भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

519

DEPUTY GENERAL MANAGER

INDORE LOCAL OFFICE

SEBI/WRO/ILO/NM/OW/P/28602/1/2022

July 13, 2022

Noticee No.	Name of the Noticee	Address
1	M/S HIGHBROW MARKET RESEARCH PRIVATE LIMITED (WAYS2CAPITAL). (REGISTRATION NO. INA000001134)	515-516, SHAGUN ARCADE SCHEME NO. 54, VIJAY NAGAR SQUARE A.B. ROAD, INDORE MADHYA PRADESH-452010
2	CHANDAN SINGH RAJPUT	173, RING ROAD SWARN BAG COLONY KHAJRANA, INDORE MADHYA PRADESH -452011
3	RAHUL TRIVEDI	19 HAMMAL COLONY INDORE, MADHYA PRADESH - 452005
4	SUNIL ATODE	MAKAN NO. 422 KANKAD, GRAM BICHOLI HAPSI INDORE, MADHYA PRADESH - 452016
5	GIRISH KUMAR PAHWANI	31/2 BAIRATHI COLONY KHATIWALA TANK, INDORE MADHYA PRADESH - 452014
6	LAXMIKANT SHARMA	202, PALAK APARTMENT 91 GOYAL NAGAR INDORE MADHYA PRADESH - 452010
7	MOHIT CHHAPARWAL	CHANDRA COLONY MADANGANJ, KISHANGARH RAJASTHAN – 305801
8	HEMANT AGRAWAL	30-A, STATE BANK COLONY DEWAS ROAD, UJJAIN MADHYA PRADESH – 456776
9	SWAPNIL PRAJAPATI	NEAR OLD JAIN TEMPLE SINGHWAHNIWARD, MANDLA MADHYA PRADESH -481661

(The aforesaid entities are hereinafter referred to by their respective names/serial numbers or collectively as "the Noticees")

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

579

Chhaparwal	Director &Promoter	April 01, 2016	Madanganj, Kishangarh Rajasthan-305801	
Hemant Agrawal	Past Director &Promoter	December 26, 2011 to July 01, 2017	30-A, Statwe Bank Colony, Dewas Road, Ujjain, MP - 456776	05137703
Swapnil Prajapati	Past Director &Promoter	December 26, 2011 to July 01, 2017	Near Old Jain Temple Singhwahniward, Mandla, MP- 481661	05151962

4. Pursuant thereto, SEBI conducted an examination of the complaints against Highbrow, received on SCORES portal, and, *prima facie,* noticed violations of provisions of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred as the "**IA Regulations**"), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "**PFUTP Regulations**") and the SEBI Act, 1992 (hereinafter referred as the "**SEBI Act**") by Highbrow.

5. During the pendency of the examination, based on the prima facie findings of facts, it was thought fit to take interim measure to protect the interest of the investors of securities market. Accordingly, SEBI passed an ex parte interim order dated May 23, 2019, against Highbrow and its directors viz., Chandan Singh Rajput, Rahul Trivedi , Sunil Atode , Girish Kumar Pahwani , Laxmikant Sharma, Mohit Chhaparwal , Hemant Agrawal and Swapnil Prajapati (hereinafter referred as the "**Interim Order**") , *inter alia,* directing Highbrow and its directors as under:

a. *Highbrow and its directors (present and past) are 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.*

b. *The Noticees and any other employee/person working under them as part of the overall modus operandi discussed in this order shall cease and desist from undertaking any activity in the securities market including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, in any manner whatsoever till further directions.*

c. *The Noticees are 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*

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

528

accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.

d. *Highbrow is directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets, Order in the matter of Highbrow Market Research Private Limited Page 40 of 40 held in their name, including money lying in bank accounts except with the prior permission of SEBI.*

e. *The depositories are directed to ensure that till further directions no debits are made in the demat accounts, of Highbrow held jointly or severally.*

f. *The banks are directed to ensure that till further directions, no debits are made in the bank accounts held by Highbrow jointly or severally.*

g. *The Registrar and Transfer Agents are also directed to ensure that till further directions the securities held in the name of Highbrow, jointly or severally, are not transferred.*

6. Pursuant to the Interim Order, the Noticees submitted the details of their assets to SEBI in the month of May, 2019 and June, 2019. Details of the assets declaration submitted by the Noticees are placed at **Annexure 1.** Thereafter inspection of documents, which were relied upon to pass the interim order, were provided to the Authorised Representative and one of directors of the Company, Noticee No. 3. Copy of the proceedings of the inspection of documents is placed at **Annexure 2.** Further, hearings in the matter were conducted on October 24, 2019 and November 14, 2019.

7. Consequently, SEBI passed a confirmatory order dated January 30, 2020 against Highbrow and its directors under sections 11, 11B and 11D of the SEBI Act, 1992. Vide the said confirmatory order, the competent authority also confirmed all the directions issued vide the Interim Order dated May 23, 2019. The Confirmatory Order was duly served on all the entities.

8. For further examination in the matter, SEBI vide letter dated August 31, 2020, advised Highbrow and its directors to submit information/documents viz., copy of risk profile form, bank account statements of the directors, year wise fees collected since date of registration,

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

597

client master data, copy of audited financial statements for last three years, sample copy of agreement entered into with the clients, etc.

9. In response to SEBI letter dated August 31, 2020, one of the directors i.e., Rahul Trivedi Noticee No. 3, for and on behalf of the Highbrow, inter-alia, submitted the following details:
    - Risk Profile Form
    - Client Master Register
    - Year wise fees collected

   In the submission, the Company has referred to the details and documents submitted by Highbrow to SEBI during inspection on February 15, 2019. The said reply submitted by Rahul Trivedi (Director) is placed at **Annexure 3**.

10. Further, vide emails dated October 05, 2020, information/documents viz., copy of risk profile form, bank account statements of the directors, year wise fees collected since 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. were sought from the Highbrow and its directors. Copy of the emails are placed at **Annexure 4**.

11. It was noted that on its website, Highbrow under the head "Payment Options" had provided details of 6 bank accounts (i.e. accounts held in ICICI Bank, Axis Bank, Punjab National Bank, HDFC Bank, Union Bank and State bank of India). These bank accounts were used to take payments from the clients / investors. Apart from the aforesaid bank accounts, Highbrow was also collecting through payment gateways viz., PayU, Paytm, ATOM, EBS, Bill Desk. Synopsis of amount credited in various bank accounts of Highbrow during FY 2012-2013to 2018-19 is tabulated below:

<u>Table - 2</u>

Bank/FY		ICICI	Axis	PNB	SBI	HDFC	UNION bank
2012-13	*Debit*	26,94,190	32,77,715			Consolidated for the period 2012 – 19 since year wise	Consolidated for the period June 2015 to January 2019
	Credit	31,58,333	31,63,122				
2013-14	*Debit*	80,42,428	1,93,99,056		14,41,067		
	Credit	82,06,563	1,96,27,813		16,67,455		
2014-15	*Debit*	1,59,65,676	2,83,79,547	4,355	40,37,165		

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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576

	Credit	1,57,02,759	2,87,51,988	20,15,316	64,31,730	breakup is not available	since year-wise breakup is not available
2015-16	*Debit*	3,36,27,652	1,70,83,815	50,36,472	2,28,71,432		
	Credit	3,36,53,504	1,75,48,953	43,22,561	3,23,83,978		
2016-17	*Debit*	4,19,10,568	1,72,36,369	28,64,976	3,03,88,027		
	Credit	4,18,63,826	1,62,01,351	25,66,878	2,77,64,094		
2017-18	*Debit*	3,86,47,420	2,66,18,575	1,04,55,734	2,96,85,254		
	Credit	4,00,36,180	3,20,68,281	1,00,02,226	3,20,75,483		
2018-19	*Debit*	3,79,55,016	1,45,26,615	70,61,067	2,02,32,916		
	Credit	3,81,55,150	1,23,17,157	71,83,576	1,26,18,202		
Total	Debit	**17,88,42,950**	**12,65,21,691**	**2,54,22,604**	**10,86,55,861**	**59,00,45,682**	**88,64,761**
	Credit	**18,07,76,315**	**12,96,78,667**	**2,60,90,557**	**11,29,40,942**	**59,29,09,912**	**91,57,313**

12. From the account statements of Highbrow's accounts maintained with the above mentioned banks, it is noted that INR 105,15,53,705 was credited and INR 103,83,53,549 was debited since 2012-13 (i.e. inception of Highbrow) till 2018-19.

13. Further, as per the details submitted by Highbrow and details collected during inspection, it is noted that the total fees earned by the Company from incorporation to April, 2019 amounts to INR 72,96,17,002.95. The year wise break-up of fees collected by Highbrow is tabulated as under:

<u>Table - 3</u>

SL.NO.	PERIOD-YEAR WISE	AMOUNT (RS.)
1)	F.Y. 2014-2015	7,22,36,081.50
2)	F.Y. 2015-2016	13,66,84,538.75
3)	F.Y. 2016-2017	12,26,96,500.79
4)	F.Y. 2017-2018	22,19,75,888.31
5)	F.Y. 2018-2019	17,40,16,845.94
6)	F.Y. 2019-2020 (April)	20,07,147.66
Total		72,96,17,002.95

The client master data of Highbrow for the period of FY 2014-15 to April 2019 is placed at **Annexure 5**.

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

575

14. Further, for a detailed examination of the complaints, received pursuant to interim order, information and documents were sought from the complainants. Based on the details submitted by the complainants, the following complaints have been examined:

Table - 4

Sr. No.	Name of Complainant	SCORES registration No.
1.	Anandreddy	SEBIE/MP19/0002351/1
2.	Ayush Kumar Agrawal	SEBIE/MP19/0001630/1
3.	Bhagirath Mal	SEBIE/MP19/0001910/1
4.	Dipak Bharvad	SEBIE/MP19/0000973/1
5.	Ganesh vishwanath dase	SEBIE/MP19/0002930/1
6.	Jai Prakash Singh	SEBIP/MP19/0000265/1
7.	Kelvin Wilson	SEBIE/MP20/0000932/1
8.	L N Singh	SEBIE/MP19/0002140/1
9.	Md Ala Noor	SEBIE/MP21/0000199/1
10.	Prabhakar Maheshwaram	SEBIE/MP19/0001096/1
11.	Pradeep kumar	SEBIE/MP19/0001393/1
12.	Routhu Sriramulu Naidu	SEBIE/MP20/0001288/1
13.	Shahjad Ahmed Khan	SEBIE/MP20/0002124/1
14.	sujeet sunder chandavar	SEBIE/MP19/0001443/1
15.	Sunil Kumar Saini	SEBIP/MP20/0000101/1

15. On the perusal of the various complaints, it is observed that in most of the complaints, *inter alia*, the following allegations have been made:

- Company has defrauded the investors.
- Lured the investors by promising high return/ assured profit.
- Starting with small fees amount, the IA had gradually extracted money in the name of fees and if denied by the client, then threatened to forfeit the amount paid by the client.
- Extracted money in the name of GST payment.
- Huge loss incurred due to inappropriate advice given.
- Clients were forced to buy multiple products and pay more amount;
- Complaints were filed with the Company but no response or resolution provided by the Company.

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

574

- Forced the client to send free consent email and appreciation email for the services.

16. From the analysis of documents and information submitted by the complainants, the following facts were principally observed in the matter:-

I. <u>Promising assured profit / target return to its clients:</u>

17. It is noted from the payment receipts issued to the clients by Highbrow that it has been promising targeted returns/ for a profit of (terming them as "approachable profit") under various pre-defined packages on the investments made by the clients. The terms listed in the payment receipts which specify the target returns were —

"The service tenure is of 20 days, 131days, or 181days on minimum basis, after this period advisor company will provide complementary services for rest of the approachable profit, *if required".*

18. A sample of the service fee charged to clients vis-à-vis the target return is tabulated hereunder:

Table - 5

Client Name	Payment date	Name of the service*	Target Return/ for a profit of (in Rs)	Service Fee (in Rs) Exclusive of GST (18%)**
Mr. Mohammad Alanoor	16-01-2018	Admire Forex Package	10,60,500	3,03,000
Routhu Sriramulu Naidu	22-08-2017	Radiant Option Package	6,50,000	2,60,000
Mr. Sujeet Chandrvar	05-10-2015	Bonanza Mcx Platinum	16,25,000	3,25,000
Mr. Kelvin Wilson	04-01-2018	Crack Future Package	10,99,000	3,14,000
Mr. Lakshmi Narain Singh	27-10-2016	Tip Top Future Package	21,76,000	5,44,000
Jai Prakash Singh	26-06-2018	Future Leader Package	6,50,000	2,60,000

19. It is noted from the payment receipts issued by Highbrow that on an average, the "target" profit mentioned in the payment receipts is around 4 times of the service fee charged by Highbrow from its clients. Copies of the sample invoices, in this regard, are placed at **Annexure-6**. It is further noted that the tenure of service committed by Highbrow to its

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

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

clients continues till the time the "target" is achieved. Also, under the tab "service holding", it has been mentioned in the payment receipts that "*the service tenure is of 20 days, 131days, or 181days on minimum basis, after this period, Adviser Company will provide complementary service for rest of the approachable profit, if required*". It is noted that while the payment receipts mention the target and the service fee to be paid to Highbrow for achieving such target, they do not mention anywhere, the amount which the investor / client would be required to invest in order to achieve the said target/profit.

20. On a perusal of the complaints received from the clients, it is noted that the clients subscribed to the packages offered by Highbrow with the understanding/interpretation that Highbrow had promised them assured profit. Extracts of the relevant portions of their complaints is reproduced below which clearly show that they had been given to understand that assured returns will be delivered by Highbrow:

a. Sunil Kumar Saini (SEBIP/MP20/0000101/1) : " Adviser ne ***bhari rakam ka lalach*** de kar mere se pehle moti rakam zama karwa li" (**Annexure-7**)

b. Prabhakar Maheshwaram (SEBIE/MP19/0001096/1) : " The plan I was communicated was against the payment of Rs. 86,087 + GST, ***profit of above Rs. 2,14,290*** will be made with the investment of Rs. 30,000..." (**Annexure-8**)

c. Shahjad Ahmed Khan (SEBIE/MP20/0002124/1): " unhone btaya ki sirf 5000 me unki company ek mahine me service deti hain jisme custome ka ***guaranteed profit lagbhag 30000 se lekar el lakh ka hota hain.*** " (**Annexure- 9**)

21. Further, from the call recordings (**Annexure -6**) provided by the complainants of Highbrow, it is noted that the representative of Highbrow were promising unrealistic / exorbitant returns to the clients. The transcripts of the conversations between the representatives/ employees of Highbrow and the clients are as under:

1. **L N Singh (SEBIE/MP19/0002140/1)**

Call recording (ARC-_917312448490-2018-08-22-16-39-39-channel-4276922917.3gpp)

a) **Time:** 3:10 to 3:55

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104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
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104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)
Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

92

Employees of Highbrow:

" aapka profit chota nahi hai agar main pehle profit ki baat karta hoon toh ***<u>pehla profit aapka 70 lakh ka hain</u>*** *matlab aapke jo profit hain uspar minimum 2.05 times tak ka toh rahega maan ke chalo takriban 1.75 tak ka to ho hi jaata to ye aapka ethical hain jo aapko milna hai aur mere saath jo company ki deal hui hai vo is profit ko lekar ke hui hain aapko yeh vaala profit sir vo dilwana hain iske liye jo bhio lagta hain uske liye company aur main manage karte hue chalenge abhi yeh chota profit hain dekha jaye toh yeh bada profit nahi hain* ***<u>aapka profit sirf 1.75 crore ka hain</u>****"*

b) **Time:** 4:05 to 4:30

<u>Employees of Highbrow</u> :
"aapka ***<u>monthly target rahega</u>*** *ho sakta hain* ***<u>starting shayad 5 lakh ya 7 lakh ya 10 lakh ki ho matlab pehle 15 din main</u>****"*

2. <u>Md Ala Noor (SEBIE/MP21/0000199/1)</u>

a) **Call recording** (VoiceM0059.amr)

Time: 00:15 to 00:50

<u>Employees of Highbrow:</u>

" ***<u>Aapke 30 lakhs ke return ki maine baat kar li hain</u>*** *aur yahhan ………….* ***<u>30 lakhs ka return hain aap ka company side se dono profit loss statement tayar hain</u>*** *aur cheese aapko complete ho kar he milna hain ek baat aur batadu ki ye jo 30 lakh Rs. Ka hain vo processing ho kar hi milna hai charge maintain karke. "*

b) **Call recording** (2.VoiceM0085.amr)

Time: 3:35 to 3:52

<u>Employees of Highbrow:</u>

"aap 60,000 karlijiye 60,000 karlijiye aur le lijiye, ***<u>30 lakh ho sakta hai 30 lakh sirf 60,000 baki hai</u>****"*

3. <u>**Prabhakar Maheshwaram (SEBIE/MP19/0001096/1)**</u>

a) **Call recording** (1-W2C-Mathur-917312428809_2018_10_08_11_25_30_571_in.mp3)

Time: 9:55 to 10:06

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

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)
Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

571

Employees of Highbrow:

"Agar aap minimum bhi week main 2 calls par kaam karoge to 30,000 , 40,000 prati profit nikl kar le jaoge"

It is observed that the Company has been promising unrealistic / exorbitant returns to its clients, despite fully knowing that all the investments in the securities market are subject to market risks and that such returns cannot be assured. So, it is alleged that by making / promising assured profits and unrealistic returns, Highbrow has tried to deceive the clients. It is also alleged that such act by Highbrow is a misrepresentation to the client and is fraudulent, and as such Highbrow has violated the provisions of Regulation 3 (a), (b), (c) and (d), 4(1) and 4(2)(k),(s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

22. Such act also shows that the Company has not been honest and has not taken due care in its dealings in the best interest of its clients. It is alleged that the Company has failed to fulfil its fiduciary duty towards its clients, thereby violating Regulation 15(1) and Clauses 1 (honesty and fairness), 2 (diligence) and 8 (compliance) as specified under Third Schedule of Code of Conduct for Investment Adviser read with Regulation 15(9) of the IA Regulations.

II. Highbrow sold multiple packages to clients with threat of forfeiture and charged unreasonable and undisclosed fee:

23. On analysis of payment receipts of the complainants it is noted that in the very first month of their association with Highbrow, large number of packages were sold and substantial amount by way of fee was extracted by Highbrow from the clients. Analysis of the fees collected from the clients (sample basis) in the first month of their association with Highbrow is provided hereunder:

Table - 6

S. No	Name	Date	No. of product/ package sold	*Proposed investment as per Risk Profile*	Amount of fees collected
1.	Mr. Mohammad Alanoor	29/11/2017 to 29/12/2017	03	*2-5 Lakhs*	3,24,702

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

580

2.	Routhu Sriramulu Naidu	22/08/2017 to 20/09/2017	04	*1-2 Lakhs*	7,34,538
3.	Mr. Sujeet Chandrvar	06/07/2015 to 06/08/2015	07	*Risk profile not filled.*	8,87,962
4.	Ayush Kumar Agrawal	24/09/2018 to 24/10/2018	06	*5-10 lakhs*	8,33,023

24. It is seen from the above table that within the period of a month, large amounts of fee were collected from the clients, in complete disregard to the proposed investment of the clients.

25. On a sample basis, the payment receipts issued by Highbrow to Mr. Kelvin Wilson have been analysed. Mr. Kelvin Wilson has informed that he did not hold any Demat account prior to January 03, 2018 (**Annexure-12**). However, Highbrow has sold multiple advisory services to the client viz. Stock Cash, which requires the client to have a Demat account to avail such services. The following table contains the relevant particulars i.e. payment made by Mr. Kelvin Wilson for different packages and the duration of the period for the service and the quoted profit amount, etc. The copies of the invoices of services issued to Mr. Kelvin Wilson are placed at **Annexure - 13**:

<u>Table - 7</u>

no.	Date	Payment Amount (including GST)	Adjusted Amount	Remaining amount + GST (18 % on Remaining amount	Name of the Service	Period of service as per bills provided	quoted profit amount
1.	29/09/2017	5,900	nil	26000	Stock Cash	12 months	NA
2.	03/10/2017	7,080	5000	20000	Stock Cash	12 months	NA
3.	05/10/2017	15,600	11000	235780	Decisive Cash Package	50 trading session	6,50,000
4.	09/10/2017	25,000	24220	214594	Decisive Cash Package	50 trading session	6,50,000

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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569

5.	10/10/2017	49,160	45406	2,13,933	Bounce Cash Service	NA	10,53,500
6.	12/10/2017	45,000	87067	175797	Bounce Cash Package	NA	10,53,500
7.	13/10/2017	9,200	125203	168000	Bounce Cash Package	NA	10,53,500
8.	17/11/2017	1,35,501	NIL	1831	Improved Options Package	NA	282500
9.	11/12/2017	1,25,600	NIL	2,07,559	Crack Future Package	NA	10,99,000
10.	16/12/2017	90,000	NIL	14,729	Quick Buck Future Package	NA	227500
11.	04/01/2018	25,000	1,06,441	1,86,372	Crack Future Package	NA	10,99,000
12.	06/01/2018	31,000	NIL	5721	Call Of The Week Equity	08 weeks	NIL
13.	24/01/2018	32,000	NIL	4873	Call Of The Week Equity	08 weeks	NIL
Total		5,96,041					

26. From the above table, the following are noted:

a. Mr. Kelvin wilson subscribed to the services of Highbrow and paid Rs. 5,900 on September 29, 2017.

b. Within the very first month of his joining, Highbrow had taken payment of Rs. 1,56,940 (till October 13, 2017) from him. During that very month 3 packages (i.e. Decisive Cash Package, Stock Cash and Bounce Cash Packages) were sold to him. For those 3 service packages he was billed 7 times.

c. The receipts mention the target profit or approachable profit but do not mention the amount which has to be invested by the client to achieve the said target or approachable profit.

d. Multiple Packages have been sold to Mr. Kelvin wilson over a period of around 4 months. Several packages have been sold twice or more, even prior

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

568

to the completion of existing continuing service. While, the payment receipts mention the tenure of service till the target profit is achieved, even then, the same package is again sold to the client.

e. Multiple Services are sold and money paid by the client for erstwhile service is adjusted with another higher package service and additional GST is charged. As in the instant matter, first stock cash package was sold and amount of 12980 was taken in first and second payments. The remaining amount was 20000 for stock cash but next payment is taken for Decisive Cash Package and amount paid earlier for stock cash (excluding GST) was adjusted for Decisive Cash Package. Thus stock cash was not completed and new higher package was sold. Similarly, third and fourth payments, a sum of INR 40,600 was taken for Decisive, making its remaining amount to be paid as INR 2,14,594. Further, rather than complete Decisive Cash Package, Highbrow sold another higher service, Bounce Cash Package to the client and payments made earlier (excluding GST) were adjusted to this new service. This cycle of payments continues and clients keep on paying for new services and GST amounts.

27. In the present case, it appears to be the strategy of Highbrow to show some amount as always remaining to be paid by the client, and then the client is put under pressure to pay the same. Thus, complete payments are not accounted towards any package. It is visible from the table above that in respect of none of the packages, when payments were received they were not used to adjust the old dues, rather a new package was mentioned against the client's name and some amount was shown as pending. As noted above, complete payments are not accounted towards any package by Highbrow and with every payment, only partial adjustment is done with the old dues and a new demand is raised.

28. From the details of the complaints it is noted that the client is never told about why a new package is given to him every time he makes a payment. In addition to the fee as mentioned above, Highbrow has been charging additional fee without proper disclosure of the grounds on which such fee is being charged. One such additional fee is in the name of GST and taxes. It is observed that the clients are never informed upfront about the GST or other taxes applicable on his/her transactions.

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

567

29. Also, from the details of the complaints it is noted that Highbrow had threatened the clients to subscribe for the additional services and pay more advisory fees. If more advisory fees are not paid then the erstwhile payments made by the clients would be forfeited. Relevant extract of such complaints are produced as under:

a. Dipak Bharvad (SEBIE/MP19/0000973/1) **Annexure - 10**:
"Company ne mujhse advice provide karne ke liye pehle, 5000/- mange,
Fir advice dene ke liye 20,000 mange,
Phir unhone kha aapne 2,60,000 ka package liya hain toh uska **GST bharna** padegi 45000
...aapko aur 72,000 bharne honge ***aur agar nahi bhara toh jo paise diye hain vo sab nahi milenge***"

b. Prabhakar Maheshwaram (SEBIE/MP19/0001096/1) **Annexure- 8**:
" As per the instruction of the company I paid Rs. 24, 780 for Elegant option package, then Mr. Mohit called and said that I have to buy a premium package of Rs. 56,626, ***he forced me to do the payment, I have not left any option***. .he ***threatened me that if I don't buy the plan*** of nifty package I will continue to make losses.
Every time new person contacts and try to sell their premium services by threatening to incur losses if not opted.

c. Shahjad Ahmed Khan (SEBIE/MP20/0002124/1) **Annexure- 9**:
" ...naye saal ke din call karke 52,793/- ***seat booking amount*** ke roop me manga..., unhone mujhe mazboor kiya aur project na shuru karne ki baat kahi jisse mujhe ***mazbooran vo paisa dena pada***.

Mujhse ***appreciation mail bhi*** karwaie gayi jisse ye pratit ho ki customer satisfies hainjo ki sirf dikhawa tha.

...mere mana karne pe vo jore dene lage and ***dhamki dene lage*** ki project raddh kar denge..

d. Bhagirath Mal (SEBIE/MP19/0001910/1) **Annexure-11**: ...Dinank 23.11.2018 ko call aya aur btaya gya ki...aapko ***Decisive cash package (2,60,000) aavantit (assign) kiya gya hain*** aap iski 14% payment 36,400 pay karwae...mene btaya ki me iss package ko lene ***me samarth nahi hu***...parantu unke dwara btaya gya ki iske paschat ko badi rakam zaman ahi karni padegi...

Dinank 24.11.2018 ko ...company ke khate me paise zama karwaye.

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

366

Dinank 26.11.2018 ko phone aaya aur bataya gya ki *aap Decisive cash package 2,60,000 ki 18% GST 46800 aaj hi zama karwae..aapke liye wndow 1PM se 3 PM tak khuli hain.* …
…..jo rashid jari ki gayi usme Decisive cash package ke column me 39661 rupay and ***IGST column me 7139 rupay ankint kiye.***aur btaya gya ki ye general prikriya hain aur aap rashid ko sign karke bhijwaiye…

30. Clients are forced to make the payments within a time frame or defined window else they are threatened to forfeit the paid amount. Once the payment is made, the previous amount is adjusted and new dues are raised for the clients. This appears to be the never ending payment process for clients. So, in all the scenario either clients make more payment or forgo the earlier payments.

31. It is therefore alleged that Highbrow has (a) failed to fulfil its fiduciary duty to its client, which is entrusted on it under Regulation 15 (1) of the IA Regulations, 2013 and (b) failed to abide by the Code of Conduct under Regulation 15 (9) read with Clauses 1, 2, 5 and 6 of Code of Conduct for Investment Adviser.

32. Charging the advisory fees by not making adequate disclosure to the clients, by creating false and hypothetical circumstances of payment windows and seat booking slots and by forcing and threatening the clients to make the payments, Highbrow has carried out such business practices which are mala-fide and detrimental to the interest of its clients. It is alleged that such act by Highbrow is a misrepresentation to the client and is fraudulent, and as such Highbrow has violated the provisions of Regulation 3 (a), (b), (c) and (d), 4(1) and 4(2)(a),(k),(m),(s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

III. ***Highbrow manipulated the risk profiles of clients and has failed to conduct due diligence.***

33. It is noted from the examination in the matter that Highbrow is not adhering to requirements with respect to risk profiling of clients, as specified in the IA Regulations. Some of the instances are discussed as under:

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

565

a. Shahjad Ahmed Khan (Annexure – 14): In the case of Shahjad Ahmed Khan two risk profiles were done by the IA. In one of the risk profiles (December 27, 2018- mentioned by the client), it has been noted that the client has very less experience with forex investment unlike the other risk profile (January 02, 2019) of the client, which provides that the client has extensive experience with the forex investment. This shows disparity in the two risk profiles of the same client done within a week's time. Further, from the invoices it is noted that on January 02, 2019, the client was sold an ideal Forex package. Thus, Highbrow modified or manipulated the risk profile of the clients in order to sell the advisory products and maximise its revenue.

b. Jai Prakash Singh (Annexure – 15): Two risk profiles of Jai Prakash Singh were done. Certain anomalies identified in the two risk profiles of the same client are provided as under:
   i. Proposed Investment Amount has been changed from less than INR 1 lakh to INR 5 – 10 lakh.
   ii. Gross annual income has been changed from INR 1-5 lakh to INR 5-10 lakh.
   iii. Investment experience has been changed from less than 3 years to more than 5 years.
   iv. Risk tolerance has been changed from 'medium' to 'high'.
   v. Occupation has been changed from Government sector to Private Sector.

c. Mr. Kelvin Wilson: The entity in his complaint has informed that no risk profile was created or communicated to him by the IA. Further he has informed that he did not hold any Demat account prior to January 03, 2018.

d. Sujeet Sunder Chandavar (Annexure – 16): The entity has informed that Risk profile form provided by Highbrow was filled as per the instructions given by Ways 2 capital. Further, risk profile was done when the client had already paid Rs. 26,900/- to Highbrow.

34. The regulation envisages that IA shall carry out risk profiling of the client for ascertaining the suitability of the investment advice and accordingly risk profiling should precede suitability exercise. However, in case of Highbrow, there are instances, where the package/service (suitability) is decided and sold upfront and advisory fee is collected before the risk profiling or KYC is done. For instance, in the case of Sujeet Sunder Chandavar the Risk Profile Questionnaire had been communicated to the client after allocating services

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

564

taking advisory fees of Rs.26,900. In the instant matter, it is also noted that Risk profiling was carried out as per the guidance of the Company.

35. Since suitability was preceding Risk profiling, it is noticed that risk profiling is manipulated/fixed to justify package subscribed (suitability) and in doing so, Highbrow has manipulated the risk profile data that is captured in the questionnaire for Risk Profiling. It is the duty of IA to do the due diligence of the data filled in the Questionnaire so that it can correctly ascertain suitable advice in the best interests of the client. The above practices relating to risk profiling of clients by the IA clearly indicates that Highbrow had scant regard for conducting any due diligence. Therefore, it is alleged that the IA has failed to carry out the due diligence expected from it.

36. On perusal of the Risk Profiling Questionnaire of Highbrow, the following are observed:

   a. Risk Profile of Highbrow includes following 02 questions to ascertain risk appetite of the clients:
      i. *What is your preference w.r.t securities with low risk, low return over high risk, high return?*
      ii. *When market is not performing well do you prefer to buy risky investments and sell less risky investments?*

   b. These 2 questions mentioned above appear be a leading questions. For example- the expression "low risk, low return over high risk, high return ..." would inevitably lead the client to respond that he can bear high risk as it is associated with high return. Instead of stating 'High risk is associated with high return', had the IA made the client aware that taking high risk would mean chances of large amount of losses in the investment, it would have been better for the client to understand the risks associated with a high risk product.

   c. From the above, it is observed that the above mentioned questions in the Risk Profile Questionnaire are vague, ambiguous and misleading. As per regulation 16(b) (iii) of the IA Regulations, the IA has to appropriately interpret client responses to questions and not attribute inappropriate weight to certain answers. From the question mentioned above, it is clear that the questions used for assessing risk profile of the client are leading questions. It appears that the questions mentioned in the Questionnaire have been framed in such a manner so that it would be difficult for the clients to understand and provide an appropriate response. It further appears that such questions have been

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

563

framed to make the clients fall in the high risk category so that they can be offered complex products like derivatives.

37. It is also observed that the risk profiles of the clients have been manipulated by the IA to maximise its revenue and sell its advisory services products. Further the risk profiles are not signed or dated. So, the risk profiling exercise done by Highbrow is merely to formally comply with the requirement of the IA regulations and not uphold the spirit of the risk profiling exercise.

38. In view of the above, it is alleged that Highbrow has failed to fulfil its fiduciary duty to its client, which is entrusted on it under Regulation 15 (1) of the IA Regulations, 2013 and has failed to abide by Clauses 1 (honesty and fairness), 2 (diligence), 6 (fair and reasonable charges) and 8 (compliance) of the Code of Conduct for Investment Advisors as specified in Third Schedule of IA Regulations read with regulation 15 (9) of IA Regulations.

39. Highbrow has also sold the advisory services prior to carrying out the risk profile exercise of its clients. Instances have been noted where no risk profile has been done. Also the questionnaire in the risk profile is vague and contains leading questions. The IA has not adopted a process for assessing the risk a client is willing and able to take, but the process is set in a manner so as to enforce the will of the Company on the clients and make them buy high risk products. The risk profile is also not communicated after risk assessment, but the risk forms are sent to the clients and replies to the risk profile questionnaire are filled through instructions from the Company so as to maximise the risk score. It is alleged that such activities of Highbrow are in violation of Regulation 16 (b), (c), (d) and (e) of the IA Regulations.

40. From the facts brought out above, it is also observed that Highbrow has behaved deceptively with the clients by changing their risk profile as per its own whim to maximise its revenue. It is alleged that the same tantamount to fraud by Highbrow. Accordingly, it is alleged that Highbrow has violated regulation 3(a), (b),(c) and (d) of PFUTP Regulations, 2003 read with section 12A(a),(b) and (c) of SEBI Act.

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

582

IV. Highbrow failed to abide by principles of Suitability

41. Regulation 17 of the IA Regulations requires that investment advice should be, inter-alia, based on client's investment objectives and his financial situation. Further, the investment advice should be such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance. The regulation envisages that IA shall carry out risk profiling of the client for ascertaining the suitability of advice and accordingly risk profiling should precede suitability exercise.

42. From the complaints and details submitted by the complainant it is noted that without considering the proposed investment amount and the financial strength of the clients IA had sold multiple services and charged them advisory fees, which is multiple times of their proposed investment amount. Some of such instances are tabulated as under:

Table - 8

s.no	Client Name	Proposed investment amount (as per RPM)	No of services sold	Actual advisory fees taken	Annexures
1.	Md Ala Noor	2-5 lakhs	5	865011	Annexure-17
2.	Routhu Sriramulu Naidu	1-2 lakhs	8	22,32,018	Annexure-18
3.	Sujeet sunder chandavar & family	Not mentioned	13	38,26,409	Annexure-19
4.	Ayush Kumar Agrawal	5-10 lakhs	5	8,33,023	Annexure-20
5.	Kelvin Wilson	No risk profile done	7	5,96,041	Annexure-13
6.	L N Singh & Family	0-1 lakh	13	78,38,050	Annexure-21

43. It is seen from the above table that the advisory fees charged by IA is significantly more than the proposed investment amount of the clients. In view of the above it can be inferred that Highbrow has selected and sold packages/products without any regard to the financial situation of the client and the amount he is willing to invest. If all the financial resources of the clients would be charged by the service provider, then in no circumstances client would

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

561

left with any resources to invest in the financial products. Thus, Highbrow has kept his own interest ahead of its client's interest.

44. From the details submitted by the client it has been observed that multiple services are sold to the clients within short span of time and most of such services are active at a given point of time. Instances have been observed where same services are sold more than once, even though the tenure of previous service has not been completed. Some of the instances of the multiple services are provided hereunder:

L N SINGH:

Table - 9

S.no	Date of payment	Nameof package	Duration	Target profit	Amount charged
1.	23-08-2016	Options	3 Months		7250
2.	25-08-2016	Desire options package	NA	7,08,000	36225
3.	20-09-2016	Weekly report	21 report (21 weeks/5 months)		55200
4.	26-29-2016	Income Future Package		564000	47996
5.	29-09-2016	Income Future Package		564000	45000
6.	05-10-2016	Weekly report	31 reports (31 weeks/ 7 months)		78550
7.	10-10-2016	Tip top future package		21,76,000	266954
8.	20-10-2016	Crack Future Package		10,99,000	273000
9.	27-10-2016	Tip top future package		21,76,000	352200
10.	27-02-2018	Bounce Cash Package		10,53,500	196000
11.	29-03-2018	Decisive cash package		6,50,000	210001
12.	26-04-2018	Float Forex Package		6,03,000	150000

45. The above table provides that the first service was sold for a tenure of 3 months, but prior to completion of that service 6 more advisory products were sold with profit target. For

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104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
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560

every new product different target profit is given. Further, on September 20, 2016 weekly report for 21 weeks were sold. Again, just after 15 days, weekly report for 31 weeks were sold. Thus as per the invoices details, at a given point of time multiple services were active for the client and no services were fully completed.

KELVIN WILSON:

Table - 10

S.no	Date of payment	Nameof package	Duration	Target profit	Amount charged
1.	29/09/2017	Stock Cash	12 months		5,900
2.	03/10/2017	Stock Cash	12 months		7,080
3.	05/10/2017	Decisive Cash Package	50 trading session (2.5 months)	6,50,000	15,600
4.	09/10/2017	Decisive Cash Package	50 trading session (2.5 months)	6,50,000	25,000
5.	10/10/2017	Bounce Cash Service		10,53,500	49,160
6.	12/10/2017	Bounce Cash Package		10,53,500	45,000
7.	13/10/2017	Bounce Cash Package		10,53,500	9,200
8.	17/11/2017	Improved Options Package		282500	1,35,501
9.	11/12/2017	Crack Future Package		10,99,000	1,25,600
10.	16/12/2017	Quick Buck Future Package		227500	90,000
11.	04/01/2018	Crack Future Package		10,99,000	25,000
12.	06/01/2018	Call Of The Week Equity	08 weeks (2 months)		31,000
13.	24/01/2018	Call Of The Week Equity	08 weeks (2 months)		32,000

46. In the instant matter it is noted that the first service, which was stock cash, was sold for a tenure of 12 months, then within 2 days Decisive cash package is sold for 2.5 months /50 trading session. Thereafter, next day Bounce Cash Service was sold for a target of RS. 10, 53,500 followed by a series of different advisory services with a range of target profits. This again shows that

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

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

559

no service was are completely abided by the IA and services were sold by the IA with no intention to perform the responsibilities accrued upon it.

SUJEET SUNDER CHANDAVAR:

Table - 11

S.no	Date of payment	Nameof package	Duration	Target profit	Amount charged
1.	30-06-2015	Stock future	3 months		5,000
2.	06-07-2015	Bonanza Future Premium		500000	11,900
3.	14-07-2015				10,000
4.	21-07-2015				17,500
5.	21-07-2015				7,100
6.	22-07-2015				16,000
7.	23-07-2015				48,000
8.	23-07-2015	Weekly Report	12 weeks, 3 months		47,988
9.	24-07-2015	Bonanza Future Premium		500000	27,000
10.	24-07-2015	Bonanza Option Basic		225000	55,800
11.	27-07-2015	Weekly Report	8 weeks , 2 months		31,992
12.	27-07-2015	Weekly Report	10weeks , 2.5 months		39,990
13.	27-07-2015	Bonanza Option Basic		225000	19,200
14.	27-07-2015	Bonanza Option	Depending upon customer		10,500
15.	28-07-2015	Bonanza Future Grand Premium		3150000	25,000
16.	28-07-2015	Bonanza Future Grand Premium			46,982
17.	29-Jul-15	Bonanza Future	Depending upon customer		73,500
18.	30-Jul-15	Bonanza Future Grand Premium		3150000	30,000
19.	30-Jul-15	Bonanza Future Grand Premium			75,048
20.	3-Aug-15	Weekly Report	24 weeks/ 6 months		95,976
21.	3-Aug-15	Weekly Report	14 weeks/ 3.5 months		55,986
22.	4-Aug-15	Bonanza Cash Premium		500000	25,000

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

23.	5-Aug-15	Bonanza Future Grand Premium		3150000	1,00,000
24.	7-Aug-15	Bonanza Future Grand Premium		3150000	25,038
25.	7-Aug-15				21,000
26.	7-Aug-15				1,11,000
27.	10-Aug-15	Bonanza Option	Depending upon customer		73,500
28.	11-Aug-15	Bonanza future	Depending upon customer		73,500
29.	11-Aug-15	Weekly Report	8 weeks/ 2 months		31,992
30.	12-Aug-15	Weekly Report	9 weeks/ 2 months		15,996
31.	12-Aug-15				19,995
32.	14-Aug-15	Weekly Report	31 weeks/ 8 months		1,23,969
33.	19-Aug-15	Weekly Report	48 weeks/ 11 months		95,976
34.	19-Aug-15				95,976
35.	19-Aug-15	Bonanza Cash Platinum		16,25,000	79,000
36.	20-Aug-15				200,000
37.	20-Aug-15				
38.	20-Aug-15				
39.	20-Aug-15				
40.	20-Aug-15				
41.	20-Aug-15				
42.	20-Aug-15				
43.	24-Aug-15				10,000
44.	25-Aug-15				10,000
45.	26-Aug-15				6,000
46.	27-Aug-15				15,000
47.	3-Sep-15	Bonanza MCX Premium	Not defined		1,04,250
48.	11-Sep-15	Bonanza MCX Platinum		1625000	10,000
49.	15-Sep-15				20,000
50.	22-Sep-15				16,000
51.	5-Oct-15				75000
52.	13-Oct-15	Nifty Future	3 months		10,300
53.	20-Oct-15	Bonanza MCX Platinum		1625000	60,000
54.	22-Oct-15	Weekly Report	7 weeks/ 1.5 months		27,993
55.	12-Nov-15	Point return pack	30 days		10,000
56.	24-Nov-15	Point return pack	30 days		10,000
57.	11-Dec-15	Bonanza Agri Platinum		16,25,000	2,06,107
58.	15-Dec-15	forex	12 months		45,000
59.	16-Dec-15	Point return pack	30 days		40,000

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

557

60.	16-Dec-15				1,15,000
61.	21-Dec-15	Bonanza Agri Platinum		16,25,000	2,25,278
62.	21-Dec-15	Weekly report	16 weeks/ 4 months		63,984
63.	20-Jan-16		30 days		75,000
64.	20-Jan-16	Point return pack			1,25,000
65.	21-Jan-16	Point return pack	Not defined		29,000
66.	29-Jan-16	Weekly report	5 weeks/ 1 month		19,995
67.	4-Feb-16	Stock cash	12 months		11,997
68.	17-Feb-16	Combo commodity	1 month		13,231

47. From the above table it is noted that within a period of 8 months, i.e., June 30, 2015 to February 17, 2016, 68 times fees were collected by the IA from the client. It appears every next day the client made payments to IA for the advisory services. Apart from the above mentioned payments, the client has made payments to IA for the forceful services sold to the family members of the client. The above table explains that weekly reports for 192 weeks/ 3.7 years were sold to the client by selling weekly report services on 12 different dates. The above table provides that any number of services are sold to the clients by disregarding the risk profile and suitability of the clients.

48. It is alleged that Highbrow has given investment advice without any regard to client's investment objectives and his financial situation. It is accordingly alleged that Highbrow has neither acted with due skill, care and diligence while deciding the suitability of advisory product that were sold to the clients nor acted honestly and in the best interest of the clients thereby failing to abide by clauses 1 and 2 of Code of Conduct for IA given in Third Schedule read with regulation 15 (9) of IA Regulations.

49. It is alleged that Highbrow had sold same advisory product/service more than once with overlapping subscription periods. During such overlapping period, the clients were receiving duplicate advice/tips/messages and such duplicate tips/advice, were of no use to the clients. This dishonest practice of Highbrow is completely unprofessional and unethical and was with a view to enhance service revenue and against the interest of the clients. It is alleged that by doing so, Highbrow has failed to fulfil its fiduciary duty towards its clients which is

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

entrusted upon it under regulation 15 (1) of IA Regulations, and has failed to abide by Clause 1 of the Code of Conduct for Investment Adviser as provided in Schedule III read with regulation 15 (9) of IA Regulations.

50. It is also alleged that Highbrow has not done any worthwhile assessment of the financial position of the client and has not considered the client's investment objective while offering advisory product/services and selling multiple advisory product/services to clients, thereby keeping its own interest before the interest of clients. Hence, it is alleged that Highbrow has not acted fairly, honestly and in the best interest of its clients. Accordingly, Highbrow has violated the provisions of regulation 17 read with regulation 2(1)(l) and failed to abide by clauses 1 and 2 of the Code of Conduct as prescribed in Schedule III read with regulation 15 (9), of the IA Regulations.

V. Splitting of fee among the relatives of the client and denying to acknowledge clients even after receiving payment:

51. From the analysis of complaints, it is observed that Highbrow has been following a practice of obtaining details of relatives of the clients. These relatives are also treated as clients. The payment received from the primary client and services provided is then split among his relatives to show that Highbrow is not charging exorbitant fee from a single client. Such modus operandi adopted by Highbrow is explained in one of the complaint, which is reproduced as under:

LN SINGH:

...also brought to the notice of SEBI authorities that to avoid tax implications (as per highbrow officers) they insisted me ***to submitt Aadhar card & PAN nos. of my family members*** so that the future huge profit may be distributed amongst them though the total payment was made to them through my bank a/c only. Since I wished to get back my money at the earliest. I did the same as dictated by them ***otherwise I may forfiet whole amount deposited with them***, they frequently use to tell me.

Then ***I had to submitt details regarding my wife KUSUM & daughters USHA & NISHA*** without their consent .At some point of ***time they asked me to submitt their***

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)
Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

bank details also that too of non private banks. Then they used to issue acknowledgements and receipts in their name also.

Whenever they asked for money for another package they used to tell that *it must be transfered by this date & time otherwise our a/cs will not accept.*

.......Sir I am an 70 plus year old man fighting to servive without any other economical support along with my ailing wife.

SUJEET SUNDER CHANDAVAR:

I had provided Mrs. Vrinda Chandavar (my mother) as a reference client *on coaxing of Ways2capital that I will benefit from it* and made the transfer transactions from my bank accounts on her behalf

From the details of the invoices submitted by the clinet, it is noted that same packages, i.e., "**Points Return Pack and Bonanza MCX Platinum**" during the same duration have been sold to both Sujeet Sunder Chandavar and his mother Vrinda Chandavar.

52. Some of the instances in which payments have been taken through the family members of the clients are tabulated as under:

Table - 12

S. No	Clients name	Relative's name	Relationship
1	L N singh	Kusum	Wife
2	L N singh	Usha	Daughter
3	L N singh	Nish	Daughter
4	Sujeet Sunder Chandavar	Vrinda Chandavar	Mother
5	Jai Prakash Singh	Rakesh Singh	Not known
6	Ayush Kumar Agrawal	Amit	Not known

53. Copy of the complaints and sample invoices in the name of family members are also placed at **Annexure 22.**

54. It is alleged that Highbrow has not been honest and has not taken due care in its dealings in the best interest of the clients, and has failed to fulfil its fiduciary duty towards the clients, thereby violating Regulation 15(1) and clauses 1 (honesty and fairness) and 2 (diligence) as specified under Third Schedule of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations.

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)
Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

VI. **Miscellaneous**

55. Forcefully capturing the card details:

One of the complainants has alleged that the Company forcefully captured his card details to make huge payments.

Sujeet Sunder Chandavar **Annexure-16**:

……. ***forcefully capturing my card details to made the huge payments***, details attached with this initialize investment of 10K to capture me approx 39 Lacs in the name to ***manage portfolio in Demat*** to utilize this amount

have made the above payment in various instalments through 2015 and 2016, despite facing severe financial constraints, which I have incurred due to payments made to the above menoned company, ***on the wri en assurance that the profits of over Rs. 1 Crore plus (Rs. Onecrore plus)*** will be delivered and the same will be delivered from 22 to 1000 trading days.

…

the client is threatened that if further payment is not made, no one will respondto your telephonic calls and your account will be closed…….

………these kind of ***disreputable behaviour carried out by a registered SEBI member.***

56. In support to the allegation made, the complainant has also submitted the acknowledgement mail from Highbrow, confirming that IA has used the card of client to take the payments for assigning multiple advisory services. From the documents and email communication submitted by the complainant, it has been observed that Highbrow has indulged in fraudulent activity by obtain bank account/ credit card details to withdraw the money for payment of advisory fee. By obtaining the bank account/card details of clients by the employee/ executive of highbrow for payments of advisory fees, Highbrow has not only failed to maintain appropriate standard of conduct but also failed to act in fiduciary capacity to its client.

57. Such act of IA shows that Highbrow has not been honest and has not taken due care in its dealings in the best interest of the clients. Thus, it is alleged that the Company has failed to

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)
Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

fulfil its fiduciary duty towards its clients, thereby violating Regulation 15(1) and clauses 1 (honesty and fairness) and 2 (diligence) as specified under Third Schedule of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations.

Examination of SCORES complaint

58. SEBI has received a large number of complaints against Highbrow. A total of 595 complaints have been received against Highbrow on the SCORES portal. 335 out of the 595 complaints are unique, i.e., lodged by the unique complainant and rest are redundant complaints. It is observed that a total of 148 unique complaints are pending against the IA. The year wise break up of unique complaints received and pending are provided as under:

Table - 13

Year	Complaints from unique investors	Complaints pending
2014	06	-
2015	42	-
2016	52	-
2017	66	-
2018	75	56
2019	76	75
2020	13	13
2021	5	4
Total	**335**	**148**

59. SEBI, vide Circular CIR/OIAE/2014 dated December 18, 2014 regarding Investor grievances through SEBI Complaints Redress System (SCORES) platform, has advised that all SEBI registered intermediaries shall review their investors grievances redressal mechanism so as to further strengthen it and correct the existing shortcomings, if any. The 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.

60. Further, the said circular has stated that in case of failure by SEBI registered intermediaries to file ATR under SCORES within thirty days of date of receipt of the grievance, it shall be

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)
Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

552

treated as failure to furnish information to SEBI and deemed to constitute non-redressal of investor grievance. As per the data obtained from the SCORES and examination of complaints, it is apparent that Highbrow has not redressed Investor grievances as per the prescribed timelines by SEBI. The reports of SCORES provide that 148 unique complaints are long pending against Highbrow.

61. From the analysis of complaints, it has been observed that out of 335 unique complaints 187 unique complaints have been disposed against the IA. Further, out of 187 closed complaints, total of 85 unique complaints have not been adequately closed or resolved by IA. It has been noted that most of the complaints have been closed as the sufficient evidence was not submitted by the complainant to prove the alleged fraud / allegation mentioned at the complaint. These 85 complaints had been closed prior to the examination in the matter of Highbrow. It is observed that all the commitments, profit guarantee and advisory services were done telephonically by the tele callers of the IA. As there is no binding on the complainants to maintain the tele call records, the complainants were not able to provide the proof of fraud. This modus operando of tele calling and dubious investment advisory practices came to notice of the SEBI only after detail examination in the matter. Until detail examination, it could not have been determined how the IA has lured the client and *prima facie* fraudulently taken them on the board of services. Further, during the examination it has been noted that IA did not submit the call recordings through which Investment Advisory services were carried out. This *prima facie* shows that, due to dubious mechanism adopted by the IA, the complainants could not have been able to provide any sufficient documents to support the allegation against the fraudulent activities by the IA.

62. In view of the above, it appears that these (85) unique complaints have been closed without providing proper resolution to the complainants. Thus, in order to provide fair resolution to these complaints, these 85 complaints may be construed as pending. The details of the complaint analysis of closed complaints are placed at **Annexure.23**

63. It is further informed that during inspection of Highbrow on February 15, 2019, grievance register for FY 2017-18 and FY 2018-19 were procured. From the grievance register of

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)
Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

Highbrow, it is noted that direct complaints from 79 complainants were received. The grievance register of the Highbrow is placed at **Annexure-24**

64. It is alleged that Highbrow has not submitted the ATR in a time bound manner as prescribed by SEBI and had not resolved the investors' grievance. Accordingly, it is alleged that Highbrow has not complied with SEBI Circular no. CIR/OIAE/2014 dated December 18, 2014 and Regulations 21(1) read with 28(f) of IA Regulations.

65. Section 27 of SEBI Act, 1992 provides that "*Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:*

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention."

Any Company, though a legal entity, cannot act by itself, it can act only through its Directors. The directors of a company are expected to exercise their power on behalf of the company with utmost care, skill and diligence. The directors of a company shall be entitled to exercise all such powers and do all such acts and things as the company is authorized to exercise and do. Therefore, the directors being responsible for the conduct of the business of a company are liable for any non-compliance of law and such liability shall be upon the individual directors also. It makes every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of business of the company, as well as the company, liable for the offence. Further, a person cannot assume the role of a director in a company for namesake without assuming legal obligations. The position of a 'director' in a company comes along with responsibilities and compliances under law associated with such position, which have to be fulfilled by such director or he has to accept

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
दूरभाष : 0731–2557003/04/05 टेलीफेक्स : 0731– 2557002 E-mail : indore-lo@sebi.gov.in

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Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in

the consequences for any violation or default thereof. Accordingly, the persons who were directors of the Company during the examination period were obligated to ensure compliance with the obligations of the company under the law and were also responsible for all the deeds/acts of the company during the period of their directorship. Thus, the violations as alleged above are to be read with section 27 of SEBI Act, 1992.

66. Therefore, the Noticees, namely, Highbrow and its directors Viz., CHANDAN SINGH RAJPUT 'Noticee No. 2', RAHUL TRIVEDI 'Noticee No. 3', SUNIL ATODE 'Noticee No. 4', GIRISH KUMAR PAHWANI 'Noticee No. 5', LAXMIKANT SHARMA 'Noticee No. 6', MOHIT CHHAPARWAL 'Noticee No. 7', HEMANT AGRAWAL 'Noticee No. 8' and SWAPNIL PRAJAPATI 'Noticee No. 9' are hereby called upon to show cause as to why suitable directions, under sections **11(1), 11(4), 11B (1) and 11 D** of the Securities and Exchange Board of India Act, 1992, including refund of advisory fees amounting to Rs 72,96,17,002.95 collected from the clients, should not be issued against the Noticees for the aforesaid alleged violations

67. The reply/written submissions of the Noticees, Highbrow and its directors, if any, along with documentary evidences that the Noticees choose to rely upon in support of their submissions, should reach the undersigned, at the address given below and also in softcopy (in MSWORD format) by e-mail at email-ids amitn@sebi.gov.in and nirmalm@sebi.gov.in, within 21 days from the date of receipt of this notice, failing which it shall be construed that Noticees have no reply to submit and the matter shall be proceeded on the basis of the material available on record.

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

68. The Noticees may also indicate in their reply whether they are desirous of a personal hearing before the Whole Time Member, SEBI, in the matter. The Noticees are advised to keep

SEBI informed about the change in their correspondence address, if any, till the proceedings in the extant matter are complete.

69. Further, the Noticees are hereby advised to keep SEBI informed of all type of bank accounts (savings, deposits, recurring, current, etc.) mentioning the account no., name and address of the bank/branch held by them, details of all demat accounts / mutual fund units held by them and list of all the movable/immovable assets owned by them.

70. The Noticees may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulation, 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.

Nirmal Mehrotra

Deputy General Manager

Enclosures in CD:-

Documents	Annexure
Assets declaration submitted by the Noticees	1.
Inspection of documents	2.
Reply of Rahul Trivedi	3.
Email to Highbrow and directors	4.
Year wise client master data	5.
Profit gurantee Payment receipts invoices and Call recording	6.
Complaint sunil kumar saini	7.
Complaint Prabhakar Maheshwaram	8.
Complaint_Shahjad	9.

स्थानीय कार्यालय–इन्दौर / Local Office - Indore
104–105, प्रथम मंजिल, सतगुरु परिणय, सी–21 मॉल के सामने, ए.बी. रोड़, इन्दौर – 452010 (म.प्र.)
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भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Documents	Annexure
Complaint DIPAK	10.
Complaint Bhagirath	11.
No demat kelvin wilson	12.
kelvin wilson fees	13.
Shahjad khan - Risk profiles	14.
Jaiprakash singh - risk profiles	15.
Sujeet sunder Regarding Complaint in SCORES against Highbrow Market Research Pvt Ltd	16.
Invoices Md. Noor	17.
Invoices Rohotu Sriram	18.
Invoices Sujeet Chandavar & family	19.
Invoices Ayush Kumar Agrawal	20.
Invoices L N singh and Family	21.
Family payments	22.
Complaint analysis	23.
Direct Grievance register	24.

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