BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[Adjudication Order: Order/VV/AS/2023-24/29271-29270]

Under section 15-I of the Securities and Exchange Board of India Act, 1992 read with rule 5 of the Securities and Exchange Board of India (Procedure for Holding Inquiry & Imposing Penalties) Rules, 1995

In respect of –

M/s. Money Classic- Investment Advisor

SEBI Regn- INA000001431

(Proprietor: Mr. Deepak Mishra)

PAN- BLVPM9284R

In the matter of M/s. Money Classic Investment Advisor

(Proprietor Mr. Deepak Mishra)

A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") vide its Order No. HO/7/2019-2020 dated August 7, 2019, decided to conduct inspection of Money Classic (Proprietor Mr. Deepak Mishra) (hereinafter referred to as **"Noticee "/Money Classic/ by Name**") during the year 2019-2020 in terms of regulation 23 of the SEBI (Investment Advisers) Regulations, 2013 ("**IA Regulations**') and section 11(2)(i) of SEBI Act, 1992. Noticee is registered with SEBI as an Investment Adviser under IA Regulations and have the SEBI Registration No. INA000001431. However, the entity was not traceable. Accordingly, inspection could not be conducted. Further, Noticee's website of Money Classic *i.e.* http://moneyclassicresearch.com is not active. However, the said website is available on archive. From the perusal of website of Money Classic as available on archive, the following observations are made:
   a. The advisory business of Money Classic was based on 'subscription model';

b. The fees were charged on the basis of the product/ package subscribed and the subscription period for the product is quarterly, half-yearly, etc.;
c. In the name of advice, Money Classic provided tips to its client through SMS in Equity (cash and derivatives), forex and Commodity derivatives segment;
d. Money Classic provided telephonic and online assistance to its clients.

2. Money Classic offered packages namely Classic Cash, Intraday Cash Plus, Intraday Option Transparency Future, Transparency Option, Penny Stock Service, Forex Services, Commodity Services Stock Cash, Stock Futures, Stock Options, Index Futures/ Options, MCX (Classic/HNI), NCDEX (Classic/HNI), Currency Futures etc. to its clients as part of its advisory activity.

3. On account of the above and based on the other available information, SEBI passed an *interim ex parte* order dated December 27, 2019 against Money Classic and its proprietor namely Mr. Deepak Mishra. It is noted that, said order, the following observations were made:

   "18. In summary, the Noticee, which is a SEBI registered intermediary, has not acted in the best interests of the investors by non-redressal of investor grievances and non-submission of timely ATRs to SEBI. SEBI is also not able to verify the compliance of the Noticee with the applicable regulatory requirements due to its non-traceability. On the basis of this conduct, the Noticee does not, prima facie, satisfy the 'fit and proper person' criteria to continue to act as in investment adviser. Hence, I am convinced that this is a fit case where, pending detailed examination, effective and expeditious preventive action is required to be taken by way of an ad interim ex-parte order to protect the interests of investors and preserve the safety and integrity of the securities market."

4. From the documents available on record, I note that SEBI vide its letter IMD-DOF1/IA/NM/OW/P/4969/1/2019 dated December 30, 2019, forwarded a copy of order passed by Whole Time Member to the registered office address through Registered Post Acknowledgment Due (**RPAD**). The said letter came back undelivered. Further, vide email dated August 14, 2020, a copy of the order was sent to dpkmishra1112@gmail.com (the registered email id). Vide the said email, Noticee was, *inter-alia*, advised to furnish information regarding bank account statements of the proprietor, year-wise fees collected since the date of registration, client master data, copy of audited financial statements for last three years, sample copy of agreement entered into with the clients, etc.

5. I also note that SEBI *vide* its letter dated SEBI/ARO/WRO/ILO/SL/OW/P/5840/12020 dated August 14, 2020, Noticee was also advised to furnish the information as per specified in Interim Order. The aforesaid letter also came back undelivered. Subsequently, a public notice dated September 7, 2020 was issued in The Times of India and Dainik Bhaskar informing about the Order dated December 27, 2019. However, Noticee failed to provide any information.

6. Subsequently, SEBI passed a confirmatory order dated May 27, 2022 against Noticee. Vide interim order dated December 27, 2019 following directions were issued against Noticee.

"

a. *The Noticee/ its proprietor Mr. Deepak Mishra is restrained from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, in any manner whatsoever, till further directions. If the Noticee/ its proprietor Mr. Deepak Mishra has any open position in any exchange traded derivative contracts, they are permitted to close out/ square off such open positions within a month from the date of receipt of this Order.*
b. *The Noticee/ its proprietor Mr. Deepak Mishra and any person while working under it/ him or under its/ his instructions as employee or otherwise, shall cease and desist from undertaking the activity of investment advisory services, including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, till further orders.*
c. *The Noticee/ its proprietor Mr. Deepak Mishra is directed 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.*

d. The Depositories are directed to ensure that till further directions no debits are made in the demat accounts of the Noticee/ its proprietor Mr. Deepak Mishra, held jointly or severally.

e. The Banks are directed to ensure that till further directions no debits/ withdrawals are made from and credits are made to the bank accounts held by the Noticee/ its proprietor Mr. Deepak Mishra, jointly or severally.

f. The Registrar and Transfer Agents are also directed to ensure that till further directions the securities held in the name of the Noticee/ its proprietor Mr. Deepak Mishra, jointly or severally, are not transferred."

7. In view of the above, SEBI carried out examination in the matter on the basis of documents /information submitted by the complainants, banks and documents available on record. Thus, SEBI has initiated adjudication proceeding and made following allegation/observation with respect to the Noticee which are tabulated below:

Table No 1

S.N.	Alleged Violation	Statutory Provision	Penalty, if allegations established, under
1	Noticee has not furnished information as asked by the Board vide interim order dated December 27, 2019.	Interim Order dated December 27, 2019 issued under Sections 11,11B and 11D of SEBI Act.	Section 15A(a) of SEBI Act.
2	Non-redress of SCORES complaints and thereby violated	SEBI Circular no. CIR/OIAE/2014 dated December 18, 2014 read with Regulation 21 of IA Regulation.	Section 15C of SEBI Act
3	Failed to meet 'fit and proper' criteria	Schedule II of SEBI (Intermediaries) Regulations, 2008 read with regulations 6(f) and 13(a) of IA Regulations read with Regulations 28(b) and (d) of IA Regulations.	
4	Promising assured profit / unrealistic return to its clients	a) Regulation 15(1) and clauses 1, 2 and 8 as specified under third Schedule of Code of Conduct for Investment Adviser read with	Section 15HA of SEBI Act

		Regulation 15(9) of IA Regulations. b) Regulation 3 (a), (b), (c) and (d), 4(1) and 4(2)(k), (s) read with Regulations 2(1)(c) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act.	
5	Execution Service Provided	Regulation 15(1) and Clause 4 of Code of Conduct as specified under Third Schedule read with Regulation 15(9) of IA Regulations.	Section 15EB of SEBI Act

B. APPOINTMENT OF ADJUDICATING AUTHORITY

8. Accordingly, Competent Authority of SEBI has appointed the undersigned as Adjudicating Authority under Section 15-I (1) of the SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules"**) to enquire into and adjudge under Section 15A(a), 15C, 15HA and 15EB of SEBI Act for the alleged violations (as mentioned in table no. 1) by Noticee. The said order has been communicated by *vide* communiqué dated June 20, 2023.

C. SHOW CAUSE NOTICE, REPLY, HEARING

9. The Show Cause Notice (hereinafter referred to as "**SCN**") dated July 14, 2023 was served upon the Noticee under rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against it under Section 15C, Section 15HA, Section 15EB, Section 15A(a) of the SEBI Act for the alleged violation as mentioned in table no. 1.

10. The SCN was sent to Noticee through Speed Post AD **("SPAD**") at three different address of Noticee. The SCN sent to Noticee through SPAD returned undelivered. Accordingly, an affixture of the SCN was attempted at the last known address of Noticee, however, the same has been failed. Further, an attempt was also made to serve the SCN to Noticee through Stock Exchanges and Depositories (herein after referred to as "**MII"**) in terms of SEBI Circular dated July 29, 2022. However,

MII could not be able to serve the SCN to Noticee and it was informed that PAN of Noticee have been deactivated by them in terms of SEBI Circular dated July 29, 2022. Subsequently, in the interest of natural justice and in terms of rule 7(3) of Adjudication Rules, a newspaper publication was made *vide* newspaper publication dated August 10, 2023 in Times of India (Indore Edition) and Nai Duniya (Indore Edition). Vide aforesaid publication Noticee was also advised to collect the SCN dated July 14, 2023 from the Office of Designated Authority or download it from SEBI website under the section: - Enforcement: - Unserved Summons/Noticee. Through aforesaid publication, Noticee was also granted an opportunity of personal hearing before undersigned on August 22, 2023. I note that Noticee neither appeared for the hearing on August 22, 2023 nor has submitted reply to the SCN till date of this report. The whole process of the present adjudication proceeding with respect to Noticee has been mentioned below in tabular form:

Table No 2

SCN dated	Delivery of SCN		
	SPAD	**Affixture**	**Publication***
July 14, 2023	Returned with the comment - 'Left'	Failed	Indore Edition 1. Nai Dunia- Hindi Language 2. Time of India- English Language

*An opportunity of hearing has also been afforded to the Noticee on August 22, 2023.

11. I note from the above table that SCN as well as Hearing Notice was duly served, upon the Noticee's last known address as available on records, in terms of Rule 7 of Adjudication Rules 1995. However, considering the fact that the Noticee has neither filed any reply nor has availed the opportunity of personal hearing despite service of notices upon it, I am of the view that Noticee has nothing to submit and in terms of Rule 4(7) of the Adjudication Rules the matter is being proceeded on the basis of material available on record. At this juncture I find it is pertinent to refer the following orders of Securities Appellate Tribunal ("**SAT**"):

11.1. in the matter of **Classic Credit Ltd. vs. SEBI** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, held that,

"...the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".

11.2. In the matter of **Sanjay Kumar Tayal & Others vs SEBI** (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, held that:

".... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."

11.3. In the matter of **Dave Harihar Kirtibhai vs SEBI** (Appeal No. 181 of 214 dated December 19, 2014), wherein it has been stated that:

"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."

11.4. In the matter of **Shri. B. Ramalinga Raju vs. SEBI** (Appeal no. 286 of 2014)

31. At the outset, it is relevant to note that the impugned order is an ex-parte order passed by the WTM as the appellants failed to appear before the WTM even though repeated opportunities of personal hearing were given to them. In such a case, the WTM was duty bound to consider all material facts on record before issuing the impugned direction against the appellants.

12. In view of the aforesaid orders of the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed, based on the material available on record.

D. RELEVANT PROVISION

13. I find it appropriate that before moving forward, it is pertinent to note the relevant provisions of securities law as mentioned above-

13.1. **SEBI Act**

Prohibition *of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.*

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;

13.2. **PFUTP Regulations**

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.

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

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —

(o) encouraging the clients by an intermediary to deal in securities solely with the object of enhancing his brokerage or commission (till February 01, 2019).

Fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income. (After February 01, 2019)

(s) mis-selling of securities or services relating to securities market;

Explanation-For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—

- *i. knowingly making a false or misleading statement, or*
- *ii. knowingly concealing or omitting material facts, or*
- *iii. knowingly concealing the associated risk, or*
- *iv. not taking reasonable care to ensure suitability of the securities or service to the buyer;*

13.3. **IA Regulations**

***Consideration* of application and eligibility criteria**

6**.** For the purpose of the grant of certificate the Board shall take into account all matters which are relevant to the grant of certificate of registration and in particular the following, namely, —

b) whether in case the applicant is an individual, he is appropriately qualified and certified as specified in regulation 7

Qualification and certification requirement

7(2)- An individual registered as an investment adviser and partners and representatives of investment advisers registered under these regulations offering investment advice shall have, at all times, a certification on financial planning or fund or asset or portfolio management or investment advisory services:

(a)from NISM; or

(b)from any other organization or institution including Financial Planning Standards Board India or any recognized stock exchange in India provided that such certification is accredited by NISM.:

Provided that the existing investment advisers seeking registration under these regulations shall ensure that their partners and representatives obtain such certification within two years from the date of commencement of these regulations:

Provided further that fresh certification must be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements

Conditions of certificate:

13. The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:

(a)….

(b)the investment adviser shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted

General responsibility

15.(1) An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.

(9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

Risk profiling

16. Investment adviser shall ensure that, -

a) *it obtains from the client, such information as is necessary for the purpose of giving investment advice, including the following: -*
   i. *age;*
   ii. *investment objectives including time for which they wish to stay invested, the purposes of the investment;*
   iii. *income details*
   iv. *existing investments/ assets;*
   v. *risk appetite/ tolerance;*
   vi. *liability /borrowing details.*

b) *it has a process for assessing the risk a client is willing and able to take, including:*
   i. *assessing a client's capacity for absorbing loss;*
   ii. *identifying whether client is unwilling or unable to accept the risk of loss of capital;*
   iii. *appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.*

Suitability

17. Investment adviser shall ensure that -

a) *All investments on which investment advice is provided is appropriate to the risk profile of the client;*

Redressal of client grievances

21. (1) An investment adviser shall redress client grievances promptly

THIRD SCHEDULE
Code of Conduct for Investment Adviser

1. Honesty and fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2. Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered afterthorough analysis and taking into account available alternatives.

3. ……

4……..

5. Information to its clients-

An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.

6. Fair and reasonable charges

An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board. The investment adviser shall ensure that fees charged to the clients is fair and reasonable.

13.4. **SEBI Circular SEBI/HO/IMS/DF1/CIR/P/2019/169 dated December 27, 2019**

1. *Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (IA Regulations) provides for code of conduct to be followed by IAs. In order to further strengthen the conduct of IAs, while providing investment advice and to protect theinterest of investors seeking their advice, the IAs shall comply with the following:*

(i)…
(ii)….
(iii)…
(iv) Display of complaints status on website

In order to bring more transparency and enable the investors to take informed decision regarding availing of advisory services, IAs shall display the following information on the homepage (without scrolling) of their website/mobile app. The information should be displayed properly using font size of 12 or above and made available on monthly basis (within 7 days of end of the previous month):

Number of complaints				
At the beginning of the month	*Received during the month*	*Resolved during the month*	*Pending at the end of the month*	*Reason for pendency*

2. *The measures as referred above shall come into effect from January 01, 2020.*
3. *…..*

13.5. **SEBI Circular CIR/OIAE/2014 dated December 18, 2014**

1. *…..*
2. *…..*

……………………………………………………………

3. *….*
4. *All listed companies and SEBI registered intermediaries shall review their investors grievances redressal mechanism so as to further strengthen it and correct the existing shortcomings, if any. The listed companies and SEBI registered intermediaries to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. The listed companies and SEBI registered intermediaries shall keep the complainant duly informed of the action taken thereon.*

5. *The listed companies and SEBI registered intermediaries shall update the ATR along with supporting documents, if any, electronically in SCORES. ATR in physical form need not be sent to SEBI. The proof of dispatch of the reply of the listed company / SEBI registered intermediary to the concerned investor should also be uploaded in SCORES and preserved by the listed company / SEBI registered intermediary, for future reference.*

6. *Action taken by the listed companies and SEBI registered intermediaries will not be considered as complete if the relevant details/ supporting documents are not uploaded in SCORES and consequently, the complaints will be treated as pending.*
7. *A complaint shall be treated as resolved/disposed/closed only when SEBI disposes/closes the complaint in SCORES. Hence, mere filing of ATR by a listed company or SEBI registered intermediary with respect to a complaint will not mean that the complaint is not pending against them.*

8. *Failure by listed companies and SEBI registered intermediaries to file ATR under SCORES within thirty days of date of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance.*

CONSIDERATION AND FINDINGS

14. I now proceed to deal with the aforementioned allegations levelled against Noticee in the SCN and material available on record. By considering this aforesaid, I note that the issues that arise for consideration in the present case are:

Issue No I Whether Noticee has violated the provisions mentioned under table no 1?

Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A(a), 15C, 15EB and 15HA of the SEBI Act?

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with rule 5(2) of the SEBI Adjudication?

Issue No I. Whether Noticee has violated the provisions mentioned under table no 1?

15. **Non-Compliance with SEBI Order dated December 27, 2019**

Allegations

15.1. SEBI vide its letter IMD-DOF1/IA/NM/OW/P/4969/1/2019 dated December 30, 2019, forwarded a copy of order dated December 27, 2019 passed by Whole Time Member to the registered office address through SPAD. The said letter came back undelivered. Vide email dated August 14, 2020, a copy of the order was also sent to the registered email id-dpkmishra1112@gmail.com. Money Classic was, *inter-alia*, advised to furnish information regarding bank account statements of the proprietor, year-wise fees collected since the date of registration, client master data, copy of audited financial statements for last three years, sample copy of agreement entered into with the clients, etc.

15.2. It is also observed that SEBI, vide its aforementioned order dated December 27, 2019 had, *inter-alia,* directed Money Classic and its proprietor 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*". However, no information to this effect has been received from Money Classic and its Proprietor.

15.3. Further, vide letter dated SEBI/ARO/WRO/ILO/SL/OW/P/5840/12020 dated August 14, 2020, Money Classic was also advised to furnish the above stated information. The aforesaid letter also came back undelivered. Thereafter, a newspaper publication (public notice) dated September 7, 2020 was issued in the Times of India and Dainik Bhaskar informing about the Order dated December 27, 2019. SEBI has not received any reply from Money Classic and its Proprietor till date.

15.4. In view of above, Noticee has not provided the information as mandated by the vide SEBI interim order dated December 27, 2019

Findings

15.5. I note from the documents available on record that an interim ex-parte order dated December 27, 2019, was passed against Noticee and its proprietor Mr. Deepak Mishra under sections 11, 11B and 11D read with Section 19 of the SEBI Act and Regulation 35, Chapter VI of SEBI (Intermediaries) Regulations, 2008 with the following directions:

The Noticee /its proprietor Mr. Deepak Mishra is directed 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.

15.6. I note from the records available before me that the said Interim Order dated December 27, 2019 was sent to the registered office of the Noticee had come back undelivered. A copy of the Interim Order was also sent to the Noticee on its registered email id. Thereafter, a public notice dated September 7, 2020 was issued in The Times of India and Dainik Bhaskar informing about the Interim Order which was published on September 28, 2020. Thus, said interim order dated December 27, 2019 was duly delivered to the Noticee, however, no information has been received in the present matter.

15.7. Thus, in view of above I find that Noticee has not furnished information as asked by the Board by said interim order dated December 27, 2019 under Sections 11,11B and 11D of SEBI Act and thus, I find that allegation of not furnishing the information to Board stands established.

16. **Non-redress of SCORES complaints**

Allegations

16.1. SEBI had received number of complaints in SCORES against Money Classic. Till September 28, 2019, a total of 255 complaints had been received against Money Classic in SCORES portal, out of which 31 were pending against Money Classic. The number of pending complaints as on April 30, 2021 against Money Classic are as under:

Year	**Pending Investors Complaints as on April 13, 2021**
2018	19
2019	16
2020	2
Total	37

16.2. Post September 30, 2019, SEBI had received 11 more complaints. Out of these 11 complaints, 3 complaints were closed as these were duplicate complaints. For the purpose of this examination, emails dated March 4, 2021 were sent to all 8 complainants from whom complaints were received seeking the following details:

a. Risk Profile Assessment forms received from the IA;
b. Suitability Assessment received from the IA;
c. Invoices received from the IA;
d. Any email correspondences with the IA;
e. WhatsApp Chats with IA, if any;
f. Call recordings, if any;
g. Whether broking and demat account, login ID and password were shared with IA along with supporting evidences;

h. Any assurance of profits or guaranteed returns provided by the IA along with supporting evidences;

i. Summary of payments made to the IA, along with the proof of payments made;

j. Any other evidence in support of the allegations made against the IA.

16.3. The details regarding emails sent to complainants, the responses received from complainants are given below:

S. N.	Name of the Complainant	SCORES Registration No.	Date of the Receipt of Complaint	Date of email seeking information from the complainant	Date of information received from the Complainant
1	Manmohan Sharma	SEBIE/MP20/0000732/1	16/03/2020	04/03/2021	04/03/2021, 12/03/2021
2	Rangbadi	SEBIE/MP20/0000509/1	20/02/2020	04/03/2021	Not received
3	Chaitanya Shirore	SEBIE/MP19/0003057/1	21/11/2019	04/03/2021	06/03/2021, 08/03/2021, 13/03/2021
4	Rishi Katwal	SEBIE/MP19/0002682/1	18/10/2019	04/03/2021	Not received
5	Sandeep Kumar Tiwari	SEBIE/MP19/0002494/1	26/09/2019	04/03/2021	Not received
6	Anil Kumar Intodia	SEBIE/MP19/0002462/1	22/10/2019	04/03/2021	Not received
7	Rohit Sinha	SEBIE/MP19/0002427/1	16/10/2019	04/03/2021	04/03/2021
8	Mohammad Haroon	SEBIE/MP19/0002296/1	27/09/2019	04/03/2021	Not received

16.4. For the purpose of this examination, all the responses that were received from the complainants were examined. From the responses received from the complainants, the following observations are made:

a. Only one complainant could provide risk profile form;

b. None of the complainants could provide any suitability assessments received from Money Classic;

c. Only one complainant- Shri. Manmohan Sharma has provided call recordings of the conversation between him and the representatives of Money Classic wherein the representative of Money Classic was assuring high returns to Shri. Sharma.

16.5. From the details provided by Shri. Rohit Sinha, it is observed that he paid Rs. 5,500/- to Money Classic on May 8, 2019. It has also been alleged by Shri Rohit Sinha, Money Classic caused an amount of Rs. 56,500/- loss to him. Shri Rohit Sinha has provided the payment receipt and whats app chat between him and the employee of Money Classic as evidence. Complainant, Shri. Manmohan Sharma, has provided call recording between him and the representative of Money Classic.

16.6. Complainant, Shri. Chaitanya Shirore has provided whatsapp chat between him and representative of Money Classic. Further, Shri Shirore has provided copies of receipts regarding the payment made by him to Money Classic. From such receipts, it is observed that Shri. Shirore has paid Rs. 91,250/- to Money Classic, the details of which are given below:

Sl. No.	**Date**	**Amount Paid (Rs.)**
1.	June 25, 2019	5,000
2.	June 26, 2019	18,000
3.	June 26, 2019	9,900
4.	June 27, 2019	30,000
5.	June 27, 2019	1,000
6.	June 27, 2019	20,000
7.	June 29, 2019	7,250
Total		**91,250**

16.7. As on April 30, 2021, it is noted that 37 unique complaints were pending against Money Classic at SCORES portal for more than 30 days. Money Classic has not complied with the timeline to resolve the complaints as prescribed under SEBI Circular No. CIR/OIAE/2014 dated December 18, 2014. Details of the pending complaints are tabulated as under:

S.N.	**SCORES Complaint No.**	**Name of the Complainant**	**Date of Receipt of Complaint**	**Date of forwarding the complaint to Money Classic**	**Date of Receipt of ATR**	**Time taken in excess of 30 days to file ATR as on April 30, 2021**
1	Manmohan Sharma	SEBIE/MP20/0000732/1	16/03/2020	02/04/2020	Not filed	363
2	Rangbadi	SEBIE/MP20/0000509/1	20/02/2020	16/12/2020	Not filed	105
3	Chaitanya Shirore	SEBIE/MP19/0003057/1	21/11/2019	04/12/2020	Not filed	117
4	Rishi Katwal	SEBIE/MP19/0002682/1	18/10/2019	04/12/2020	Not filed	117
5	Sandeep Kumar Tiwari	SEBIE/MP19/0002494/1	26/09/2019	02/04/2020	Not filed	363
6	Anil Kumar Intodia	SEBIE/MP19/0002462/1	22/10/2019	04/12/2020	Not filed	117
7	Rohit Sinha	SEBIE/MP19/0002427/1	16/10/2019	22/10/2019	Not filed	526
8	Mohammad Haroon	SEBIE/MP19/0002296/1	27/09/2019	27/09/2019	Not filed	551
9	Shushil Kumar	SEBIE/MP19/0002120/1	02/09/2019	05/09/2019	Not filed	573
10	Suresh Toppo	SEBIP/MP19/0000326/1	31/07/2019	03/08/2019	Not filed	606
11	Ashish Kumar Mishra	SEBIE/MP19/0001822/1	24/06/2019	27/07/2019	Not filed	613
12	Avtar Singh	SEBIE/MP19/0001453/1	14/06/2019	17/06/2019	Not filed	653
13	Patel Kanu Bhai Bhagwandas	SEBIP/MP19/0000250/1	30/05/2019	10/06/2019	25/06/2019	660
14	Prasad Somnath Durgude /Self	SEBIE/MP19/0001200/1	15/04/2019	20/05/2019	26/06/2019	681

S.N.	SCORES Complaint No.	Name of the Complainant	Date of Receipt of Complaint	Date of forwarding the complaint to Money Classic	Date of Receipt of ATR	Time taken in excess of 30 days to file ATR as on April 30, 2021
15	Dhaval Dayarambhai Khodiyar	SEBIP/MP19/0000144/1	12/03/2019	15/03/2019	Not Filed	747
16	Virender Khatri	SEBIE/MP19/0000606/1	11/03/2019	12/03/2019	13/03/2019	750
17	Pradeep Kochar	SEBIP/MP19/0000093/1	12/02/2019	14-Feb-19	19/02/2019	776
18	Manoj Kumar Sati	SEBIP/MP19/0000081/1	06/02/2019	08-Feb-19	Not filed	782
19	Suresh E.	SEBIE/MP19/0000120/1	14/12/2018	16/01/2019	17/01/2019	805
20	Tarun Kumar	SEBIE/MP19/0000076/1	09/12/2018	14/01/2019	27/02/2019	807
21	Vihar V. Wankhade	SEBIE/MP18/0004751/1	11/12/2018	12/12/2018	Not filed	840
22	Alpesh Patel	SEBIE/MP18/0004728/1	05/11/2018	06/12/2018	19/02/2019	846
23	Om Prakash Pandey	SEBIE/MP18/0004609/1	20/11/2018	20/11/2018	Not filed	862
24	Vipin Panwar	SEBIP/MP18/0000499/1	14/11/2018	20/11/2018	29/11/2018	862
25	R Subrahmanyam	SEBIE/MP18/0004488/1	01/11/2018	13/11/2018	19/11/2018	869
26	Mitesh Srivastava	SEBIE/MP18/0004405/1	18/10/2018	23/10/2018	25/10/2018	890
27	Ritesh Bhatia	SEBIE/MP18/0004312/1	30/09/2018	04/10/2018	05/10/2018	909
28	Haribhau Mahamuni	SEBIE/MP18/0004243/1	20/08/2018	21/09/2018	24/09/2018	922
29	Hariram suthar	SEBIE/MP18/0004104/1	18/08/2018	18/10/2018	25/10/2018	895
30	Anand Parkash Garg	SEBIP/MP18/0000341/1	10/08/2018	04/09/2018	13/09/2018	939
31	Deepika sharma	SEBIE/MP18/0004051/1	06/08/2018	10/09/2018	13/09/2018	933
32	Muneendra Meesala /Self	SEBIE/MP18/0003631/1	28/07/2018	10/09/2018	25/09/2018	933
33	Jay Dayanand Shelar /Self	SEBIE/MP18/0002173/1	17/07/2018	30/10/2018	19/02/2019	883
34	Laxman Shegunasi	SEBIE/MP18/0002118/1	12/07/2018	01/11/2018	17/11/2018	881
35	Anil Kumar /Self	SEBIE/MP18/0001975/1	27/06/2018	09/07/2018	25/09/2018	996
36	Laxman Singh Sekhawat /Self	SEBIE/MP18/0001566/1	02/05/2018	05/06/2018	06/06/2018	1030
37	Sunit N Buchanalli	SEBIE/MP18/0001427/1	16/04/2018	26/06/2018	30/07/2018	1009

16.8. From the above, it is observed that there are 37 complaints received against Money Classic which are pending for resolution. Out of 37 complaints, in case of 16 complaints, Money Classic has not filed any ATR. It is observed that in case of other 21 complaints, Money Classic has filed ATR with substantial delays *i.e.* 30 days to 1030 days.

16.9. In view of above, it has been alleged that Money Classic has not submitted the ATR in a time bound manner as prescribed by SEBI and has also not resolved investor grievances, thus, it has been alleged that Money Classic and its Proprietor Deepak Mishra have not complied with SEBI Circular no. CIR/OIAE/2014 dated December 18, 2014 read with Regulation 21 of IA Regulation.

Findings

16.10. I note from the documents placed on record, that till September 28, 2019, there were 31 complaints pending against Noticee out of total 255 complaints received in the SCORES Portal. I also note that as on April 30, 2021, 37 unique complaints were pending against Noticee for more than 30 days. Further, I note that in 16 complaints Noticee has not filed ATR and in case of 21 complaints, Noticee has filed ATR with a delay of 30 days to 1030 days. The aforesaid non-complaince has not been denied by the Noticee.

16.11. In view of above, I find that Noticee being IA has not submitted the ATR in a time bound manner as prescribed by SEBI and has also not resolved investors' grievance, and thus, Noticee has not complied with SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 and thus, liable for violation of regulation 21(1) of the IA Regulations.

17. **Failed to meet 'fit and proper' criteria**

Allegation

17.1. Inspection of Money Classic was scheduled during the period September 24, 2019 to November 15, 2019. In this regard, as per the procedure, pre-inspection questionnaires were sent to Money Classic on the registered address available on record *i.e*. "*203, Modi Mansion, EB250, Scheme No.94, Ring Road, Indore 452010*". Further, the Money Classic had applied for change in registered office address in SI Portal on January 3, 2019 to "*13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010,*" but did not submit the physical documents to ILO. The pre-inspection questionnaire was also sent to the IA on the address "*13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010*". The said letters came back undelivered with the remark "*Item Returned Addressee Left Without Instructions*".

17.2. Thereafter, site visits were also conducted at both the addresses i.e. 203, Modi Mansion, EB250, Scheme No.94, Ring Road, Indore 452010 and 13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010 during different times but both the premises were closed. Thus, it is observed that due to non-traceability of the IA, SEBI is not able to ensure compliance of provisions of IA Regulations.

17.3. Regulation 6 (f) of the IA Regulations is reproduced below for reference:

Consideration of application and eligibility criteria.

6. For the purpose of grant of certificate the Board shall take into account all matters which are relevant to the grant of certification of registration and in particular the following, namely, -

....
…...
……

(f) whether the applicant, its representatives and partners, if any, are fit and proper persons based on the criteria as specified in schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

17.4. From the above, it is observed being 'fit and proper' is *sine qua non* to the grant of certificate of registration to the Investment Adviser. Regulation 13 of the IA Regulations deals with 'Conditions of certificate'. Regulation 13(a) of IA Regulations is reproduced below for reference:

The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions: -

(a) the investment adviser shall abide by the provisions of the Act and these regulations;

17.5. Schedule II of the SEBI (Intermediaries) Regulations, 2008 deals with criteria for determining a 'Fit and Proper' person. The same is reproduced below for reference:

Further, for the purpose of determining as to whether an applicant or the intermediary is a 'fit and proper person' the Board may take account of any consideration as it deems fit, <u>including but not limited to</u> the following criteria in relation to the applicant or the intermediary, the principal officer, the director, the promoter and the key management persons by whatever name called –

(a) integrity, reputation and character;

(b) absence of convictions and restraint orders;

(c) competence including financial solvency and net-worth; and

(d) absence of categorization as a wilful defaulter.

17.6. From the above, it is observed that the definition of 'fit and proper' is an inclusive definition, and may include other criteria which would determine the 'fit and proper' status of the Intermediary.

17.7. From the criteria for determining a 'Fit and Proper' person, it is clear that a registered intermediary cannot be termed as 'fit and proper' when it is not fulfilling one of the primary duties of a registered intermediary *i.e.* resolving complaints of its clients. Further, due to non-traceability of the IA, SEBI is not able to ensure compliance of provisions of IA Regulations by the IA.

17.8. In view of aforesaid facts and circumstances, it is alleged that Money Classic and its Proprietor Mr. Deepak Mishra has violated the 'fit and proper' criteria and thereby it has been alleged that Noticee violated Schedule II of SEBI (Intermediaries) Regulations, 2008 read with regulations 6(f) and 13(a) of IA Regulations read with Regulations 28(b) and (d) of IA Regulations.

<u>Findings</u>

17.9. I note that as per Regulation 6(f) of IA Regulations, 'fit and proper' is sine qua non to the grant of certificate of registration to the Investment Adviser. The aforesaid regulation states that "*whether the applicant, its representatives and partners, if any, are fit and proper persons based on the criteria as specified in Schedule II of the Securities and Exchange*

Board of India (Intermediaries) Regulations, 2008. Further, Regulation 13(a) of the IA Regulations deals with ‘Conditions of certificate’ which states that the *investment adviser shall abide by the provisions of the Act and these regulations.*

17.10. In the present case I note from the documents available on record that Inspection of Noticee was scheduled during the period September 24, 2019 to November 15, 2019. Accordingly, pre-inspection questionnaires were sent to Money Classic on the registered address available on record. I also note Noticee had applied for change in registered office address in SI Portal on January 3, 2019 to “*13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010*,” but did not submit the physical documents to SEBI. The pre-inspection questionnaire was also sent to Noticee on the address “*13-ESI, Scheme No. 94, Satya Sai, Ring Road, Indore-452010*”. The said letters came back undelivered with the remark “*Item Returned Addressee Left Without Instructions*”. Further, SEBI had also carried out site visit of the both the address of Noticee, however both the premises were closed.

17.11. I note that Regulation 25 of the IA Regulations deals with obligations of IA during inspection. The Pre-inspection questionnaire which was sent to the registered address of the Noticee came back undelivered. On account of the above, SEBI is not able conduct inspection of the Noticee. Further, as already mentioned earlier in the order, Noticee failed to resolve the investor grievances as per SEBI Circular dated December 18, 2014 read with Regulation 21 of IA Regulations.

17.12. In view of the above, I note that the definition of ‘fit and proper’ is an inclusive definition, and may include other criteria which would determine the ‘fit and proper’ status of the Intermediary. From the criteria for determining a ‘Fit and Proper’ person, it is clear that a registered intermediary cannot be termed as ‘fit and proper’ when it is not fulfilling one of the primary duties of a registered intermediary *i.e.* resolving complaints of its clients, Obligation of investment adviser on inspection.

Thus, I find that Noticee has violated the 'fit and proper' criteria as provided in the regulations 6(f) and 13(a) of IA Regulations.

18. **Promising assured profit / unrealistic return to its clients**

Allegation

18.1. Money Classic has been promising high, assured /unrealistic returns for the investments made by the clients and in the process luring them to make larger investments. The high returns are promised to the clients based on the advice/ tips/ calls given by the IA. In this regard, reliance has been placed on the Complaint of Mr. Manmohan Sharma (SEBIE/MP20/0000732/1) which was received in SCORES wherein complainant has submitted the call recording of the conversations between one of the employee of Money Classic and him. Copy of email dated March 12, 2021 sent by the complainant. The transcript of the relevant portion of the call recording is placed below for reference:

Duration of the talk	**Name of the person**	**Transcript**
9:02 TO 9:57	Complainant	50,000 se pehle pehle to profit he aaraha tha jab call di thi aapne
	Employee (Vermaji)	nahi loss bhi hua hai sir koi aisa nahi hai loss
	Complainant	n. a.
	Employee (Vermaji)	bhi hua hai lekin vo aapko kam pe loss hua hai vo to main aapko directly call kar ke de deta tha thik hai isliye aapko properly target nahi jaate the aapko kisi din aisa hota hai ki loss bhi hota hai buy sell main hota hai kabhi kabhi aisa aur ek chez batata hu main aapko abhi kya hai meri baat suno abhi 4 baje hue hai 4:30 baje tak ho jayeha aur ek chez main batao aapko hum ko sir ke saath hi kaam karna hai thik hai aap jis din bol doge investment <u>aapka rahega profit aapka rahega aapko batana rahega jisse investment aapka rahega kaam hum kar va denge aap to koi bhi share pe kaam karo 1,000 share pe karoge to 10,000 ka profit rahega 10,000 share pe karoge to 1, 00,000 sorry 10, 00,000 ka profit rahega. thik hai. aur ek chiz main bata du aapko</u>
	Complainant	laakho ki baat karne ka kisi ne bola aapko laakho main meri capacity hai he ni paise nahi hai laakho ki baat kar rehe ho aap batao. meri insult kar rahe ho mazaak uda rehe ho aap batao.
1:06 TO 1:46	Complainant	itna loss ho gaya aapne ko uska kya
	Employee (Vermaji)	sab nikal jayega sab nikal jayega bas thoda patience rakna padega sir aapko patience to rakhi rahe hai sir aacha aap bataiye aaj kitna ho gaya sir
	Complainant	ha

	Employee (Vermaji)	aaj 16 tarik hai aur ek cheez main bata du aapko maine jo bataya aaj ka commiment 50,000 pay karo aaj ki date main 50,000 se 1, 00,000 tak ka profit dunga main option main thik hai broker se aap bat karlo option main agar 4 se 5 lakh ka margin ye mat batao ke 1 ya 2 lot hai margin batao option main agar 4 se 5 lakh ka margin de deta hai to uske according profit kitna nikal sakta hu bata dunga main thik hai.

18.2. Further, from the website pages of Money Classic, the following disclosures regarding assured returns are observed

a) Classic HNI (MCR-S-C-43)

This is specially designed for traders to earn high return on their investment in commodity market, as we specifically give calls with big targets.

b) Penny Stock Service

Penny stocks are on fewer prices and have potential to go up to give at least 20 – 30 % return. We ensure that every stock recommended by us will give you 20 – 30 % return.

18.3. In view of above, it is observed that Noticee induced clients by promising them assured unrealistic profits. Thus, it is alleged that Money Classic has shown complete disregard to the responsibility to act in fiduciary capacity to its client as entrusted on him under IA Regulations, thereby, violating regulation 15(1) and clauses 1, 2 and 8 as specified under third Schedule of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations. Further, it has also been alleged that such representation is fraudulent and is covered within the definition of "fraud" defined under regulation 2(1)(c) of PFUTP Regulations, thereby, Money Classic and its proprietor namely Deepak Mishra has violated the provisions of Regulation 3 (a), (b), (c) and (d), 4(1) and 4(2)(k), (s) read with Regulations 2(1)(c) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

Findings

18.4. I note from the call recording held between Mr. Manmohan Sharma and employee of Noticee as well as from the archive of website of the Noticee that Noticee was promising assured profit in securities market. (refer para

18.1 and 18.2 of this order). In my view aforesaid facts and circumstances, I note that such act of misleading promises of assured return has component to influence the decision of investors dealing in securities and same was also reflected in the understanding of the clients of the Noticee, who have filed against the Noticee. I note that Noticee being an investment adviser very well knew the fact that the investments in securities market are subject to market risk and any returns in the securities market cannot be assured with conviction.

18.5. In view of above, I find that, the Noticee, by indulging in such act of providing improper, non-genuine and non-suitable advice to its clients, has failed in its responsibility to act in fiduciary capacity towards its clients, which is entrusted upon it under Regulation 15(1) of the IA Regulations. Further, by acting in unfairly and dishonestly manner and keeping interest of its clients on stake, the Noticee has failed to abide by the Clauses 1, 2 and 8 of the Code of Conduct as provided in Schedule III read with regulation 15(9) of the IA Regulations and Regulation 15(1) of the IA Regulations.

18.6. I note that Regulation 3(a) of the PFUTP Regulations prohibits any person from buying, selling or otherwise dealing in securities in a fraudulent manner and Regulation 3(d) of the PFUTP Regulations prohibits a person from engaging in any course of business which operates as fraud or deceit upon any person in connection with any dealing in securities. As noted above, the Noticee assured profit/returns to its clients.

18.7. I note that IA being a SEBI registered intermediary cannot make a false statement without having reasonable grounds for believing it to be true as mandated in PFUTP Regulations. An IA cannot sell products guaranteeing assured returns to investors as was being done by Noticee in the present case. Knowing fully well that all investments in stocks, derivatives, etc. in respect of which Noticee was offering investment advice are subject to market risk, it was falsely promising unrealistic assured returns on investments and had communicated the same to clients through her website and other means.

18.8. In view of above facts and circumstances, such assurance of high and unrealistic returns comes under the ambit of fraudulent conduct and squarely covered under the definition of “fraud” as defined in regulation 2(1)(c) of PFUTP Regulations, 2003. Thus, I find that by promising unrealistic returns to clients, Noticee has deceived its clients and thereby, Noticee has violated regulations 3(a), (b), (c), (d), 4(1), 4(2)(k) and 4(2)(s) of the PFUTP Regulations read with section 12A(a), (b) and(c) of SEBI Act.

19. **Execution Service Provided.**

Allegations

19.1. From the WhatsApp chat between the representative of Money Classic and the Complainant Mr. Rohit Sinha, it is observed that Money Classic provided executed trades on behalf of Mr. Rohit Sinha. For this purpose, the relevant extracts of the WhatsApp chats are placed below for reference:

[5/9/19, 9:13:28 AM] Rohit Sinha: I will do it once I m free give me 10 min
[5/9/19, 9:15:06 AM] Jaya MCR: ok
[5/9/19, 9:16:43 AM] Jaya MCR: aap ki company ka name kya he
[5/9/19, 9:16:56 AM] Rohit Sinha: Parsons
[5/9/19, 9:17:25 AM] Jaya MCR: New York Stock Exchange (NYSE)
[5/9/19, 9:17:30 AM] Rohit Sinha: Yes
[5/9/19, 9:19:19 AM] Rohit Sinha: May@2019
[5/9/19, 9:19:26 AM] Rohit Sinha: Done
[5/9/19, 9:19:36 AM] Jaya MCR: today 11% increase your company shares
[5/9/19, 9:19:44 AM] Rohit Sinha: So u r saying there were other trades made on the account yesterday
[5/9/19, 9:19:46 AM] Rohit Sinha: 30 rs script
[5/9/19, 9:19:49 AM] Rohit Sinha: Yes
[5/9/19, 9:20:05 AM] Rohit Sinha: We r celebrating
[5/9/19, 9:20:20 AM] Jaya MCR: yes, sir
[5/9/19, 9:20:34 AM] Rohit Sinha: Password changed now try
[5/9/19, 9:20:39 AM] Jaya MCR: I am doing only 500 shares

19.2. It is observed that, the IA was executing trades on behalf of the clients and the same is outside the scope of activities of IA. Furthermore, the information which the IA can seek from its clients has to be relevant for the purposes of the services to be provided to them. Thus, it is alleged that the said actions of Money Classic are in violation of Regulation 15(1) and Clause 4 of Code of Conduct as specified under Third Schedule read with Regulation 15(9) of IA Regulations, and thereby, liable under 15EB of SEBI Act.

Findings

19.3. Regulation 15(1) states that an investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of int interests as and when they arise. Further, IA is required to render investment advice to its clients and not manage funds or securities on behalf of the clients under the IA Regulations. I note from the data available on record *i.e.* WhatsApp Chat History Noticee has traded on behalf of their client, and thus, in absence of any contrary fact, I note that, Noticee is liable for the violation of Regulation 15(1) of IA Regulations. However, I find that clause 4 of Conduct read with Regulation 15(9) of IA Regulations, will not be applicable in the present matter as the said clause deal with the information to be obtained from clients. The relevant Clause is reproduced as under:

"Information about clients
An investment adviser shall seek from its clients, information about their financial situation, investment experience and investment objectives relevant to the services to be provided and maintain confidentiality of such information."

19.4. In view of the above, I find that allegation levelled against Noticee stands established w.r.t. violation of Regulation 15(1) of IA Regulations.

Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A(a), 15C, 15EB and 15HA of the SEBI Act?

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with rule 5(2) of the SEBI Adjudication?

20. I find it appropriate to deal with the aforesaid issues together. I note that in view of the foregoing paragraphs, and considering the Supreme Court order in the matter of **SEBI vs. ShriRam Mutual Fund** [2006] 68 SCL 216(SC), which held that- "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant..*.", I am convinced that the Noticee is liable for monetary penalty under Sections 15A(a),15HA,15C and 15EB of SEBI Act for violation of the aforementioned provisions as established in foregoing paragraphs.

21. Further, I note that while determining the quantum of penalty under sections 15A(b) SEBI Act, I have considered factors listed in section 15J of SEBI Act read with Rule 5(2) of the SEBI Adjudication Rules which provides that factors while adjudging quantum of penalty. Further, Supreme Court in its judgment **SEBI vs Bhavesh Pabari** (2019) 18 SCC 246 held that "*We, therefore, hold and take the view that conditions stipulated in clauses (a), (b) and (c) of Section 15-J are not exhaustive and in the given facts of a case, there can be circumstances beyond those enumerated by clauses (a), (b) and (c) of Section 15-J which can be taken note of by the Adjudicating Officer while determining the quantum of penalty*." Therefore, in the light of Bhavesh Pabri (Supra) judgment, I note that Noticee being an intermediary expected to follow the highest standard of code of conduct and work in the professionally in the interest of investor as per the IA regulations. In the present case, Noticee has failed to resolve the grievances of the investor in timely manner, and promised assured return to its clients and thereby, intentionally manipulated the fiduciary relations with its clients. Further, Noticee has not submitted any information to the Board as asked by the Board vide interim order dated December 27, 2019. I also note that it has failed to file any representation before me in the present adjudication proceedings. Further, I note from the record

that Money Classic has failed to provide details regarding year-wise fees collected from the date of registration, and thus, in absence of any response from the Noticee the deposit of Rs. 87,02,422/- (Eighty-Seven Lakh Two Thousand Four Hundred Twenty-Two Rupees Only) as fees collected by Noticee in its Axis Bank Account from April 1, 2019 to August 01, 2019 also be take into consideration as a fees charged to investors.

E. Order

22. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules, I hereby impose the following penalty on Noticee:

S.N.	**Alleged Violation**	**Penalty under**	**Penalty Amount**
1	Non-Compliance with SEBI Order dated December 27, 2019	Section 15A(a) of SEBI Act.	2000000/- (Twenty Lakh Rupees Only)
2	Non-redress of SCORES complaints and thereby violated	Section 15C of SEBI Act	3000000/- (Thirty Lakh Rupees Only)
3	Failed to meet 'fit and proper' criteria		
4	Promising assured profit / unrealistic return to its clients	Section 15HA of SEBI Act	3000000/- (Thirty Lakh Rupees Only)
5	Execution Service Provided	Section 15EB of SEBI Act	2000000/- (Twenty Lakh Rupees Only)
	Total		**10000000/- (One Crore Rupees Only)**

23. I find that aforementioned penalty is commensurate with the violation committed by the Noticee as mentioned in the above paras to meet the ends of justice in the present matter.

24. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the SEBI website www.sebi.gov.in on the following path by clicking on the payment link. **ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW**

25. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

26. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Date: September 16, 2023	**Vijayant Kumar Verma**
Place: Mumbai	**Adjudicating Officer**