowthtips.com, of the Noticee No.2 mentioned under the head "About Us" as follows: -

*"Amore Growth Tips offers a large range of products and services spanning across asset classes and consumer segments. Amore Growth Financials is a leading financial services provider with presence in Indian and other global markets. Trading and Investing in shares and stocks both brings same amount of risk hence the number of Traders / Investors who are getting indulged in this risky affair is less, therefore they offered to make traders intraday or positional. Towards investments fearing and make the sense of uncertainty. The basis is not to have that much knowledge of putting right trades on right time. Observing the on-going market trends and learning the fundamentals of investment will definitely enable one to be a successful investor and therefore top technical and fundamental experts try to make this easy for people by providing free shares & free stocks tips, options tips, futures tips and commodity tips. with the help of their expertise and thorough analysis... **Amore growth financials is a research desk** and also associate with top market*



researcher of Indian & World Market, We have around hundreds of working hours a month dedicated to technical and fundamental research on commodity and equity market . Our Team generate the calls for our clients portfolio as well as involve in advisory process of retail and HNI clients. Our recommendations for: Equities - For stocks listed on BSE and NSE Derivatives - BSE, NSE and Nifty Futures and Options

Our Vision : We strive to be acknowledged as Giant in helping our clients succeed in the world's rapidly evolving financial markets. We Endeavour to be valued as leader in client satisfaction, service performance, financial strength & profitability. We work hard continuously to enhance our reputation for accessibility, professionalism, analysis & depth & quality of our long term consultative relationship with clients."

26. Further, head of "investment" on the website of Noticee No.2 read as follows:-

"We Understand our client's money and hard work to make an investment portfolio, so our calls comes with a strong base team of Technical and fundamental analyst, who understand market more than a normal investor, Our Team having a vast experience in creating investment strategies, open with good calls on basis of technical levels and also come up with good fundamentals in stock market and commodity market."

27. It is noted that the Noticees vide email dated November 24, 2022 have filed reply, whereby, following documents have been filed: -

- a) Income tax Returns for AY-2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 and Computation of income for year 2018-19, 2019-20 and 2020-21;
- b) List of clients related to fees for teaching execution of trading in the market (Financial Literacy Programme);
- c) Offer letter dated March 25, 2016, from ICICI Prudential, offering position of Insurance Advisor to the Noticee No.4;
- d) Letter dated December 31, 2016 from ICICI Bank to SK Financial Services;
- e) Offer letter dated February 10, 2020 from Shriram Life Insurance;
- f) List of insurance clients (General, health and life) of Shriram;
- g) List of clients of Star Health Insurance;
- h) Client list of LIC;
- i) Client list of insurance brokers;
- j) List of Agents for insurance business.



- k) List of clients of investment in FD, assured guarantee plan in various companies;
- l) List of agent codes;
- m) Certificate of Insurance broker and renewal certificate;

28. The income tax returns filed by the Noticees vide email dated November 24, 2022 are income tax returns of the Noticee No.4 for the following years: -

Table No. 7

Year	Total Income(In ₹)
2015-2016	2,18,600/-
2016-2017	2,66,860/-
2017-2018	3,43,250/-
2018-2019	3,39,060/-
2019-2020	3,50,220/-
2020-21	4,92,070/-

29. As per profit and loss statement of Amore Growth/Wealth Creator Services for the year April 01, 2017 to March 31, 2018, filed by the Noticee vide email dated November 24, 2022, following have been stated as income: -

- a. Direct Income- ₹16,73,780/-
- b. Consultancy Fees- ₹15,51,233/-

30. On the basis of the documents filed by the Noticees, vide email dated November 24, 2022, it has been contended that the Noticees were engaged in insurance business and amount alleged to be received in the bank accounts of the Noticees was amount received by doing insurance business.

31. I find that the Noticees vide email dated November 24, 2022 have filed only above mentioned documents. The Noticees have not filed submissions addressing specific allegations made in the SCN.



32. Before proceeding further, it is relevant to take note of relevant provisions, reproduced hereunder: -

Regulation 2(1)(m) of the IA Regulations, 2013 defines 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;**"*

Further, Regulation 2(1)(l) which defines investment advice states as follows:

"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:

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;"

33. As per Regulation 2(1)(m) of the IA Regulations, investment advisor 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'. 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.

34. The contents, as noted above, under the head "About us" and "Investment Advisory" on the website of Noticee No.2 prominently states that it was engaged



in investment advisory business. Further, HDFC Bank account no. 50200xxxx09544 of Noticee No.2 also mentions that it is engaged in consultancy and advisory business. In view thereof, I find that Noticee No.2 represented itself to be an 'investment advisor' and was engaged in providing 'investment advice' within the meaning of Regulation 2(1)(l) of the IA Regulations. I, therefore, find that Noticee No.2 acted as 'investment adviser' within the meaning of Regulation 2(1)(m) of the IA Regulations.

35. As noted above, Noticee No.1 had declared in its account opening form for ICICI bank account no. 18590xxxx338 that it was engaged in the profession of Financial/consulting services & DSA. Further, Narration for transaction dated March 09, 2018, March 23, 2018, April 06, 2018, April 09, 2018, April 17, 2018 and July 31, 2018 in Noticee No.1's account no. 18590xxxx338 read as "BIL/001408426291/**Investment/NSP**", "UPI/808239788835/For **Commodities/8432777978@ybl/A**", "NEFT-N096180514249474-AMIT KUMAR SHARMA-**Service p**", "NEFT-N099180515691220-SAURAV KUMAR-**trading fee-50**", "BIL/001434030129/**Investment/NSP**" and "BIL/INFT/001503163345/**Trade Tips/SK FINANCI/ICICI**". Further, Noticee No.1 was also operating from the same address from where Noticee No.2 was operating. In view of the above, I find that Noticee No.1 was also engaged in providing 'investment advice' within the meaning of Regulation 2(1)(l) of the IA Regulations.

36. I find that Noticee No.3 was also operating from the same address from where Noticees No. 1 and 2 were operating. However, the material on record is not sufficient for me to arrive at a finding whether Noticee No.3 was engaged in providing investment advice or not or whether it represented itself to be an investment adviser. In view thereof, I am inclined to give benefit of doubt to Noticee No.3. Accordingly, I dispose of the SCN qua Noticee No.3 without any direction.



37. Noticee No. 4 in reply dated November 24, 2022 has furnished broadly following set of documents: -

- a) Income Tax Returns,
- b) Insurance certifications
- c) Clients of insurance business
- d) Offer letters
- e) List of teaching clients.

38. I find that the Income Tax Returns do not provide any guidance as to the nature of business of Noticee No.4. Letter dated March 03, 2016, issued by ICICI Prudential Life Insurance, indicates that he was offered to be appointed as insurance advisor with ICICI Prudential Life Insurance. Insurance broker examination certificate of Noticee No.4 indicates that Noticee No.4 qualified insurance broker examination conducted by the National Insurance Academy, Pune (India) on August 10, 2019. The said certification was renewed on August 08, 2022. Further, offer letter dated February 10, 2020, issued by Shriram Life Insurance, indicates that he was offered the post of Development Officer at Indore. In view of the above, I find that Noticee No.4 had qualified as 'insurance broker' in August 2022.

39. From the list of insurance clients filed by Noticee No.4, I find that the insurance client list of Shriram General Insurance mentioned name of executive as Dilip Singh Panwar and Lokendra Khichi. List of health insurance clients of Star Health mentioned name of Amit Bhargava but columns of payment terms and Payment Mode are blank. Client list of LIC mentioned name, mobile number and policy number. However, amount of policy, mode of payment, etc., were not mentioned. In view thereof, I find that the said documents do not indicate that all policies referred to in the said lists filed by Notice No.4 were done by him only. In view thereof, I cannot accept the contention of Noticee No.4 that all amounts reflected in the bank accounts of Noticee No.1, 2 and 4 were related only to insurance business of Noticee No.4. As seen from narrations, quoted at para 35



herein above, the credits are also with respect to "investment advice" though the same is claimed as credit towards educational services.

40. The account opening forms as well as KYC documents for the above mentioned bank accounts of Noticee Nos.1 and 2 evidences that Noticee No.4 was the common proprietor. Noticee No.4 has failed to furnish any evidence to controvert the account opening forms or KYC documents for the said bank accounts. In view thereof, I find that Noticee No.4 acted as an 'investment advisor' through Noticee No. 1 and 2.

41. I note that para 15 of the SCN mentions the total credit received in the accounts of the Noticees as follows: -

Table No. 8

Bank Name	Account No. (Noticee No.)	A/C opening date	Credit considered from Date	Credit considered upto	Total Amount Credited (in Rs.) -
ICICI Bank	18590xxxx338 (Noticee No.1)	17.10.2016	17.10.2016	19.07.2021	1,47,93,210/-
HDFC Bank	501000xxxx0492 (Noticee No.4- Salary Account)	19.08.2014	12.08.2016	16.07.2021	5179,250/-
ICICI Bank	1859xxxx2642 (Noticee No.4)	06.01.2016	12.08.2016	11.10.2016	15,274/-
	1859xxxx0296 (Noticee No.4)	17.08.2016	12.08.2016	25.06.2021	5,51,897/-
HDFC Bank	50200xxxx09544 (Closed) (Noticee No.2)	18.05.2016	12.08.2016	06.12.2020	26,50,720/-
Indusl Bank	2010xxxx4058 (Noticee No.3)	09.01.2017	12.01.2017	29, 12.2020	67,99,339/-
Total					2,99,90,140/-

42. I note that SEBI vide letters dated August 03, 2021 and reminder letters dated August 16, 2021 advised the Noticees to provide details of the clients, who availed their investment advisory services, and the amounts collected from the clients. However, the said letters returned undelivered to SEBI.



43. Noticee Nos. 1, 2 and 4 have also not provided details of amounts received by them, either individually or jointly, while acting as investment advisor. In view thereof, I find that amounts received by Noticee Nos. 1, 2 and 4 while acting as investment advisor is not available on record. To sum up, the contention of Noticee Nos. 1, 2 and 4 that they were running a venture imparting knowledge on execution of trades in market stands controverted, in the light of evidence available on record, as brought out hereinabove.

44. I also note that, 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 Act, 1992 and Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 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."

45. As per Regulation 3 of IA Regulations, 2013, titled 'Application for grant of certificate', the registration of 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"*.

46. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy inter alia the following requirements, as provided under IA Regulations, 2013:

- (i) An application for seeking certificate of registration to be made in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee in the manner specified in Second Schedule to IA Regulations, 2013;

- (ii) The applicant and all persons associated with investment advice, in case of an individual investment adviser or principal officer and all persons associated with investment advice of the applicant, in case of a non-individual investment adviser, shall be appropriately qualified and certified as under:
- a. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognized foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration of 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. Persons associated with investment advise shall have, at all times a professional qualification, as stated above, and experience of at least 2 years in activities relating to advice in financial products or securitis or fund or asset or portfolio management;
- (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.

47. The IA Regulations provide for the minimum professional qualification and prescribes mandatory net-worth requirement. Further, it inter-alia provides for

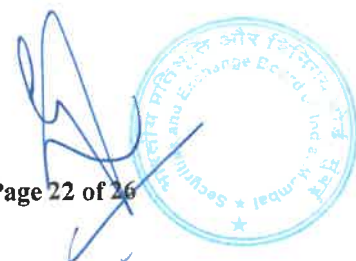


disclosures of any conflict of interest, risk profiling of clients, maintenance of records related to client assessments and the suitability of advice. The prescriptions in the IA Regulations are intended to safeguard the interest of investors and curb the perpetration of unregistered entities entering the field of investment advisory services and indulging in unscrupulous market practices.

48. In view of the legal provisions and the facts brought out above, I find that Noticee Nos. 1, 2 and 4 have violated the provisions of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations.

49. As observed above, SEBI vide letter dated August 03, 2021 and reminder letter dated August 16, 2021 advised the Noticees to provide inter alia amounts collected from the clients, who availed their investment advisory services. However, the said letters returned undelivered. The SCN and annexure(s) thereto also do not contain details as to total number of clients, to whom fee based investment advisory services were provided. Noticee Nos. 1, 2 and 4 in their joint reply have also not provided bifurcation between credits received by them as part of investment advisory business and credits received as part of insurance business. In view thereof, I find it difficult to put the credit received in the bank accounts in two buckets- one pertaining to investment advisory service and the other pertaining to insurance services. In view of this, I am inclined to pass suitable directions for this purpose.

50. The SCN has also proposed levy of penalty on the Noticees under Section 11B(4A) and 11(B)(2) of the SEBI Act. I note that Noticee Nos. 1, 2 and 4 have engaged in the unregistered investment advisory business for a period of roughly 4 years. Keeping in view that the said Noticee(s) are being directed to refund the amounts to the clients with respect to the fees collected towards investment advisory services, it is felt that an appropriate amount of penalty be imposed jointly on Noticee Nos. 1, 2 and 4.



DIRECTIONS

51. In the above facts and circumstances, in order to protect the interest of the investors, I hereby invoke the provisions of Sections 11(1), 11(4), 11(4A), 11B and 11B (2) of the SEBI Act, which have been delegated upon me under Section 19 of the SEBI Act and direct as follows: -

- a. The SCN is disposed qua Noticee No.3 without any directions;
- b. Noticee Nos. 1, 2 and 4 shall refund the money collected from the clients, towards 'investment advisory services' including services claimed to be 'educational services', as detailed hereinafter. Noticee Nos 1, 2 and 4 shall get such refundable amount quantified by an independent Chartered Accountant, who shall certify the same by examining the credits and narrations in the bank account statements of Noticee Nos. 1, 2 and 4 and excluding amounts received in the said accounts for non- investment advisory services. Proof of such quantification shall be retained by Noticee Nos 1, 2 and 4 till the completion of refund exercise, detailed hereinafter, and thereafter, shall be filed with SEBI;
- c. Noticee Nos. 1, 2 and 4 shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, about this Order and give details of modalities for refund, including the details of contact person such as names, addresses and contact details of person to be approached for refund, within 15 days from the date of this Order;
- d. Noticee Nos. 1, 2 and 4 shall accept refund claims/requests for a period of 3 months from the date of public notice, as directed under para 51 (c) above;
- e. Noticee Nos. 1, 2 and 4 shall within a period of four months from the date of public notice, as directed under para 51 (c) above, carry out and complete the refund exercise;

- f. Upon expiry of 4 months from the date of public notice, any balance amount which remains with Noticee Nos. 1, 2 and 4, due to their inability to contact the investor or otherwise, as directed in para 51 (e) above, shall be deposited in a dedicated escrow account, to be maintained by Noticee Nos. 1, 2 and 4 and utilized only for the purpose of refund to clients. Thereafter, the amount lying in the said escrow account shall be transferred to the Investors Protection and Education Fund maintained by SEBI;
- g. The repayments to the claimants shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- h. Noticee Nos. 1, 2 and 4 are hereby prohibited from selling their assets, properties including mutual funds/shares/securities held by them 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 Noticee Nos. 1, 2 and 4, only for the purpose of making refunds to the clients, who were availing the 'investment advisory services' including the services claimed to be 'educational services' from Noticee Nos. 1, 2 and 4;
- i. After completing the aforesaid repayments, Noticee Nos. 1, 2 and 4 shall file, a report of such completion along with the Chartered Accountant certification, as directed at para 51 (b) above, with SEBI addressed to the Division Chief, Division of Post -Inspection Enforcement Action, Market Intermediaries Regulations and Supervision Department, SEBI, 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 51(h) above shall cease to operate upon filing of such report;



- j. Noticee Nos. 1, 2 and 4 are restrained from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of one year from the date of this order or till the date of filing of report, as directed in para 51(i) above, whichever is later;
- k. Noticee Nos. 1, 2 and 4 shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in para 51(j) 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.
- l. I do hereby impose following monetary penalty on Noticee Nos. 1, 2 and 4 under Section 15EB of the SEBI Act, as shown hereunder:

Violation	Amount of Penalty (INR)
Regulation 3 (1) of the IA Regulations and Section 12(1) of the SEBI Act	10,00,000/- (Rupees Ten Lakh Only) (Jointly and Severally)

- m. Noticee Nos. 1, 2 and 4 shall remit/pay the said amount of penalty within forty five (45) days from the date of receipt of this order;
- n. Noticee Nos. 1, 2 and 4 shall remit / pay the said amount of penalty through either by way of Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai, or 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 Chairman/ Members > PAY NOW. In case of any difficulties in online payment of penalties the Noticee(s) may contact support at portalhelp@sebi.gov.in. The demand draft or the

details/confirmation of e-payment should be sent to “The Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, 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 below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for: (like penalties/disgorgement/recovery/settlement amount/legal charges along with order details	

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

53. A copy of this order shall be sent to the recognized Stock Exchanges, Banks, Depositories and Registrar and Transfer Agents of Mutual Funds.

Date: January 24, 2023

Place: Mumbai



GEETHA G

**CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA**