



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INDORE LOCAL OFFICE

SEBI/WRO/ILO/NM/OW/P/ 141 83 /1/2022
March 31, 2022

To

✓ मेसर्स आरबी ट्रेडर्स प्रोप्राइटर: राज बहादुर भदौरिया सुपुत्र राम सिंह भदौरिया कवि नगर, भदौरिया मार्केट, गुलमोहर गार्डन के सामने, भिंड रोड, ग्वालियर मध्य प्रदेश - 474001	✓ M/s. RB Traders Proprietor: Raj Bhadur Bhadoriya S/o Ram Singh Bhadoriya Kavi Nagar, Bhadoriya Market, Gulmohar Garden ke Samne, Bhind Road, Gwalior Madhya Pradesh - 474001
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Sub: Show Cause Notice under sections 11(1), 11(4), 11B(1), 11(4A) and 11(B)(2) read with Sections 15HA, 15HB and 15EB of the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), Section 12(1) of the SEBI Act, and regulation 3(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 {hereinafter referred to as SEBI (IA) Regulations} and Regulation 3(a),(b),(c) and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 {hereinafter referred to as PFUTP Regulations} read with Section 12A(a),(b),(c) of SEBI Act, 1992 in the matter of M/s. R.B. Traders, proprietor Shri. Raj Bahadur Bhadoriya.

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received complaint from Shri. R Sunil Kumar (hereinafter referred to as "complainant") against M/s. R.B. Traders and its proprietor Shri Raj Bahadur Bhadoriya (PAN: BVQPB9059Q). M/s. RB Traders and Shri Raj Bahadur Bhadoriya are collectively referred to as the 'Noticee'.
2. Vide complaint received on May 13, 2019, R Sunil Kumar has alleged that Noticee was using the SEBI registration no. INA000001126 for providing advisory services. The complainant had paid amount of Rs. 70,000 to the Noticee. Employees of the Noticee traded in the Demat account of the complainant and incurred huge losses of Rs. 200,000. Thereafter, Noticee did not give proper suggestions and replied carelessly over phone. The complainant attached payment receipts, received through Easebuzz in the name of RB Traders. Copy of the complaint of R Sunil Kumar is placed at Annexure-A.
3. Thereafter, SEBI came across a complaint of Ms. Hetal Masuria against Noticee at Grahak Suraksha (www. GrahakSuraksha.com). In the said complaint, she has alleged that a sum of Rs.295000/- was paid to Noticee for the committed return of

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104-105, प्रथम मंजिल, सतगुरु परिनय, सी-21 मॉल के सामने, ए.बी. रोड, इन्दौर - 452010 (म.प्र.)
दूरभाष : 0731-2557003/04/05 टेलीफैक्स : 0731- 2557002 E-mail : indore-lo@sebi.gov.in



Rs. 465000/- within four months. The complaint by Ms. Hetal Masuria is placed at Annexure -B.

4. As the payments receipts of Easebuzz were submitted by the complainant, vide email dated July 03, 2019, Easebuzz was requested to provide copies of account opening form, KYC details and account statements of the Noticee. Accordingly, information/ details was provided by the Easebuzz. The information received from Easebuzz vide email dated July 03, 2019, are listed below and placed at Annexure C:

- a) Name: RBTraders
- b) Email: rbinfotraders01@gmail.com
- c) Contact Number: 9516350751
- d) Bank Name: Andhra Bank
- e) Branch Name: City Centre Gwalior
- f) Bank Info: RB Traders
- g) IFSC Code: ANDB0002204
- h) Account Number: 220411100000265
- i) PAN ID: BVQPB9059Q
- j) Business Name: RAJ BHADUR BHDORIYA

5. Based on the information provided by the Easebuzz, details were sought from Andhra bank. Subsequently, Andhra bank vide letter dated November 14, 2019 has provided the Account opening form, KYC documents and Account Statement of the Noticee. Copies of the KYC, Bank statement and AoF received from Andhra Bank are placed at Annexure-D.
6. On analysis of the statement of accounts submitted by Easebuzz and bank statement received from Andhra Bank, it is observed that the bank account of RB Traders was credited with total amount of Rs. 88,99,228.79/- from date of opening of account i.e., September 12, 2014 to December 09, 2019. Further, Rs. 32,97,941.2/- out of Rs. 88,99,228.79/- were received in the above mentioned bank account of Andhra bank through Easebuzz platform during the period from July 2018 to June 14, 2019. The money received through Easebuzz platform included the money received from Complainant (Shri. R Sunil Kumar, Shri. Sanjay Ghonge and Ms Hetal Masuria).
7. Furthermore, it has also been noticed that fund from Andhra Bank transferred to another account in ICICI Bank in the name of R. B. Traders. Therefore, vide email dated January 24, 2020, bank statement and KYC details were sought from ICICI bank. In this regard, ICIC bank vide email dated January 31, 2020 submitted the

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bank statement and KYC details. The bank statement and KYC obtained from ICICI bank is placed at Annexure-E. From the said bank statement, it has been noticed that total sum of Rs. 42, 72, 356.31/- were credited to ICICI bank account of RB traders from July 02, 2018 to January 22, 2020.

8. The complainants have alleged that they have received investment advisory services from the Noticee and made payments to the Noticee for providing the services. The registration no. "INA000001126" has been misrepresented by the Noticee to provide the investment advisory services. Further, the payment receipts and bank account details submitted by the complainant provides that the payments for advisory services were taken by the Noticee through Easebuzz payment gateway linked with Andhra Bank (A/c No. 220411100000265). The payments have also been transferred to other ICICI bank account of Noticee. Further, multiple credit transactions from various entities were noted in the Easebuzz and linked bank accounts of the Noticee. Hence, it is prima-facie inferred that the said Bank accounts and Easebuzz were used for receipt of fees from various entities for the purpose providing investment advisory services.
9. From the above, it is *prima-facie* observed that the Noticee is observed to have engaged in the activities of an 'investment adviser' as defined under Regulation 2 (m) of SEBI (Investment Adviser) Regulations, 2013 (hereinafter referred to as "IA Regulations, 2013"), which reads as under:

"investment adviser means any person who for consideration, is engaged in the business of providing 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".

10. In view of the above, it prima-facie appears that the Noticee is involved in unregistered investment advisory activities without obtaining registration from SEBI as required under Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of SEBI(IA) Regulations, 2013. Further, the act on the part of the Noticee of misrepresenting to the complainant as being registered with SEBI and providing SEBI Registration number of another Investment Adviser is alleged to be an activity in the nature of fraud and prima-facie in violation to regulation 3(a),(b),(c) and (d) of PFUTP Regulations, 2003 read with Section 12A(a),(b),(c) of SEBI Act, 1992. The aforementioned provisions are reproduced as under:

Section 12(1) of SEBI Act, 1992

"12. (1) No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager,

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104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)

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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"

Regulation 3(1) of SEBI(IA) Regulations, 2013

"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"

Regulation 3(a),(b),(c) and (d) of PFUTP Regulations, 2003

"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 12A(a),(b),(c) of 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 recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"

11. Accordingly, the above act on the part of the Noticee attracts the corresponding penal provisions under Section 15EB, 15HA and 15HB of SEBI Act, 1992. The aforementioned provisions are reproduced as under:

Penalty for default in case of investment adviser and research analysts

"15EB. 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."

Penalty for fraudulent and unfair trade practices

"15HA. 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"

Penalty for contravention where no separate penalty has been provided

"15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees"

12. The Noticee is hereby called upon to show cause as to why directions should not be issued under section 11(1), 11(4), 11B(1), 11(4A) and 11B(2) of the SEBI Act, 1992 read with Section 15HA, 15HB and Section 15EB for the alleged violations as brought out above.



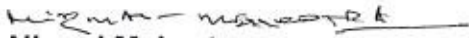
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13. Your reply, if any, along with relevant documents, should reach us within 21 days of the date of receipt of this notice at the following address:

Securities and Exchange Board of India
Indore Local Office
104-105, 1st Floor, Satguru Parinay,
Opp. C-21 Mall, A.B. Road,
Indore - 452010, Madhya Pradesh

14. While replying, you may also indicate whether you desire to be personally heard in this case. In case no reply is received from you, within the above specified period, it shall be presumed that you have no further explanations/ submissions to offer in this regard and action may be initiated as per law.

Yours faithfully,


Nirmal Mehrotra

Enclosures: As above