

SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

Under Section 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992.

In respect of:

Sr. No.	Name of the Noticee	PAN
1.	Epic Traders (Proprietor - Mr. Mangilal Verma)	AUYPV2775R

In the matter of unregistered investment advisory services by Epic Traders (Proprietor - Mr. Mangilal Verma)

A. BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had received a complaint dated March 1, 2023 on the SCORES portal against a SEBI registered investment advisor viz. Epic Research Private Limited. While processing the complaint, it was observed that the complaint was not against the abovementioned SEBI registered investment advisor but was against a different entity called Epic Traders, proprietorship of one Mr. Mangilal Verma. Examination revealed that the aforesaid entity Epic Traders (hereinafter referred as the “**Noticee**”) was not registered with SEBI in any capacity. Thus, examination was taken up separately against the Noticee.

2. The complainant had vide complaint dated March 1, 2023 alleged that Noticee had lured the complainant into an investment plan and had forwarded text messages of the whatsapp chats, screenshots of payments made therein to the Noticee along with a copy of email received from the Noticee on various investment plan/s.

3. Based on the examination of the complaint, it was *prima facie* observed that the Noticee was engaged in providing investment advisory services to investors without obtaining a certificate of registration from SEBI in violation of Section 12(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with Regulation 3(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”). Further, it was also observed that the Noticee promised unrealistic gains and guaranteed returns through trading in the shares which is in violation of Regulations 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4(2)(s) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) read with Section 12A (a), (b) and (c) of the SEBI Act.

B. SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated September 3, 2024 (hereinafter referred to as “**SCN**”) was issued to the Noticee calling upon him to show cause as to why suitable directions including direction for refund of fees/monies collected from the investors and debarment from securities market should not be issued against the Noticee under sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act. The Noticee was further called upon to show cause as to why suitable penalty under section 15EB and 15HA of SEBI Act should also not be imposed upon the Noticee for the violations mentioned in the SCN.

5. The SCN contained the following observations and allegations against the Noticee:

5.1. The complainant had vide complaint dated March 01, 2023 submitted the following:

“I have received couple of calls mentioning that they are from EPICtraders.net. They have sent me an email luring me into an investment plan I have paid the required amount for the investment plan Immediately after the payment their phones were switched off There is no reply or acknowledge on the payment made I lately realized I got spoofed of the investment plan and its totally fraud. Bank

account where I did the payment of 50000 fifty thousand rupees EPIC TRADERS YES BANK Current Account Number 0024XXXXXXXXXX39 IFSC CODE YESB0000024 Branch Jaipur Rajasthan. Please be kind resolve my complaint also please help other people like me so that these guys are caught and returned their money. Also I have shared my personal details please see they have no misused the details.”

- 5.2. On perusal of the complaint, it was observed that the complainant had made payment to the Yes Bank account number 0024XXXXXXXXXX39 held by the Noticee. Hence, the copies of the Account Opening Form, KYC documents and account statements were sought from Yes Bank during the examination.
- 5.3. From the analysis of the Account Opening Form, KYC documents and account statements, it was observed that the bank account was opened in the name of the Noticee viz. Epic Traders. The bank account was opened on December 05, 2022. It was observed that various credit entries were received into the Yes Bank account number 0024XXXXXXXXXX39 from January 21, 2023 to February 27, 2023. The payment of Rs. 5000/- and Rs. 40,000/- made by the complainant on February 27, 2023 were also reflected in the bank account of the Noticee.
- 5.4. It was observed that there were a total of 220 credit transactions constituting a total amount of Rs 57,28,707.02 in the bank account of the Noticee. Out of the above credit transactions, 20 such credit transactions amounting to Rs.8,64,901/- contained narrations having keywords such as ‘stock’, ‘investment’, ‘trade’, ‘epic’ etc. The sample of credit transactions having clear narrations are reproduced as under for reference:

Txn Date	Description	Amount	Running Balance
27/01/2023 10:32	UPI/302730694534/From:umeshkumarsingh3731@okhdfcbank/ To:002463300004239@yesb0000024.ifsc.npci/stock	5000	52588.18
31/01/2023 12:01	UPI/303119584748/From:umeshkumarsingh3731- 1@oksbi/To:002463300004239@yesb0000024.ifsc.npci/epick	20000	65313.19
31/01/2023 18:36	NEFT Cr-UTIB0000339-VIJAY JAIN-EPIC TRADERS- AXIR230310712024	5000	175792.19

Txn Date	Description	Amount	Running Balance
01/02/2023 12:40	UPI/303246230322/From:lingaraj247-2@okaxis/To:002463300004239@yesb0000024.ifsc.npci/trading consultant	3000	46294.19
01/02/2023 16:32	NEFT Cr-HDFC0000001-VAIBHAV PATIL-AX BOOK TRADER-N032232312111478	100000	320294.19
02/02/2023 10:54	UPI/303376647091/From:syed.farzana-1@okaxis/To:002463300004239@yesb0001286.ifsc.npci/epic	5000	40745.19
03/02/2023 13:09	UPI/303444577992/From:9956098661@ybl/To:002463300004239@YESB0000024.ifsc.npci/epic traders	8000	33275.19
06/02/2023 13:43	Funds Trf from XX0178/AX BOOK TRADER	108000	160395.19

5.5. In light thereof, the SCN has alleged the entire credit entries of Rs 57,28,707.02 received in the account of the Noticee as fees charged by the Noticee for providing unregistered investment advisory services.

5.6. Further, from the Noticee's email dated February 27, 2023 addressed to the complainant, the Noticee was observed to be making the following assurances and promises along with the claims of assured returns, as under:

“Total profit + investment amount : 3lac to 3.5lac (minimum) + 50,000/- (Guaranteed return)”

No of Payout : 2

1st Payout : within 3-4 days (optional)

2nd Payout : within 7-8 days

“you will get 5-6 time profit return of your capital”

“you will get minimum 2.50 to 3 lac in first payout”

6. The SCN dated September 3, 2024 was issued to the Noticee by Speed Post with Acknowledgement Due (SPAD) at the following two addresses of the Noticee available on record namely - (1) Maa Bhawani Collection, 1st Floor, 234, Dungri House Complex, Indira Bazar Road, Topkhana Desh Jaipur, Rajasthan – 302001, and (2) S/o Ramchandraj Village Akya Najik, Post Unhel, Tehsil Nagda, District Ujjain, Madhya Pradesh – 456337.

7. The SCN sent to the first address in Rajasthan was duly delivered as observed from the indiapost consignment delivery receipt.

8. The Noticee was granted 21 days' time to file his reply to the SCN from the date of receipt of the SCN. However, no reply was filed by the Noticee. Thereafter, an opportunity of personal hearing was granted to the Noticee on November 26, 2024 vide hearing notice dated October 29, 2024. The hearing notice was returned undelivered with a remark "प्राप्तकर्ता लम्बे समय से बाहर गया है। अतः वापिस। मोबाईल नहीं".
9. Thereafter, an opportunity of personal hearing was provided to the Noticee on December 16, 2024 by way of a newspaper publication dated December 07, 2024 in four different newspapers namely, the Times of India, Indore Edition (English), The Times of India, Jaipur Edition (English), Naiduniya, Indore Edition (Hindi) and Jaipur Patrika (Hindi). In the said newspaper publication, the Noticee was advised to collect the copy of the SCN dated September 3, 2024 and the hearing notice from SEBI's Regional Office located at Indore. The Noticee was further informed that the aforementioned notices may also be downloaded from the SEBI website under the heading "Unserved Summons / Notices".
10. However, the Noticee has neither responded nor appeared for the scheduled hearing on December 16, 2024.
11. From the efforts taken to serve the SCN and hearing notice/s, I am of the view that sufficient opportunities were provided to the Noticee to submit its reply and appear for hearing. In this regard, the Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Dave Harihar Kirtibhai vs SEBI* (Appeal No. 181 of 214 dated December 19, 2014), observed as under: "...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...".

12. Considering the aforesaid, I note that sufficient opportunity has been granted to the Noticee to make his submissions and appear for personal hearing. The Noticee has neither filed any reply nor appeared for hearing. I am therefore constrained to proceed further in the matter on the basis of materials available on record.

C. CONSIDERATION OF ISSUES AND FINDINGS

13. Before dealing with the alleged violation in the extant matter, it would be appropriate to first refer to the relevant provisions of the SEBI Act, IA Regulations and the PFUTP Regulations. The relevant extracts of these provisions are as under:

SEBI Act –

REGISTRATION CERTIFICATE

Registration of stock brokers, sub-brokers, share transfer agents, etc.

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

PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL

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

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

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

IA Regulations –

REGISTRATION OF INVESTMENT ADVISERS

Application for grant of certificate.

3.(1) 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:

PFUTP Regulations –

PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO THE SECURITIES MARKET

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.

[Explanation.—For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.]

(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;

....

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

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

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

14. I have carefully considered the allegation levelled against the Noticee in the SCN and other relevant documents as available on record. I find that the following issues emerge for consideration in the present matter:

Issue No. I - Whether the Noticee acted as an unregistered Investment Advisor in contravention of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations?

Issue No. II - Whether the acts of the Noticee attract the prohibition under Regulations 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act?

Issue No. III - If the issue(s) framed above are in affirmative, the directions and/or penalty that may be levied against the Noticee.

Issue No. I - *Whether the Noticee acted as an unregistered Investment Advisor in contravention of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations?*

15. Regulation 2(1)(m) of the IA Regulations defines the term 'investment adviser' to mean any person, who is engaged in the business of providing investment advice to clients or other person or group of persons for consideration. Further, it includes any person who holds himself out as an 'investment adviser'. As Regulation 2(1)(m) of the IA Regulations refer to terms '*consideration*' and '*Investment advice*', as per Regulation 2(1)(g) of the IA Regulations, consideration means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice. Under Regulation 2(1)(l) of the IA Regulations, '*investment advice*' means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning. However, advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public, shall not be an investment advice within the meaning of Regulation 2(1)(l) of the IA Regulations.

16. In the extant matter, on perusal of the complaint dated March 01, 2023 and the copy of the email enclosed by the complainant, it is clear that the Noticee was holding himself out to be an investment advisor and offering his investment advisory services through various investment plans. Further, from the credit transactions observed in the Noticee's Yes Bank account number 0024XXXXXXXXXX39, it is noted that 220 credit entries were made from different sources constituting a total amount of Rs 57,28,707.02. Examination has also revealed that various credit transactions amounted to narrations having keywords such as 'stock', 'investment', 'trade', 'epic' etc. From the aforesaid facts, I find that the Noticee was engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products in lieu of consideration. The Noticee has not made any submissions to prove that these funds were earned from other source of income.

17. In order to protect the interest of investors and to preserve the integrity of the securities market, IA Regulations have been framed by SEBI to provide various safeguards to ensure that the interest of the investors who receive investment advice, are protected. One such safeguard provided under the said regulations is that any person carrying out investment advisory activities has to first obtain a certificate of registration from SEBI as mandated under Regulation 3(1) of the IA Regulations, which, inter alia, provides that, 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 SEBI and it has to conduct its activities in accordance with the provisions of IA Regulations. Further safeguards provided under IA Regulations include continued minimum professional qualification and compliance with net-worth requirement for acting as an Investment Adviser, prior disclosure of all conflicts of interest, prohibition on the Investment Adviser from entering into transactions in securities himself, which are contrary to the advice given to the clients at least for 15 days from the date of giving such advice to the clients, mandatory risk profiling of investors, maintaining documented process for selecting investment products for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected

for such client, etc. In order to ensure protection of investors' interest who desire to receive investment advice from various Investment Advisors, it is imperative that any person carrying out investment advisory activities has to necessarily obtain a certificate of registration from SEBI and has to conduct its activities in accordance with the provisions of the relevant regulations under the SEBI Act.

18. In the extant matter, I note that the Noticee acted as an Investment Advisor, while not registered with SEBI in the capacity of an Investment Advisor. Hence, the activities of the Noticee are in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations.

Issue No. II - Whether the acts of the Noticee attract the prohibition under Regulations 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act?

19. Regulation 3 of PFUTP Regulations prohibits certain dealings in securities wherein manipulative or deceptive methods are used, or any entity employs any device or scheme or artifice to defraud in connection with dealing in or issuing securities and also engage in any act, practice, course of business which operate as fraud or deceit upon any person in connection any dealing in or issue of securities. Regulation 4(2)(k) of PFUTP Regulations provides that dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves 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. Regulation 4(2)(s) of the PFUTP Regulations prohibits mis-selling of securities or services related to securities market. Mis-selling has further been explained in the said Regulations to mean knowingly making false or misleading statements or not taking reasonable care to ensure suitability of the securities or services to the buyer.

20. I note from the Noticee's email dated February 27, 2023 addressed to the complainant that the Noticee offered various packages for investment and under

such packages the Noticee assured profit return of 5-6 times of the capital invested. The Noticee had further guaranteed minimum of Rs. 2.50 to 3 lakh return on the capital invested.

21. In this context, I draw reference to the Order of the Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of *24 Carat Financial Services vs. SEBI* decided on January 18, 2023. The Hon'ble SAT while adjudicating the matter, held as follows: *"...Further guaranteed returns were promised quoting profit percentage or certain amount either monthly or on a daily basis. The action of promising guaranteed returns is patently against the principles of the securities market and not only manipulative but also fraudulent and violative of Regulations 3 and 4 of the PFUTP Regulations..."*

22. Drawing parallel from the aforesaid Order of Hon'ble SAT, I note that the act of promising assured returns is a misrepresentation of the truth. Neither there exist any grounds for belief of such returns nor can the assured returns be achieved with any certainty. Such false statement cannot be made without reasonable ground for believing it to be true. The scheme employed by the Noticee to induce unsuspecting investors to deal in recommended stocks by guaranteeing assured returns is fraudulent in nature. The same was done with the sole purpose of influencing the decision of the prospective clients to avail the services of the Noticee.

23. In view of the forgoing paragraphs, I conclude that the Noticee has violated Regulations 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act.

Issue No. III – In case the issue(s) framed above are in affirmative, the directions and/or penalty that may be levied against the Noticee.

24. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The PFUTP Regulations and the IA Regulations have been

formulated with the main objective of regulating such activities to safeguard the interests of investors and hence registration of such activities with SEBI has been made mandatory. The IA Regulations, inter alia, seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market. In the instant case, the Noticee has provided investment advice prima facie, without having the requisite registration/ certification as mandated under the IA Regulations.

25. I note that the SCN had called upon the Noticee to show cause as to why suitable directions including direction for refund of fees/monies collected from the investors and debarment from securities market should not be issued against the Noticee under sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act, 1992. Further, the Noticee is called upon to show cause as to why suitable penalty under section 15EB and 15HA of SEBI Act, 1992 should not be imposed upon the Noticee for the violations levied in the SCN.

26. The relevant provisions of Section 15EB and 15HA of the SEBI Act 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

27. Section 15J of the SEBI Act provides for factors which are required to be considered for adjudging quantum of penalty. The provision of Section 15J is as follows:

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.”

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.

28. From the findings above, the Noticee has provided investment advisory services without holding the certificate of registration from SEBI which is in violation of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act. Further, the Noticee has also indulged in fraudulent activities of guaranteeing assured returns thereby violating Regulations 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) and 4(2)(s) of the PFUTP Regulations read with Section 12A (a), (b) and (c) of the SEBI Act. I therefore find the Noticee liable for penalty under Section 15EB and 15HA of the SEBI Act.

29. As detailed in paragraph 16 of the order, the Noticee had received/collected a total amount of **Rs. 57,28,707/- (Rupees fifty-seven lakh twenty-eight thousand seven hundred and seven only)** in its bank account as fees for investment advisory services provided by it. Considering the Noticee has not submitted any reply nor appeared for hearing, I have no reason to disagree with the amount computed above. Thus, in the light of the findings in the preceding paragraphs, I am of the considered view that the Noticee is liable for a direction to refund the aforementioned amount collected by him/ it as an unregistered investment advisor in addition to monetary penalties which are attracted under Sections 15EB and 15HA of the SEBI Act.

D. DIRECTIONS:

30. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the SEBI Act read with Section 19 of the SEBI Act, do hereby issue the following directions:

- 30.1. The Noticee, Epic Traders (Proprietor - Mr. Mangilal Verma) shall refund all the money collected/received from any investors / complainants, as fees or consideration or in any other form, in respect of his unregistered investment advisory activities immediately, and in any case, within a period of three months from the date of this order;
- 30.2. The Noticee shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one newspaper in vernacular language with wide circulation, detailing the modalities for refund, including the details of contact person such as name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of receipt of this order;
- 30.3. The repayments to the complainants/investors shall be effected only through electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- 30.4. The Noticee is prohibited from selling his assets, properties including mutual funds/shares/securities held by him in demat and physical form except for the purpose of effecting refunds as directed above. Further, the banks are directed to allow debit from the bank accounts of the Noticee, only for the purpose of making refunds to the complainant/investors who were availing the investment advisory services from the Noticee;
- 30.5. After completing the aforesaid repayments, the Noticee shall file a report of such completion with SEBI addressed to the "Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai -400051", within a period of 15 days, after expiry of four months from the date of public notice, as directed

above, duly certified by an independent Chartered Accountant and the direction at sub-paragraph 30.4 above shall cease to operate upon filing of such report on completion of refunds to clients/investors;

- 30.6. The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the Noticee. Thereafter, remaining amount, if any, shall be deposited in the 'Investors Protection and Education Fund' maintained by SEBI;
- 30.7. In case of failure of the Noticee to comply with the aforesaid directions in sub-paragraph 30.1 and 30.5, SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act including such other provisions contained in securities laws;
- 30.8. The Noticee is debarred from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two (2) years from the date of this order or till the date of filing of report, as directed in sub-paragraph 30.5 above, whichever is later;
- 30.9. The Noticee shall not undertake, either during or after the expiry of the period of restraint and prohibition, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws;
- 30.10. The Noticee is hereby imposed with penalty of **Rs. 1,00,000/-** (Rupees One Lakh Only) under Section 15EB of the SEBI Act and **Rs. 5,00,000/-** (Rupees Five Lakh Only) under Section 15HA of the SEBI Act;
- 30.11. The Noticee shall remit / pay the said amount of penalty, within a period of forty-five (45) days from the date of receipt of this order, through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following pathway, by clicking on the payment link: ENFORCEMENT → Orders → Orders of EDs/CGMs → PAY NOW. In case of any difficulties in

online payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

31. The direction for refund does not preclude the complainants/investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

32. This order shall come into force with immediate effect.

33. A copy of this order shall be sent to the Noticee, Stock Exchanges, BSE Administration and Supervision Ltd (BASL), Depositories, Banks, Registrar and Transfer Agents for information and compliance of the above directions.

Sd/-

Date: December 17, 2024

Place: Mumbai

G RAMAR

CHIEF GENERAL MANAGER

SECURITIES AND EXCHANGE BOARD OF INDIA