



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
RANCHI LOCAL OFFICE

SEBI/ERO/RLO/OW/P/ 1/ 19655/2023

May 15, 2023

To,

Mr. Ashish Kumar, Proprietor of Subham Traders

S/o Ashok Kumar, Lower Hatia,

Near Sunday Market, Main Road,

Patel Nagar, Opp. NIFFT, Hatia,

Ranchi, Jharkhand 834003

Email: ashi25kr@gmail.com/ mahilakalyanngo@gmail.com

Sub: Show Cause Notice under sections 11(1), 11(4), 11B(1), 11(4A) and 11B(2) of the Securities and Exchange Board of India Act, 1992 ("SEBI Act") read with Rule 4 (1) of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 with respect to the alleged unregistered investment advisory services activities in the matter of M/s. Subham Traders

1. The Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had received a complaint on October 06, 2021 from Shri Lakshmanan Thekkumbadan (hereinafter referred to as 'complainant'), against M/s Subham Traders, (hereinafter referred to as 'Subham') which is a proprietorship firm. The proprietor of Subham is Mr. Ashish Kumar (Subham and its Proprietorship concern are collectively referred to as the 'Noticee').
2. Vide complaint dated October 06, 2021, the complainant has, *inter alia*, alleged that Subham in the pretext of providing demat account handling services and weekly returns through trading collected fees of Rs. 17,000 from him. The complainant has provided the details of payment of Rs. 17,000 along with details of Axis Bank Account of Subham in which the money was transferred. The complainant has also provided screen shot of Telegram messages of details provided by Noticee and communication/chat with a

representative of the Noticee. The copy of complaint of Shri. Lakshmanan Thekkumbadan is placed at **Annexure-A**.

3. The complainant alleged that Noticee has done fraud with the complainant and the complainant had deposited Rs. 17,000/- in Noticee's Axis Bank account as fee. From the analysis of Axis Bank account statement, it is observed that the same has been credited in Noticee's Axis Bank account. The Noticee has a Telegram channel i.e. "BOT SONALI" (<http://wa.me/918653210928>) through the said channel it shared the details of various plans. The Noticee also claimed that they have the best BOT trading platform and shared the details of fees for account handling services along with profit details, capital required and validity of the plan. Further, the Noticee shared screenshots of weekly performance in trading which included the amount of returns generated through trading over certain investment in a specific time period.
4. The Telegram channel, Bot Sonali of **Subham Traders** i.e. <http://wa.me/918653210928> is currently not active. However, it was observed that Subham had shared all the details of plans through his Telegram channel and some of the screenshots of the plans posted on this telegram channel are placed at **Annexure-B**.
5. Subham had, *inter alia*, disclosed the following on the Telegram channel:
"Nse Bot Trading:
 - 3500-4500% Return Yearly
 - 20000 Investment
 - Configure Your Trading Acc ID PW in our Bot System
 - No any Single Manual Trade
 - 100% Profit Guarantee With Return Agreement"
"Working in the competitive world of advisory companies we are following the above words and providing our clients the best possible services in the field of stock and commodity market. We give all sort of best possible training to our business development executive like soft skills, knowledge related to market analysis and how to build customer relationship and sustain it for a long time. Research house is a company where we have the best research team for each segment of the market."
6. The details of plans/ packages different facilities/ services offered under each of the aforesaid packages, offered by the Noticee as seen from the screenshots of the Telegram Channel, are tabulated as under:

Table No. 1

Sr. No.	Particulars	Duration	Capital Requirement (in Rs.)	No. of trades	Daily Return (in %)	Price (in Rs.)
1	Retail Service	1 year	20,000	1	10 to 20	17,000
2	Professional Service	1 year	50,000	1-2	30 to 50	51,000
3	HNI / Jackpot Service	1 year	50,000 to 1,00,000	2-3	50 to 100	1,11,111

7. The description of some of these packages as seen from the screenshots of the Telegram channel, Bot Sonali is as under:

Plan 1:

*" FEES 51000 FOR 1 YEAR
JUST SEND ID AND PASS OF YOUR DEMAT ACCOUNT.
WE WILL INSTALL IT WITH OUR BOT TRADING SYSTEM.
AND TRADES WILL BE DONE AUTOMATICALLY.
50000 TO 100000 /- CAPITAL AND 15 LACKS PROFIT THIS DIWALI.
FEES IS TO BE PAID IN ADVANCE THEN ONLY WORK WILL START."*

Plan 2:

*" Hello Traders,
✓ This is Best BOT Trading Platform in India.
✓ Capital Requirements 50000 – As capacity
✓ Daily Base Return 40-100%
✓ Intraday Position Only
✓ Only jackpot services
✓ Jackpot Services 1,11,111/-
✓ Service Start 12 Hrs After Registration Process.
✓ More Details Click Below Whatsapp Link."*

8. It is understood from the complaint received by SEBI that the bank account for making payment were communicated via message through Telegram. The details of the bank accounts are tabulated below:

Table No. 2

Sl. No.	Bank	Account Name	Account No.	IFSC Code
1.	Axis Bank Ltd.	Subham Traders	921020025984323	UTIB0003791

9. Based on the bank account details provided by the complainant, Bank account statement, Account Opening Form (AOF) and KYC were sought from various banks and the same were received from Axis Bank and HDFC Bank. The details of the accounts received from banks are placed at **Annexure C & D** respectively.
10. From the analysis of KYC, Account Opening Form and bank account statements provided by Axis Bank and HDFC Bank, it is observed that there are several credit entries with the description such as 'trading', 'service', 'bot trading', 'algo trading', 'bot', 'registration fee', 'subscription fee', 'investment', 'fees', 'demat holding', 'market', 'stocks', 'trading services', 'shares' etc., which appears to be in the nature of fees collected for investment advisory activities. An illustrative list of these entries is reproduced below:

Table No. 3

Axis Bank Account Statement			
Date	Particulars	UTR No.	Amount Credited (Rs.)
03-09-2021	NEFT199377909SAGAR HARIBHAU JADHAV <i>Trading BOT</i>	-	17000.00
04-09-2021	NEFT199924067KRUPESH PARMAR <i>NEFT Trading Fees</i>	-	17000.00
16-09-2021	NEFT209099025SURESH BABU MNEFT <i>Investment Sub</i>	-	51001.00
16-09-2021	IMPSP2A125918240462SAMIRDSOICICIBA <i>N Bot Tradi</i>	-	17000.00
17-09-2021	UPIP2A126089169886TINKESH PHDFC BANK <i>shares</i>	-	17000.00
HDFC Bank Account Statement			
Date	Particulars	UTR No.	Amount Credited (Rs.)
25/10/21	UPI-BHANU PRATAP CHANDR-BHANU.BPCRK@OKSBI-SBIN0007454-129810135384- <i>ALGO TRADING FEES</i>	129810135384	7,000.00
25/10/21	UPI-KARTHIK RAJENDRAN KARTHIK030714@OKHDFCBANK -HDFC0000523-129809291677- <i>TRADING BOT RETAIL</i>	129809291677	7,000.00
27/10/21	UPI-RIZWAN ISMAIL MEMON-RIZMEMON2-1@OKICICI-ICIC0006239-130093023538- <i>SHARES INVESTMENT</i>	130093023538	7,000.00
27/10/21	UPI-KADECHUR NAGARAJU-K.NAGRAJ2015@OKAXIS-UTIB0000698-130047465896- <i>TRADING</i>	130047465896	7,000.00

11. The above shows that the Noticee was using two bank accounts for collecting the fees in lieu of the aforementioned activity. The details of the bank accounts and the amount collected therein are as under:

Table No. 4

S.NO.	Bank Name & A/C No	Account Name	Name of proprietor	Date of last transaction	Account Status	Amount considered as Advisory fee
1	Axis Bank 921020025984323	Subham Traders	Ashish Kumar	04/10/2021	-	91,18,766
2	HDFC Bank 50200060153456		Ashish Kumar	31/10/2021	-	32,73,672

12. From the above, it is observed that the Noticee is observed to have engaged in the activities of an 'investment adviser' as defined under regulation 2 (m) of SEBI (Investment Adviser) Regulations, 2013 (hereinafter referred to as "IA Regulations, 2013"), which reads as under:

"investment adviser means any person who for consideration, is engaged in the business of providing advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called".

13. It is further observed that the Noticee involved in providing unregistered investment advisory services without obtaining registration from SEBI as required under section 12(1) of SEBI Act read with regulation 3 (1) of IA Regulations, 2013.

14. As per section 12(1) of SEBI Act, any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of IA Regulations, 2013. Section 12(1) of SEBI Act is reproduced as under for reference:

"No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in

accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act”

15. Regulation 3(1) of the IA Regulations, 2013 states,

“On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations”.

16. As per regulation 3(1) of IA Regulations, 2013 read with section 12(1) of SEBI Act, registration is mandatory for a person carrying out the activities of an investment adviser. From the above, it is, prima facie, observed that the Noticee has carried out investment advisory activities without obtaining registration of SEBI.

17. The aforesaid examination reveals that the Noticee appears to have engaged in the activities of investment adviser without seeking any registration from SEBI, as required in terms of Section 12 (1) of SEBI Act read with regulation 3(1) of IA Regulations, 2013.

18. It is further observed that the Noticee had fraudulently represented that it provides account handling services, and manages capital by trading in markets. The Noticee even assured guaranteed returns and fraudulently collected monies from investors as the assurance lured the investors. Evidently, the Noticee was knowingly concealing the fact that they are not registered with SEBI as an investment adviser, and had also misrepresented about its expertise in investment advisory thereby luring and inducing investors to deal in the markets by availing its services with the objective of enhancing his income. The conduct of the entity through the aforementioned activities could be construed as ‘fraud’ in terms of the Regulation 2(1)(c) of PFUTP Regulations, 2003, and in violation of Regulations 3(b), (c), (d), 4(1), 4(2) (k), 4(2)(s) of SEBI PFUTP Regulations, 2003 read with Section 12 A (a), (b) and (c) of the SEBI Act, 1992.

19. The relevant provisions are reproduced as under:

SEBI Act 1992

“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 recognized stock exchange;*
 - (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;”*

PFUTP Regulations

“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

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.*
- (2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following: -*
 - (k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;*
 - (s) mis-selling of securities or services relating to securities market;”*

20. The above acts of Noticee of holding themselves out as an investment adviser, without having any certificate of registration and fraudulently collecting monies from the investors are alleged to be in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations, 2013 and Regulation 3 (b), (c), (d), 4(1) and 4(2) (k), 4(2)(s) of PFUTP Regulations, 2003 read with section 12A (a), (b), (c) of SEBI Act, 1992.

21. In view of the allegations as stated above, the Noticee is hereby called upon to show cause as to why suitable directions, including directions under Sections 11(1), 11(4) and 11B (1) of the SEBI Act, 1992 including direction of refund of fees/monies collected from the investors should not be issued against them for the violations as alleged herein above. The Noticee is also called upon to show cause as to why inquiry should not be held against them in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed upon them under Section 11 (4A), 11B (2) read with Section 15EB and 15HA of the SEBI Act, 1992 for the violations alleged herein above. Section 15EB and 15HA of the SEBI Act, 1992 are reproduced as under:

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.

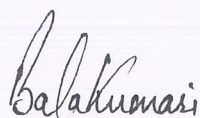
22. Your reply, if any, along with relevant documents, should reach us within 21 days of the date of receipt of this notice at the following address:

**Securities and Exchange Board of India
Ranchi Local Office
New Collectorate Building,
A-Block, Room No. 601 to 604, 6th Floor, Kutchery Road,
Ranchi - 834001, Jharkhand**

23. If the Noticee wishes to avail personal hearing before the Quasi-Judicial Authority, SEBI the same shall be specifically indicated in the reply. In case no reply is received from you, within the above specified period, it shall be presumed that you have no further explanations/ submissions to offer and the matter shall be decided on the basis of details/information available on record and in accordance with law.



24. The Noticee is advised to keep SEBI informed about the change in its/his correspondence address, if any, and provide updated email-id/s and phone number/s, till the proceedings in the extant matter are complete. The Noticees are also advised to submit a photocopy of Income Tax Permanent Account Number Card (PAN card), bank account details, demat account details, mutual fund investment details, etc. along with details of other movable and immovable assets for our record.
25. The Noticees may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If the Noticees wish to opt for the settlement process, they may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, the Noticees may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.



Bala Kumari

Enclosures:

Annexure	Particulars
A	Copy of complaint of Shri. Lakshmanan Thekkumbadan
B	Screenshots of the plans posted on this telegram channel
C	Details of the accounts received from banks including bank account statement, account opening forms, KYC etc.
D	

