**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**(ADJUDICATION ORDER NO: Order/SV/RM/2023-24/29906)**

**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 AND IMPOSING PENALTIES) RULES, 1995**

In respect of:

| Noticee | Name of the Noticee | PAN |
|---|---|---|
| 1. | Abhishek (Investment Adviser) | BCNPA1830J |

**In the matter of inspection of Abhishek (Investment Adviser)**

## BACKGROUND OF THE CASE

1. Securities and Exchange Board of India ('hereinafter referred to as 'SEBI') conducted inspection in respect of Abhishek (Investment Adviser) (hereinafter referred to as the 'Noticee' or 'IA-Abhishek'). Based on the findings of inspection, SEBI has initiated adjudication proceedings against the Noticee for violating the provisions of the following Act, Rules, Regulations and Circulars:
    a. Regulation 18(1), 18(6) & 18(7) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred as IA Regulations).
    b. Regulation 3(d) read with Regulation 4(2)(k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred as PFUTP Regulations, 2003).
    c. Regulation 13(a), 13(d) & 15(9) read with Clause 1, 2, 5 & 8 of Third Schedule (Code of Conduct) of IA Regulations.
    d. Regulation 15(9) read with Clause 1, 2, 5 & 8 Third Schedule (Code of Conduct) of IA Regulations.
    e. Regulation 3(d) read with Regulation 4(2)(o) of PFUTP Regulations.
    f. Regulation 19(1)(f), 19(1)(g) & 19(2) of IA Regulations.

g. Clause 1(iv) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.
h. Clause 2.11.1 & Clause 2.11.2 of SEBI Circular SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019.
i. Clause 2 of SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014

**APPOINTMENT OF ADJUDICATING OFFICER**

2. SEBI appointed the undersigned as the Adjudicating Officer, vide order dated July 25, 2023, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act, 1992'**), and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'SEBI Adjudication Rules, 1995'**) read with Section 19 of the SEBI Act, 1992, to inquire into and adjudge under the provisions of the Section 15EB and 15HA of the SEBI Act, 1992 for the violations alleged to have been committed by the Noticee.

**SHOW CAUSE NOTICE, REPLY AND HEARING**

3. A Show Cause Notice ref. SEBI/HO/EAD-8/SKV/RM/41184/2023 dated October 05, 2023 (hereinafter referred to as "**SCN"**) was issued to the Noticee in terms of the provisions of Rule 4 of the SEBI Adjudication Rules vide speed post acknowledgement due and email dated October 05, 2023. I note that SCN was successfully delivered through speed post and email.

4. The allegations levelled against the Noticees in the SCN are summarized as follows:

5. Noticee is registered with SEBI as an Investment Adviser (Registration No.: INA000008452). An inspection of the Noticee with respect to its Investment Advisory activities was conducted by SEBI from January 02, 2023 to January 04, 2023, for the period of April 1, 2021 to November 30, 2022 (hereinafter referred to as 'inspection period'). The findings / observations made during the course of inspection were recorded as Inspection Report, and the inspection findings / observations were communicated to the Noticee vide SEBI letter dated January

17, 2023. Noticee had submitted its reply to the aforesaid findings / observations of the inspection vide its letter dated January 24, 2023.

6. SEBI did not find the comments / explanations of the Noticee satisfactory on 6 inspection findings / observations, which are stated in the following paragraphs.

**A. Disclosures to Clients:**

7. Findings of Inspection: It was observed during inspection that while making an investment advice, Noticee is not making disclosure to the clients about its material information about itself like the correspondence with the board in the recent past during the period of inspection pertaining to the misleading advertisement in the media article "SEBI Investment Advisor can help you grow your wealth" in his correspondence with the prospective clients, Although, he has disclosed the same on the website under the Home page.

8. Further from the examination of the copies of the advices sent (telegram logs) it was observed that Noticee has not given adequate disclosure to the client of all material facts relating to the key features of the products or securities, particularly, performance track record.

9. Reply of Noticee: With regard to above observations, Noticee *inter alia* submitted that the alleged misleading article was removed as soon as Noticee received communication from SEBI, clarifications regarding same was given on its website https://mwglobal.in/clarification-on-mediaarticle-sebi-registered-investment-advisor-can-help-you-grow-your-wealth/, details of features of various products and other details are provided on its website and prior to subscription clients were told to check details of same.

10. Observations and Allegations: In view of the above, it was observed that with regards to disclosing material information to the prospective clients, the Noticee sponsored a news article – "SEBI registered investment advisor can help you grow

your wealth” – with misleading headline and SEBI logo in the articles. The Noticee gave clarification only on https://mwglobal.in/ and did not submit any evidence of clarification published on another website of IA https://www.multiplierwealth.com/. Noticee did not give any warning, disclaimer in the advertising material. Further, w.r.t disclosing all material facts relating to the key features of the products and performance track record, the Noticee did not submit any supporting evidence to substantiate his claim.

11. In view of the above, it was alleged that the Noticee violated Regulation 18(1), 18(6) & 18(7) of IA Regulations; and Regulation 3(d) read with 4(2)(k) of PFUTP Regulations.

**B. Conditions of certificate:**

12. Findings of Inspection: Investment Adviser, being an individual, shall include the word ‘investment adviser’ in its name. It was observed from the sample details (screenshot of emails for some clients) that Noticee included word Investment Advisor in its name in the correspondences with the clients. However, for few samples Noticee provided the pdf details of correspondence copied from the mail which was not admissible as a supporting proof for the correspondences. Thus it was observed that Noticee did not provide the required details. As it was also observed during the inspection that Noticee has also exhibited the wrong information in the news item/articles “SEBI Investment Advisor can help you grow your wealth”.

13. Reply of Noticee: With regard to above observations, Noticee inter alia submitted that, with respect to the alleged misleading news article it was published by Noticee’s marketing agency and same was bought down from concerned websites after receiving communication from SEBI. Nowhere in the said article has a guaranteed profit or any other commitment been made. Noticee informed SEBI as soon as the article was bought down.

14. Observations and Allegations: With regards to using the term ‘investment adviser’ in IA correspondences, the Noticee did not provide any comments regarding same. Further, since screenshots of correspondences were not submitted, the same is not in proper format. With regards to misleading article - “SEBI Investment Advisor can help you grow your wealth”, it is observed that the Noticee has used SEBI name and logo prominently in the aforesaid article.

15. In view of the same, IA was alleged to have violated Regulation 13(a), 13(d) & 15(9) read with Clause 1, 2, 5 & 8 of Third Schedule (Code of Conduct) of IA Regulations.

**C. General Responsibility:**

16. Findings of Inspection: It was observed from the inspection that under the ‘about us’ tab of the website of Noticee it was displayed that-

    *“Our guiding philosophy is protection of capital and generating consistent returns over longer periods”*

    This promise of consistent returns through the website to the clients over a longer period amounts to misrepresentation of facts by the Noticee.

17. Reply of Noticee: Noticee’s website mentioned "One of the key reasons to start Mwglobal.in, was to get away from the crowd, keep noise at bay and focus on generating consistent returns over long period of time." here we have mentioned that we focus on generation consistent returns, we have not provided any guarantee or assurity with respect of the returns the client may get, herein we have mentioned about our goal of providing consistent returns to clients. All necessary disclosure, disclaimer etc. with respect to risk was provided to clients in agreement and different pages of our website.

18. Observations and Allegations: With regards to exhibiting incorrect information on website like consistent returns for the longer period, it was observed that the Noticee did not provide any evidence like historical performance on the website to

substantiate its claim. In view of the same, Noticee was allegedly in violation of Regulation 15(9) read with Clause 1, 2, 5 & 8 of Third Schedule (Code of Conduct) of IA Regulations; and Regulation 3(d) read with 4(2)(o) of PFUTP Regulations.

**D. Maintenance of records:**

19. Findings of Inspection: It was observed from the documents submitted by Noticee that the rationale for arriving at investment advice was found to be duly signed but not dated. Further, the rationale of buy & sell recommendation was not backed by the supporting evidence i.e. technical analysis pattern or candle analysis chart.

20. It was also observed that the Noticee maintained electronic record containing the details of the client, product or services in which the advice was rendered, fee charged, date of start of service & end of service but it does not mention the information on date of advice as well as the nature of advice (buy or sell) in the electronic record as required under the Regulation 19 of the IA Regulations. In this regard, the documents relied upon during inspection are as follows:
    a. Investment advice provided (Telegram logs)
    b. Rationale for arriving at investment advice, duly signed and dated;
    c. Register or Record regarding advices rendered, fee etc. to the clients

21. Reply of Noticee: With regard to above observation, Noticee submitted that 'Noticee maintained the rationale duly signed and dated. Details regarding date of advice and nature of advice is clearly mentioned, and the Annexure 6(1) to 6(6) column 'a' shows dates of advise in excel and column 'c' shows nature of advise (buy/sell).

22. Observations and Allegations: In view of the above, it was observed during inspection that with regards to maintaining rationale for arriving at investment advice, the Noticee did not maintain a detailed rationale for arriving at investment advice. Further, the rationale provided by the Noticee is just in one line and does not provide details of fundamental or technical analysis done by Noticee. Noticee

has not maintained a register containing details of the date of advice, nature of the advice (Buy /Sell), for every advice given to every client.

23. Further while maintaining records, Noticee has maintained all the data in the electronic mode. However, aforesaid records are not digitally signed and Noticee has only pasted image of signature in all records.

24. In view of the same, Noticee was allegedly in violation of Regulation 19(1)(f), 19(1)(g) & 19(2) of IA Regulations.

**E. Displaying status of complaints on the website**

25. Findings of Inspection: It was observed from the examination of the Noticee website that it displayed the complaint data, however, as per the requirement of point no. (iv) of SEBI circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019, Noticee did not display the information of complaint status on the home page his website (Without scrolling). With regard to the above, the documents sought / relied upon during inspection were website details of the Noticee (Investor charter and complaint data), Screenshot of Home page of the Noticee Website.

26. Reply of Noticee: With regard to above observations, Noticee inter alia submitted that the Data regarding complaints was displayed under SEBI Disclosure tab on the home page of the websites. Link: https://mwglobal.in/sebi-disclosure/ Link: https://www.multiplierwealth.com/p/sebi-disclosures.html.

27. Observations and Allegations: In view of the above, it was observed that the Noticee was not displaying complaints status details on the homepage of his website and the same was displayed under another page. In view of the same, Noticee allegedly violated Clause 1(iv) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.

**F. AML VIOLATION**

28. Findings of Inspection: It was observed from the inspection of Noticee that he has laid down the AML policy. Noticee did not provide the copy of communication sent to FIU-IND informing appointment of Principal Officer and Designated Director. Thus, as per the clause 2.11.1 of SEBI Circular SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019 the IA should have also appointed a person as Principal Officer and informed to FIU—IND in terms of clause 2.11.2.3 of aforesaid circular. However, no such appointment has been made by IA-Abhishek.

29. As per the clause 2.11.2 the IA should have also appointed a person as Designated Director and informed to FIU—IND in terms of clause 2.11.2.3 of master circular. However, no such appointment has been made by Noticee.

30. Reply of Noticee: With regard to above observations, Noticee submitted that Noticee registered on FIU portal and received 'fiureid' on email, thereafter Noticee tried to connect with FIU for understanding the process ahead but haven't received any response from their end. Further, since the day of Noticee's practice as an RIA, Noticee has not come across any instances/transactions for reporting to FIU. Noticee provided certain email exchanges and registration request with CTR Cell of FIU.

31. Observations and Allegations: In view of the above, it was observed that the Noticee has not appointed a Designated Director & Principal Officer and has not communicated details of such appointments to FIU-IND. Accordingly, Noticee was alleged to have violated Clause 2.11.1 & Clause 2.11.2 of SEBI Circular SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019.

**G. Displaying mandatory information**

32. Findings of Inspection: During inspection visit of the registered office of Noticee, it was observed that he did not display the name and contact details of the proprietor

or compliance officer in his office as required under provisions of SEBI circular CIR/MIRSD/3/2014 dated August 28, 2014.

33. Reply of Noticee: With regard to above observations, Noticee submitted that Noticee carry out work via online mode and all his clients subscribe to the service via online mode and hence the requirement to place the details at the office space was not applicable. Further details regarding grievance redressal mechanism were updated on his website https://mwglobal.in/grievance-redressal-policy/ and https://www.multiplierwealth.com/p/complaint.html.

34. Observations and Allegations: With regards to prominently displaying the basic information in the office space, the Noticee in its reply accepted the observation of not displaying mandatory information in the office premises i.e. Contact details of the Compliance Officer/ CEO / Partner / Proprietor (Name), etc. In view of the same, Noticee allegedly violated Clause 2 of SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014.

35. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under Section 15EB & 15HA of the SEBI Act, 1992 for the violations alleged to have committed.

36. The relevant provisions of the aforementioned Act, Rules, Regulations and Circulars which were alleged to have been violated, are reproduced below for reference:

***Relevant provisions of SEBI Act, 1992***

***Penalty for default in case of investment adviser and research analyst.***
***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.*

***SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013***

***Conditions of certificate.***

***13.*** *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;*

*….*

***(d)*** *individuals registered as investment advisers shall use the term 'investment adviser' in all their correspondences with their clients*

***General responsibility.***

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

***Disclosures to clients.***

***18.(1)*** *An investment adviser shall disclose to a prospective client, all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services, affiliations with other intermediaries and such other information as is necessary to take an informed decision on whether or not to avail its services.*

***.***

***(6)*** *An investment adviser shall, while making an investment advice, make adequate disclosure to the client of all material facts relating to the key features of the products or securities, particularly, performance track record.*

***(7)*** *An investment adviser shall draw the client's attention to the warnings, disclaimers in documents, advertising materials relating to an investment product which it is recommending to the client.*

***Maintenance of records.***

***19.(1)*** *An investment adviser shall maintain the following records,-*

***(f)*** *Rationale for arriving at investment advice, duly signed and dated;*

***(g)*** *A register or record containing list of the clients, the date of advice, nature of the advice, the products/securities in which advice was rendered and fee, if any charged for such advice.*

***19 (2)*** *All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years:*

*Provided that where records are required to be duly signed and are maintained in electronic form, such records shall be digitally signed.*

***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 after thorough analysis and taking into account available alternatives.*

*..*

***5. Information to its clients***

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

*…*

***8. Compliance***

*An investment adviser including its partners, principal officer and persons associated with investment advice shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market*

***SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003***

***3. Prohibition of certain dealings in securities***

*No person shall directly or indirectly—*

*….*

***(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 manipulative fraudulent or an unfair trade practice if it involves any of the following:—*

*…*

***(k)** disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities.*

*…*

***(o)** fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;*

***<u>SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019</u>***

*……*

***(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* | *Reasons for pendency* |

***<u>SEBI Circular No. SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019</u>***

***2.11.Designation of officers for ensuring compliance with provisions of PMLA***

***2.11.1Appointment of a Principal Officer:***

***2.11.1.1** To ensure that the registered intermediaries properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of ‘Principal Officer’ including any changes therein shall also be intimated to the Office of the Director-FIU. As a matter of principle, it is advisable that the ‘Principal Officer’ is of a sufficiently senior position and is able to discharge the functions with independence and authority.*

***2.11.2 Appointment of a Designated Director:***

***2.11.2.1** In addition to the existing requirement of designation of a Principal Officer, the registered intermediaries shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:*

*“Designated director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes –*

*a) the Managing Director or a Whole-Time Director duly authorizes by the Board of Directors if the reporting entity is a company,*

*b) the managing partner if the reporting entity is a partnership firm,*

*c) the proprietor if the reporting entity is a proprietorship firm,*

*d) the managing trustee if the reporting entity is a trust,*

*e) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and*

*f) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above.”*
***2.11.2.2** In terms of Section 13 (2) of the PMLA, the Director, FIU –IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the intermediary to comply with any of its AML/CFT obligations.*
***2.11.2.3** Registered intermediaries shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU –IND.*

***<u>SEBI Circular No. CIR/MIRSD/3/2014 dated August 28, 2014</u>***

***2.** As an additional measure and for information of all investors who deal/ invest/ transact in the market, it has now been decided that offices of all Stock Brokers (its registered Sub-Broker(s) and Authorized Person(s)) and Depository Participants shall prominently display basic information, as provided in Annexure-A, about the grievance redressal mechanism available to investors. For other intermediaries, the information as provided in Annexure-B shall be prominently displayed in their offices.*

37. Vide email dated October 19, 2023 Noticee has submitted reply dated October 10, 2023 to the SCN. Subsequently, vide email/letter dated October 25, 2023, Noticee was provided with an opportunity of hearing on November 08, 2023. The Noticee vide email dated November 04. 2023 submitted that that Noticee has already submitted reply in the matter and did not wish to appear for personal hearing.

38. The key submissions made by Noticee in his reply are as under:

**Disclosures to Clients**-

39. <u>Misleading Advertisement:</u> Noticee acted with utmost seriousness in the matter of misleading article, as soon as telephonic communication from SEBI was received to remove the article, the article was removed and apology regarding same was submitted to SEBI. As an immediate measure after receiving communication from SEBI, Noticee updated the website mentioned in the advertisement “mwglobal.in” with clarification.

40. Further, on contacting SEBI via call on this matter after this submission Noticee was informed that Noticee will receive final communication on this matter from SEBI shortly. As, no update was received from SEBI on this matter Noticee waited for final communication from SEBI and as an additional measure the website mentioned in the article mwglobal.in was taken offline.

41. The administrative warning letter provided with the SCN in annexure 7 page 18 is undated and unsigned and same was never received by Noticee in email or physically. With respect to warning, disclaimer same was present on website under disclaimer tab and all clients were told to check same in Point 32 of client agreement which was duly signed by Noticee and all clients signed prior to getting on boarded for Noticee's services.

42. Key Features & Particularly Performance Track Record : Noticee's all potential clients were provided links where they can check features, performance track record and other details of the product/ services offered by Noticee. Screenshots of communication with clients were placed on records.

43. Further, in investment advisory agreement signed by Noticee's clients in point 2(a) clients have provided acknowledgement that "*he/she had read and understood the terms and conditions of Investment Advisory services provided by the Investment Adviser along with the fee structure and mechanism for charging and payment of fee and based on client's request to the Investment Adviser, an opportunity was provided by the Investment Adviser to ask questions and interact with 'person(s) associated with the investment advice*'."

**B. Conditions of certificate**

44. Noticee used the term "investment adviser" in all communications with its clients. Noticee placed on records, screenshots of the communication with the clients provided earlier in pdf format where the word "investment adviser" has been used. Noticee has maintained all communication with clients in pdf format plus the

emails sent to clients are also available in Noticee's email. As Noticee was asked to provide "Mail correspondence with clients" and not "screenshots" Noticee had provided the details saved in pdf format. Screenshots of emails which were earlier submitted in pdf format are placed on records. Screenshot of email where Noticee was asked to provide "Mail correspondence with clients for the sample enclosed" and not mail screenshot is placed on records. With respect to misleading article clarification has been provided above.

**GENERAL RESPONSIBILITY**

45. Noticee has not promised any guaranteed or assured of return of any form to clients. On the website in about us page Noticee has mentioned about his guiding philosophy and goal of generating consistent returns and protection of capital which Noticee has learnt from his mentors. Noticee personally believe that there is nothing called guaranteed or assured returns when it comes to equity investments and has never made any such promise with any clients. All clients were duly informed about the risks associated with investments and were given proper opportunity to ask queries with respect to it. Same can be checked in Annexure 2(1), 2(2) and 2(3) - Point 2 (a), Point (30), of the client agreement.

46. This point mentions "Client acknowledges that the Investment Adviser's, investment recommendations involve some degree of risk", "Client acknowledges that the Investment Adviser's past performance of recommended investments should not be construed as an indication of future results, which may prove to be better or worse than the past" "Client acknowledges that the Investment Adviser does not claim to be able to accurately predict the short-term or long-term future investment performance of any individual security or of a group of securities" Further clients were also asked to read Disclaimer as on the website in Point 32 of the client agreement which contained detailed explanation of all forms of risk associated with Investments. This agreement was duly signed by all clients and Noticee prior to onboarding. Thus, Noticee believe he has not provided any assurity or guarantee of returns to clients and has not violated the said provisions.

47. With regard to historical performance we have shared same with our clients prior to onboarding and clients have also provided their consent that they have read and understood all terms and conditions of the investment advisory services in Point 2 (a) of Investment advisor agreement. Annexure 2(1), 2(2) and 2(3).

**MAINTAINENCE OF RECORDS**

48. The regulations asks for maintaining "Rationale for arriving at investment advice, duly signed and dated" it doesn't mentions any specific manner or study or detailed rationale that the investment adviser is required to kept. As, Noticee use trend analysis on daily charts, support/ resistance levels, sectoral index movement, super trend p7, m10 indicator for his analysis based on his understanding of the regulations and input received from his CS, Noticee has provided details of same in the rationale maintained by him.

49. Further, the register containing details of date of advise, nature of advise (buy/sell) for every client is also maintained by Noticee. The Register of clients, mentions the name of service and period during which the advise was provided to all clients. Date of advise, nature of advise (buy/sell) and rationale for the particular service offered to client can be checked in registers. All clients who have been recommended one service say MW OPTIONS were added in a telegram group and were given same advise there, similarly all clients who were recommended MW CASH were added in MW CASH group and were given same advise. Client who were recommended All in one service were added in all groups. Hence, the record has been kept in registers.

50. Explaining this with the help of an example let's suppose if one want to check Date of Advise, Nature of advise (buy/sell) for a client Vinod VMG from register in one can check he was offered MW OPTIONS service from 10th Nov 2021 to 9th Jan 2022 and from MW OPTIONS RATIONALE file one can scroll down to these dates and check date of advise, nature of advise (buy/sell) and other details given to

him. Thus, Noticee believe the record of Date of Advise, Nature of advise (buy/sell) to all clients have been maintained by Noticee.

51. With regarding to digitally signing, all the records were digitally signed and same were verified during inspection at Noticee's office as well, even in SCN findings of inspection its mentioned "It is observed from the documents submitted by Notice that the rationale for arriving at investment advise was found to be duly signed" point 19 page 6.

**Displaying of complaints on the website**

52. Clause 1(iv) of SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2019/169, was modified by another circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2 dated December 13, 2021. The new circular in point 3 mentions "The para 1 (iv) of the aforesaid circular stands modified accordingly". The old circular mentioned IAs shall display the compliant data on the homepage (without scrolling) of their website/mobile app. But as per new modified circular investment advisors are required to display data by "prominently displaying on their websites".

53. Based on Noticee's understanding of above circulars, Noticee provided the link to investor charter and complaint data at the top of his websites under SEBI disclosures tab. Also, Noticee want to state that prior to the new circular which came into force from January 1, 2022, Noticee's website displayed complaint data on home page itself without scrolling in the manner specified in SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2019/169. This can be verified through internet archives as well https://web.archive.org/web/20211130141817/https://www.multiplierwealth.com/. Screenshot is placed on records.

54. Further, the format of compliant data as mentioned in new circular is 1.5 page long with three different tables containing 17 rows in total, Noticee believe it's

practically impossible for anyone to keep all that data on home page without scrolling especially on mobile websites.

**AML VIOLATION**

55. Noticee is not able to find the email in which Noticee communicated the appointment of Principal Offer and designated director to FIU-IND. Noticee was able to seamlessly login into the FIU-IND portal and navigate through different tabs. Noticee was never prompted at the FIU Website nor Noticee was sent any communication that Noticee missed to make the appointment.

56. Noticee has an active FIU IND login id- INADV00221, AML policy and has not missed any reporting required to be made to FIU-IND under AML rules.

**Displaying mandatory Information:**

57. Noticee displayed all necessary details with respect to SEBI certificate, BASL certificate, grievance redressal procedure etc. in his office. Photographs of same were taken by inspection team during the course of inspection. In previous reply Noticee mentioned that all his clients subscribed to services via Online Mode hence checking of certificate physically displayed in office was not possible for them and necessary information with respect to grievance redressal and other details were provided to them via website link.

58. For grievance redressal mechanism display, Noticee was not asked any question during the course of physical inspection however Noticee was asked to provide photo of same displayed in office over phone call by SEBI Officer on 14th Jan 2023 and same was mailed to SEBI on 14th Jan 2023, the email screenshot is placed on records.

59. Apart from above submissions Noticee want to submit that being an individual Investment Adviser Noticee has carried out work based on his understanding of SEBI Regulations and inputs received from his CS. In over 5 years of working only

2 complaints have been made by clients both of which were resolved within the timelines specified by SEBI (other complaints were against unregistered entities logged under Noticee name and were duly disposed of by SEBI after submission of report from Noticee end).

## CONSIDERATION OF ISSUES AND FINDINGS

60. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:

I. **Whether Noticee has violated following provisions:**
   i. **Regulation 18(1), 18(6) & 18(7) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred as IA Regulations).**
   ii. **Regulation 3(d) read with Regulation 4(2)(k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred as PFUTP Regulations, 2003).**
   iii. **Regulation 13(a), 13(d) & 15(9) read with Clause 1, 2, 5 & 8 of Third Schedule (Code of Conduct) of IA Regulations.**
   iv. **Regulation 15(9) read with Clause 1, 2, 5 & 8 Third Schedule (Code of Conduct) of IA Regulations.**
   v. **Regulation 3(d) read with Regulation 4(2)(o) of PFUTP Regulations.**
   vi. **Regulation 19(1)(f), 19(1)(g) & 19(2) of IA Regulations.**
   vii. **Clause 1(iv) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.**
   viii. **Clause 2.11.1 & Clause 2.11.2 of SEBI Circular SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019.**
   ix. **Clause 2 of SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014**

II. **Do the violations, if any, attract monetary penalty under section 15EB & 15HA of the SEBI Act, 1992?**

III. **If the answer to Issue No. I & II is in affirmative, then what should be the quantum of monetary penalty?**

61. In the SCN it was alleged that w.r.t sponsored misleading news article, Noticee gave clarification only on “https://mwglobal.in/” and did not submit any evidence of clarification published on another website of IA “https://www.multiplierwealth.com/”.

62. In this regard Noticee has contended that as soon as telephonic communication from SEBI was received to remove the article, the article was removed and apology regarding same was submitted to SEBI, and as immediate measure after receiving communication from SEBI, Noticee updated the website mentioned in the advertisement “mwglobal.in” with clarification. Further, while awaiting final communication from SEBI as an additional measure the website mentioned in the article i.e. “mwglobal.in” was taken offline. With respect to warning, disclaimer same was present on Noticee’s website under disclaimer tab and all clients were told to check same in Point 32 of client agreement which was duly signed by Noticee and all clients signed prior to getting onboarded for our services.

63. In this regard, I note that there is no records of the minutes of the Webex meeting dated November 04, 2022 held between SEBI and Noticee. However, from records it is observed that the Noticee was directed to remove all such advertisement given by him. Pursuant to the same, the Noticee informed SEBI vide email dated November 07 and 14, 2022 that the articles have been removed from the websites/newspaper which had published the same; and that he has also issued a public clarification dated November 07, 2022, which was published on its “mwglobal.in” website. Further, Noticee also vide letter dated November 15, 2022 apologized to SEBI for the article, while confirming that the article was no longer appearing.

64. I note from the records and submissions of Noticee that clarification was given only on website “https://mwglobal.in”, and not on the other website of IA, “https://www.multiplierwealth.com/”. Further, there is nothing on records to indicate that SEBI directed the Noticee to issue any clarification to its clients w.r.t the article,

but the direction was to remove all such articles. It seems that the issuance of clarification was an additional measure undertaken by the Noticee. Further, the Regulation 18(1) of IA Regulations refers to disclosure of disciplinary history to prospective client. At the time of issuance of clarification and inspection, no disciplinary action against Noticee in regard to the article had taken place. As per records the unsigned undated administrative warning letter, mentioned by the Noticee in his reply as not received by him, is seen to be a draft letter, which was never issued to the Noticee by SEBI. Hence there was no disciplinary action in regard to article which was to be disclosed to clients. In view of the same, **the alleged violation by the Noticee of Regulation 18(1) of IA Regulations does not stand established**.

65. Further, it was alleged in the SCN, that Noticee did not give any warning, disclaimer in the advertising material. In this regard Noticee has contended that disclaimer was present on his website under disclaimer tab and all his clients were told to in Point 32 of client agreement to read and understand the disclaimer on his website which was duly signed by him and all clients, prior to getting onboard for services.

66. In this regard, I note that the Regulation 18(7) of IA Regulations, mandates that, *"An investment adviser shall draw the client's attention to the warnings, disclaimers in documents, advertising materials relating to an investment product which it is recommending to the client".* I note that the disclaimer available at Noticee's website and disclaimers and clauses in the client agreement cannot be a substitute of disclaimer/warning in documents and advertisements. However, I also note that an investment product, which is recommended to the client in any documents and advertising materials, is to contain warnings, disclaimers relating to that investment product. I have perused the article and didn't find any specific investment product that has been recommended to the clients. In view of the above, I find that **Noticee has not violated Regulation 18(7) of IA Regulations.**

67. Further, it was alleged in the SCN that Noticee has not disclosed all material facts relating to the key features of the products and performance track record. In this regard Noticee has contended that he has provided the potential clients the links where they can check features, performance track record and other details of the product/ services offered. Further, the clause 2(a) of the Investment Advisory Agreement w.r.t "Consent" which is agreed by the clients while availing services from Noticee may be referred.

68. In this regard, I note that Regulation 18(6) of IA Regulations mandates that "*An investment adviser shall, while making an investment advice, make adequate disclosure to the client of all material facts relating to the key features of the products or securities, particularly, performance track record*". I have perused the documents placed on records by the Noticee in respect of the aforesaid contention, and find the following:

   a. The screenshots of the standard email sent by Noticee to its clients upon completion of risk profiling, does not provide the details contained in the webpages for which the links were given in the emails. Further, the content of the email doesn't suggest that the links provided details regarding key features of the products or securities, particularly, performance track record of the products advised.

   b. Further, the clause 2(a) of the Investment Advisory Agreement w.r.t "Consent" refers that the clients had read and understood the terms and conditions of Investment Advisory services provided by the Noticee along with the fee structure and mechanism for charging and payment of fee and based on client's request to the Noticee, an opportunity was provided by the Noticee to ask questions and interact with 'person(s) associated with the investment advice'. In this regard I note that the agreement of the client for the aforesaid clause cannot be the substitute for disclosure as per Regulation 18(6) of IA Regulations.

69. In view of the above, it is established that the **Noticee is in violation of Regulation 18(6) of IA Regulations.**

70. Further, in SCN Noticee has also been alleged to be in violation of Regulation 3(d) read with 4(2)(k) of PFUTP Regulations, since Noticee allegedly engaged in fraudulent act by publishing allegedly misleading headline and article.

71. I note that in this regard, essentially SCN implies that the Noticee while publishing article in a reckless or careless manner, knew that the information in the article was false or misleading; and which was designed to, or likely to influence the decision of investors dealing in securities.

72. In this regard, I note that primarily here the allegation is that the article headline "SEBI Registered Investment Advisor Can Help You Grow Your Wealth" and the "SEBI Logo" Registered Financial Advisor text in the image is misleading designed to influence the decision of investors dealing in securities. In this regard I note that the inference from the headline and image is that the Noticee is a SEBI registered Financial Advisor and can help one grow his/her wealth.

73. I understand that the objective of investors while dealing in securities market is to grow their wealth in real terms and/or nominal terms (considering inflation), for which they may avail different services including investment advisory from SEBI Registered IA. Hence, an investor's aim is to ultimately grow his wealth by taking different investment decisions, which may or may not lead to growth of the wealth eventually. Hence, when an investor is availing the service of an IA, the expectation of the Noticee is that the services of the IA would be helpful to Noticee for increasing his wealth. If there is a doubt in the mind of the investor regarding the ability of an IA to meet the expectation, the investor would not avail its service. In view of the above, any SEBI registered IA would aim to increase wealth of its clients on account of his expertise and the Noticee only suggested such a possibility in the headline. There seems to be nothing misleading in the headline. Further, in the

image the logo of SEBI is used in place of ‘SEBI’ in term ‘SEBI registered Financial Advisor’. The Noticee is indeed SEBI registered, hence it is not misleading, but only perhaps an unauthorized use of SEBI logo, and referring himself incorrectly as ‘financial advisor’ in place of ‘Investment Advisor’.

74. I note that the non-disclosure of key features of the products and performance track record, unauthorized use of SEBI logo, and referring himself incorrectly as ‘financial advisor’ in place of ‘Investment Advisor’ in article, cannot constitute ‘fraud’ for the purpose of the PFUTP Regulations, unless supported by other evidences that such actions induced another person or his agent to deal in securities. From available records, I do not find enough evidence or circumstances to establish that the aforesaid conduct falls under the definition of “fraud” as defined under PFUTP Regulation.

75. In view of the above, and the prudent view that the allegation of fraud is serious offence which requires high level of proof, I find that the material available on record is **insufficient to establish violation of Regulation 3(d) read with 4(2)(k) of PFUTP Regulations by Noticee.**

76. It is also alleged in the SCN that the Noticee has not provided adequate proof that he has used term ‘investment advisor’ in all communications with the clients. In this regard, Noticee has contended that during inspection the emails were sought and they were provided in the pdf format. Since, screenshots were not sought, same were not submitted to SEBI. However, now the screenshots of emails for all the sample requested is placed on records for which pdfs were provided.

77. I have perused the screenshots and find that the Noticee has used the term ‘investment advisor’ in communications with the sample clients, hence the contention of the Noticee is accepted.

78. In the SCN it is also alleged that Noticee has used SEBI name and logo prominently, and exhibited wrong information in the article. In this regard, in view of the discussion above in the order in respect of the article, I do not find enough material on records to conclude that the article was in contradiction of code of Honesty and Fairness, information to clients, and Diligence as specified in the Third Schedule of the IA Regulations. In view of the above, it is **not established that the Noticee violated Regulation 13(a), 13(d) & 15(9) read with Clause 1, 2, 5 & 8 of Third Schedule (Code of Conduct) of IA Regulations.**

79. In the SCN it was also alleged that Noticee exhibited incorrect information on website like consistent returns for the longer period, and did not provide any evidence like historical performance on the website to substantiate its claim.

80. In this regard, Noticee has contended that Notice has not promised any guaranteed or assured of return of any form to my clients. On the website in 'about us' page Noticee has mentioned about Noticee's guiding philosophy and goal of generating consistent returns and protection of capital. Further, all clients were duly informed about the risks associated with investments and were given proper opportunity to ask queries with respect to it. The point 32 of the agreement with the client also informed clients to refer the disclaimer on Noticee's website, clarifying that the past performances of recommended investments are not to be construed as an indication of future results.

81. In this regard I note that the 'about us' page on Noticee's website mentioned statements like, "*He is also regarded for consistently identifying early stage investment opportunities*" and *"one of the key reasons to start Mwglobal.in, was to get away from the crowd, keep noise at bay and focus on generating consistent returns over long period of time".* The first statement talks only about consistently identifying the early stage investment opportunities, which doesn't infer that such an investment would provide consistent returns. Similarly the second statement only refers focus on reasons to start advisory to focus on generating about

consistently returns over long period of time, which primarily provides the reasons of the Noticee to start the advisory business including the focus to generate consistent returns over long period of time. The focus to generate consistent return over long term is not a promise but simple expression of the vision of the Noticee. Further I note that second statement has been made in the article also. Also it is noted that the Noticee's website has disclosures about risks, mentions of not guaranteeing any returns and various other disclaimers.

82. In view of the above, I note that the simple plain reading of the aforesaid statements doesn't give an impression that the Noticee is claiming consistent returns to clients, and is not incorrect information or misleading, therefore **it is not established that Noticee is in violation of Regulation 15(9) read with Clause 1, 2, 5 & 8 of Third Schedule (Code of Conduct) of IA Regulations.**

83. Further, in view of the discussion in regard to fraud, **it is not established that Noticee is in violation of Regulation 3(d) read with 4(2)(o) of PFUTP Regulations.**

84. The SCN also alleges that Noticee did not maintain a detailed rationale for arriving at investment advice, and has not maintained a register containing details of the date of advice, nature of the advice (Buy /Sell), for every advice given to every client. Further the electronic records maintained by Noticee are not digitally signed and Noticee has only pasted image of signature in all records.

85. The first issue is when the regulations mandates the Noticee to record rationale for arriving at investment advice, what shall constitute "rationale", second issue is whether Noticee maintained the register/record for every advice given to all clients, with requisite details, and the third issue is whether electronic records can be considered as duly signed, only if it is signed digitally.

86. In this regard Noticee has contended that the regulations mandates maintaining "Rationale for arriving at investment advice, duly signed and dated" it doesn't mentions any specific manner or study or detailed rationale that the investment adviser is required to kept. Noticee uses trend analysis on daily charts, support/ resistance levels, sectoral index movement, super trend p7, m10 indicator for analysis based on his understanding of the regulations and input received from his CS, and Noticee has provided details of same in the rationale maintained by him. Further, the records have been maintained in two kind of electronic records, one containing details of clients like client details, service offered, duration of service, fees charged etc., and the other one electronic record, containing details of all advices given to clients availing a particular kind of service.

87. I note from the submissions made by the Noticee in this regard, that the Noticee has offered 6 products/services pertaining to different market segments and 1 product/service which is all in one i.e. a bouquet of above 6 services. Clients opting for a particular service is added to a telegram channel, where the investment advice is broadcasted to all such clients, availing that particular service. The Noticee has maintained aforesaid two set of records for maintaining details of investment advice given to clients with the rationale.

I have perused the 6 excel files, containing the rationale for the 6 product/service offered by the Noticee, and observe that the Noticee has been giving rationales (for the advices given in the entire period for a particular product/service. Further, the aforesaid 6 plus 2 excel tables, taken together are the registers maintained by the Noticee. **In view of the same it is not established that Noticee violated the Regulation 19(1)(f) & 19(1)(g) of IA Regulations.**

88. Further, I note that the electronic records are not digitally signed but only scanned signature has been pasted, whereas regulation 19(2) clearly mandated that where records are required to be duly signed and are maintained in electronic form, such records shall be digitally signed.

89. In view of the discussion above, since Noticee has not kept digitally signed records, **it is established that the Noticee is in violation of Regulation 19(2) of IA Regulations.**

90. In the SCN, Noticee has been alleged of not displaying complaints status details on the homepage of his website as the same was displayed under another page. In this regard, Noticee has submitted that Clause 1(iv) of SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019, was modified by another circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0686 dated December 13, 2021, and as per the modified mandate investment advisors are required to display data by "prominently displaying on their websites", which was complied with by the Noticee.

91. In this regard I note that the relevant clause of Circular dated December 27, 2019 was modified by Circular dated December 13, 2021, and the revised circular mandated that the IA on their respective websites/mobile application shall disclose the details of investor complaints by 7th of the succeeding month in the revised format as per Annexure –B of the circular on a monthly basis. It is noted that the revised format is quite exhaustive and the circular doesn't mention any specific location on the website for display of such information. In view of the same the contention of the Noticee is accepted, and the **violation of Clause 1(iv) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 is not established.**

92. In the SCN it is alleged that the Noticee has not appointed a Designated Director & Principal Officer and has not communicated details of such appointments to FIU-IND. In this regard Noticee has contended that Noticee is not able to find the email in which Noticee has communicated the appointment of Principal Offer and designated director to FIU-IND, however Noticee has an active FIU IND login id-INADV00221, and is able to login into the FIU-IND portal. Further, Noticee did not

receive any communication from FIU-IND that Noticee has missed to make the appointment. Further, Noticee has not missed any reporting required to be made to FIU-IND under AML rules.

93. In this regard I note that the Noticee is a proprietor (individual Investment Advisor) and he would be the person who is responsible for all compliances under AML rules thus would be responsible for discharging the roles of Designated Director & Principal Officer. Further, Noticee has also placed on records the "registration success" email received from helpdesk.fiuindia@nic.in. and has also submitted that he has active FIU-IND portal login ID and has been submitting reports under AML rules. In view of the same, the contention of the Noticee is accepted, and the **violation of Clause 2.11.1 & Clause 2.11.2 of SEBI Circular SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019 is not established**.

94. In the SCN it is alleged that Noticee has not displayed mandatory information in the office premises i.e. Contact details of the Compliance Officer/ CEO / Partner / Proprietor (Name), etc. In this regard Noticee has contended that the all the necessary mandatory information are placed in his office and referred his email dated January 14, 2023.

95. In this regard I note that Noticee in his email dated January 14, 2023 to SEBI had attached photograph of the display of "Grievance Redressal Mechanism" information in office premises. Further, the "Grievance Redressal Mechanism" information contained the contact details of the Proprietor Abhishek. This submission of the Noticee has not been considered in the inspection report and post inspection analysis. In view of the Noticee's email dated January 14, 2023 and other submissions made in this regard, I find that there is insufficient evidence on records, to establish that Noticee did not display the requisite information in his office premises and hence **it is not established that Noticee is in violation of Clause 2 of SEBI Circular CIR/MIRSD/3/2014 dated August 28, 2014.**

**Issue II. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act, 1992**

96. In light of findings and observations made against the Noticee brought out in the foregoing paragraphs, I hold that Noticee has violated Regulation 18(6) and Regulation 19(2) of SEBI IA Regulations. The said violations makes the Noticees liable for monetary penalty under the provisions of Section 15EB of the SEBI Act. In this regard, reliance is placed upon the judgment of Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which inter-alia has 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...".* The relevant provisions of the aforementioned Section 15HB of the SEBI Act are as under:

***SEBI Act, 1992***

> ***Penalty for default in case of investment adviser and research analyst.***
> ***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.*

**Issue III. If the answer to Issue No. I & II is in affirmative, then what should be the quantum of monetary penalty?**

97. While determining the quantum of penalty under the provisions of Section 15EB of the SEBI Act, it is important to consider the relevant factors as stipulated in Section 15J of the SEBI Act, which reads as under:

***SEBI Act, 1992***

***Factors to be taken into account while adjudging quantum of penalty***

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

*(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

*(b) the amount of loss caused to an investor or group of investors as a result of the default;*

*(c) the repetitive nature of the default.*

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

98. In the present matter, I note that there is nothing on records, either to quantify the disproportionate gains made by the Noticees, or the exact monetary loss to the investors on account of default by the Noticees in the instant matter. Further, I note that there were only 4 complaints received by Noticee, which was resolved within 30 days. Further, there are no history of any other adverse observations or actions against the Noticee.

99. Accordingly, I feel appropriate to levy a penalty, which is commensurate with the nature of violations and which acts as a deterrent factor for the Noticee and others in protecting the interest of the investors in securities market.

**ORDER**

100. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules 1995, I hereby impose following penalties on the Noticee:

| Sr. No. | Noticee | Violative Provisions | Penalty Provisions | Amount of penalty (in ₹) |
|---|---|---|---|---|
| 1. | Abhishek (Investment Advisor) | (i) Regulation 18(6) of IA Regulations<br>(ii) Regulation 19(2) of IA Regulations | 15EB of the SEBI Act 1992 | 2,00,000/- (Rupees Two Lakhs only |

I am of the view that the aforesaid penalty is commensurate with the violation/allegations levelled against the Noticee.

101. 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 website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

**ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW**

102. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

103. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticee and also to the SEBI.

**Place: Mumbai** **SHASHI KUMAR VALSAKUMAR**

**Date: December 28, 2023** **ADJUDICATING OFFICER**