BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER: Order/MC/VS/2021-22/14385]

UNDER SECTION 15-I OF SEBI ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of -

Rishi Sakhuja (PAN No. BJKPS2126R) having address at 445, Sector-22, Faridabad, Haryana - 121001.

In the matter of Sharetipsinfo.com

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") initiated adjudication proceedings against Rishi Sakhuja ("**Noticee**") under Section 15HB of the Securities and Exchange Board of India Act, 1992 ("**the SEBI Act**") for alleged violation of the SEBI Act as well as the SEBI (Investment Advisers) Regulations, 2013 ("**the Investment Adviser Regulations**").

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer ("AO") under Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as the "**Adjudication Rules**"), vide order dated November 19, 2020, to inquire into, and adjudge under Sections 15HB of the SEBI Act, the aforesaid alleged violations of the Noticee.

The appointment of the undersigned as AO was communicated vide order dated November 20, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/VS/OW/P/2021 dated 04.03.2021 was issued to the Noticee for alleged violation of the SEBI Act and the Investment Adviser Regulations.

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

5. SEBI conducted an examination with respect to Sharetipsinfo.com, (“**Sharetipsinfo”)**, a proprietary firm of the Noticee, located at 35 BP, Neelam Bata Road, 1st Floor, NIT Faridabad, Haryana- 121001 upon observing that Sharetipsinfo.com was offering investment advisory services/ research analyst services through its websites without obtaining SEBI registration as required under the SEBI Act and the Investment Adviser Regulations.

6. Vide letter dated October 12, 2015, SEBI sought details from Sharetipsinfo regarding its business activities. Subsequently, vide letter dated November 5, 2015 (Annexure 2 of SCN), Rishi Sakhuja, the Noticee and proprietor of Sharetipsinfo, submitted an application for registration as an Investment Adviser.

7. The application for registration as an Investment Adviser was submitted by the Noticee after the cut-off date for submission of application for registration, to continue to render investment advisory services in terms of Investment Adviser Regulations.

8. Vide email dated June 10, 2016, the Noticee was advised to refrain from providing any services as an Investment Advisory/Research Analyst, till the time he was granted the certificate of registration.

9. Subsequently, the Noticee's application for registration as investment adviser was recommended for approval. Accordingly, Rishi Sakhuja i.e. the Noticee was granted registration as an Investment Adviser with effect from November 27, 2017. However, the Noticee's unregistered investment advisory activities carried out prior to the grant of registration by SEBI were examined in respect of compliance with the SEBI Act and the Investment Adviser Regulations.

10. From webpage archives of Sharetipsinfo.com, the webpage on May 1, 2013 (copy of webpage at **Annexure 6**) of the website www.sharetipsinfo.com of Noticee were perused. Some of the extracts obtained from its past webpages contained following information:-

"Webpage dated May 01, 2013:

I. Homepage:

"*Welcome to ShareTipsInfo.com. We provide live Indian stock market tips and trading tips to investors and day traders dealing in Indian share market. We are a leading stock tips provider in India offering Indian stock market recommendations, intraday tips, Short term deliver and BTST/STBT. We provide tips for equity, F&O segment, BSE, NSE, MCX tips and Commodity trading tips.*
We have a team of specialized stock market analysts with extensive knowledge of the stock market to provide Nifty tips, share market and commodity tips. Our team studies the market every minute of the day to provide recommendations, so you can build a strategy that will be profitable.
Changing markets require investors to have knowledge of the stock market to be proactive and take control of their financial investments. We offer abundant educational resources to help you learn about stock market investment, including tutorials, share market news, and free online stock trading courses, as well as business news, company reports, and market updates along with accurate stock tips. If you are looking for accurate Share market/Indian stock live tips, commodity tips of mcx and ncdex, nse tips covering Equity tips, F&o tips, Nifty tips and Option tips or all share tips then you landed at the right place. We assure minimum accuracy of 85% on monthly basis."

II. Under the heading "Our Services", the following packages were given:

✔ *Cash Package*	✔ *Future Package*	✔ *Nifty Package*
✔ *Options Package*	✔ *Commodity Package*	✔ *Bullion and Base Metals*
✔ *NCDEX Package*	✔ *Future Bonanza*	✔ *Commodity Bonanza*

11. Copies of webpages dated August 30, 2012 (copy at Annexure – 7 of SCN) and November 11, 2014 (copy at Annexure-8 of SCN) and sample research reports (copy at Annexure – 9 of SCN) provided details regarding the services offered by the Noticee's proprietorship, and also contained information regarding payment made for the said services provided.

12. Vide letter received on April 2, 2019 (copy at Annexure – 10 of SCN), the Noticee submitted the following:-

    (a) The Noticee started in in January 2006 with basic equity services and later added others with due course of time
    (b) The Noticee is not into portfolio management services
    (c) The Noticee does not handle/manage client's account
    (d) The Noticee never pitched PMS/account handling services to any regular client till date
    (e) The Noticee never pitches guaranteed profit/100% sure trade types of things to client for selling
    (f) Sharetipsinfo do not provide any profit sharing services, guaranteed profit services or any services which are not mentioned on our website
    (g) Copies of bank statements of HDFC Bank (November 30, 2016 to December 31, 2016), AXIS Bank (December 01, 2016 to December 31, 2016) and ICICI Bank (December 01, 2016 to December 31, 2016) were provided

13. Vide emails dated October 16, 2019, January 20, 2020 and January 28, 2020 the Noticee provided details of number of clients, package/services offered to clients and the fee collected from the clients for the various period. The details provided are as follows:-

Year	*Package/services offered*	*No. of Clients*	*Fee collected (in Rs.)*
Prior to SEBI (Investment Adviser), Regulations 2013			
2011	*Cash, future, combo, nifty, options,*	*2041*	*5808954*

	commodity, limited and broker		
2012	*Cash, future, combo, nifty, options, commodity, limited and broker*	*1291*	*4584834*
Post SEBI (Investment Advisers), Regulations 2013 came into effect			
21- 04- 2013 to 31-03-2014	*Cash, future, combo, nifty, options, commodity, future bonanza, commodity bonanza and broker*	*1207*	*6104229*
01-04-2014 to 31-03-2015	*Cash, future, combo, nifty, options, commodity, future bonanza, commodity broker bonanza and, HNI package, bullions and base metal, ncdex, diamond special*	*2193*	*12327176*
01-04-2015 to 31-03-2016	*Cash, future, combo, nifty, options, commodity, future bonanza, commodity broker bonanza and, HNI package, bullions and base metal, ncdex, diamond special*	*1781*	*10320766*
01-04-2016 to 31-03- 2017	*Cash, future, combo, nifty, options, commodity, future bonanza, commodity broker bonanza and, HNI package, bullions and base metal, ncdex, diamond special, options hedging*	*1297*	*9739125*
01-04-2016 to 27-11-2017	*Cash, future, combo, nifty, options, commodity, future bonanza, commodity broker bonanza and, HNI package, bullions and base metal, ncdex, diamond special, options hedging*	*976*	*7117959*

14. Also, vide email dated January 28, 2020, Noticee provided the details of amount of fees collected from various clients during the period January 2011 till date of grant of registration to him and the bank account statement of the accounts with AXIS Bank (March 01, 2012 to November 27, 2017), ICICI Bank (April 01, 2012 to November 27, 2017) and HDFC Bank (April 01, 2012 to March 31, 2015), held in the name of Sharetipsinfo.

15. The details of fee collected by Noticee for the advisory services rendered to his clients was verified on a sample basis by matching the payments paid by the clients with their corresponding entries in the bank statements as follows:-

ICICI Bank account no: 008305004737				
Year	Client Name	Date of Payment	Fee collected	Date of credit in Bank account
2013-14	Parin Mehta	25-04-2013	2000	25-04-2013
	Prasanna	20-09-2013	7600	20-09-2013
2014-15	Parimal	22-12-2014	5000	22-12-2014
	Palavi	03-03-2015	5000	03-03-2015
2015-16	Sai Ram	09-04-2015	10000	09-04-2015
	Anant Kumar Gouti	10-12-2015	5200	10-12-2015
2016-17	Ram Das Alahat	05-05-2016	8000	05-05-2016
	Sujata	09-08-2016	6000	09-08-2016
2017-18	Chanchal	26-09-2017	6500	26-09-2017
	Krishan	24-11-2017	4200	24-11-2017

HDFC Bank account no: 00892000017909				
Year	Client Name	Date of Payment	Fee collected	Date of credit in Bank account
2013-14	Sanjay Mundhra	27-05-2013	7000	28-05-2013
	Vardh Patel	26-04-2013	25,500	26-04-2013
2014-15	Ashok Shankarrao	20-06-2014	5000	20-06-2014
	Hemal	17-11-2014	32,400	17-11-2014
2015-16	Adil	10-04-2015	1,580	11-04-2015
	V. Ramanathan	10-08-2015	5,400	10-08-2015

AXIS Bank account no: 348010200007030				
Year	Client Name	Date of Payment	Fee collected	Date of credit in Bank account
2013-14	Puneet	28-05-2013	5000	28-05-2013
	V. Gunasekaran	13-03-2013	2500	13-03-2013
2014-15	Naidu	16-04-2014	5000	16-04-2014

	Bhavin Mahesh Dedhia	*20-10-2014*	*35000*	*20-10-2014*
2015-16	*Santosh Kumar Prasad*	*27-05-2016*	*7000*	*27-05-2016*
	Amit Shah	*30-03-2016*	*5000*	*30-03-2016*
2016-17	*Vijay*	*22-08-2016*	*8000*	*22-08-2016*
	Ashok Sharma	*28-11-2016*	*14000*	*28-11-2016*
2017-18	*Ajay*	*27-04-2017*	*10000*	*27-042017*
	Suresh	*24-08-2017*	*12000*	*24-08-2017*

16. From the aforesaid, it was evident that the Noticee was rendering advisory services to various clients since 2006. The Noticee was providing stock tips, intraday tips on Equity Segment, F&O Segment and stock market recommendations to various clients since January 2006. These tips were provided to the specific clients who subscribed to the packages of investment advisory services rendered by the Noticee. It was also observed from the submissions that the Noticee collected fee from such clients for the services rendered.

17. The referred website also contained the details of the payment i.e. bank name and account number, to be made for the Investment Advisory Services availed. Subsequently, bank statement from the respective banks, as detailed in the website, were obtained for the period between April 2013 to December 2017, wherein it was observed that the Noticee received money from various clients after the Investment Advisers Regulations came into effect. It has been admitted by the Noticee that the money received in the bank account of Sharetipsinfo.com is towards the Investment Advisory Services rendered to various clients. After the Investment Adviser Regulations came into effect, the Noticee rendered Investment Advisory services, without SEBI registration, to over 7400 clients and collected total fee of Rs. 4.56 Crores (approx.) until he was granted SEBI registration.

18. The Noticee applied for registration as investment adviser in 2015 vide letter dated November 05, 2015. Subsequent to receipt of his application for registration in 2015, the Noticee was informed that he was required to refrain from carrying out Investment Advisery Services till grant of certificate of registration as an Investment Adviser. However, it was observed that the Noticee continued to render investment advisory services till grant of certificate of registration as an Investment Adviser. The application of the Noticee was processed and subsequent to fulfilling of all the criteria laid down in Investment Advisers Regulations, the Noticee was granted registration as an Investment Adviser (Registration No: INA100009141) only on November 27, 2017.

19. In view of the above, it was alleged that the Noticee carried out Investment Adviser activities without SEBI registration during the period between April 21, 2013 to November 27, 2017 and accordingly violated Section 12(1) of the SEBI Act, 1992 read with provisions of Regulation 3(1) of the SEBI (investment Advisers) Regulations, 2013.

20. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under Section 15 HB of the SEBI Act.

21. Vide e-mail dated 23.03.2021 the Noticee submitted reply to the SCN as summarised below: -
    (a) The Noticee had submitted his application for Investment Adviser to SEBI on 05.11.2015.
    (b) The Noticee was in constant touch with SEBI staff in its Delhi Office regarding his application.
    (c) After some time, the Noticee’s file was escalated to the Chandigarh office.
    (d) The Noticee’s application was a manual one and in the meantime the whole procedure got digital so his application along with few others got stuck.
    (e) The Noticee kept SEBI updated about all his activities over phone and e-mail.

(f) The Noticee had discussed the matter of e-mail dated June 10, 2016 asking him to refrain from carrying on any activity as an investment advisor/Research Analyst, till the time he was granted with Certificate of registration.

(g) SEBI communicated to the Noticee over phone call that his complete application was submitted and was under process so he could continue with it, while SEBI followed procedure.

(h) Noticee missed filing for registration on initial stages when this rule was forced in due to lack of awareness and knowledge at that time, he tried gathering information on the internet but very few were available. He even contacted a few CA's for the same but they were even not sure about it. He called up a few Advisers in Indore who have applied. They simply told him that some agent did it for them and they did not know the procedure.

(i) Noticee has been in this field since the beginning of his career and wanted to pursue it throughout so did not delay it intentionally.

22. During the hearing conducted through videoconferencing through Webex on 06.09.2021, the Noticee-in-person reiterated submissions made vide e-mail dated 23.03.2021.

23. In the light of the allegations contained in the SCN, the Noticee's submissions in respect of the allegations made in the SCN and relevant material available on record, I hereby proceed to decide the case on merits.

CONSIDERATION OF ISSUES AND FINDINGS

24. The issues arising for consideration in the instant proceedings are:-

    I. Whether the provisions of Section 12 (1) of the SEBI Act read with Regulation 3 (1) of the Inesvtment Advisers Regulations have been violated by the Noticee

II. If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15 HB of the SEBI act

III. If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

I. Whether the provisions of Section 12 (1) of the SEBI Act read with Regulation 3 (1) of the Investment Advisers Regulations have been violated by the Noticee

25. The Noticee is alleged to have carried out investment adviser activities without the SEBI registration mandated in Regulation 3 (1) of the Investment Adviser Regulations, between 21.04.2013 and 27.11.2017, with a total fee of approximately Rs. 4.56 Crores collected from over 7400 clients as payment for the investment advice rendered during the said period.

26. The legal provisions allegedly violated by the Noticee are reproduced below for reference:-

SEBI Act

"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:"

Investment Adviser Regulations

"Regulation 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: Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under subregulation (2) within the said period of six months, till the disposal of such application."

27. The Noticee has admitted that he could not apply for registration within six months of the Investment Adviser Regulations coming into force as stipulated in the proviso to Regulation 3 (1) thereof. I note that Noticee submitted his application on 05.11.2015, after SEBI sought details from Sharetipsinfo regarding its business activities.

28. Admittedly, the Noticee was unaware of the requirement for registration and had continued the business of providing investment advisory services without registration even though SEBI had stipulated in the Investment Adviser Regulations that "*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".* In this regard, in consonance with the established legal principle of *ignorantia juris non excusat,* I must note that ignorance of law cannot be used as a defence for breach of law.

29. The Investment Adviser Regulations were notified on January 21, 2013 and were effective from April 21, 2013. The Noticee failed to apply for registration within 6 months of this date and continued to act as Investment Adviser even after this date. The Noticee submitted his application on 05.11.2015 but continued to operate as Investment Adviser in the interim period when his application was being processed. The provisions of Regulation 3(1) of Investment Adviser Regulations provided for an applicant to continue the business "*if it has made an*

application for a certificate under subregulation (2) within the said period of six months." As the Noticee had not made an application within six months, he did not have the benefit of this provision allowing him to continue his business till disposal of his application.

30. In view of the above, it is established that the Noticee, by continuing to operate as Investment Adviser without registration till such time as he was granted registration, violated the provisions of Section 12 (1) of the SEBI Act read with Regulation 3 (1) of the Investment Adviser Regulations.

II. If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15 HB of the SEBI act

III. If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

31. As it has been established that the Noticee violated Section 12 (1) of the SEBI Act read with Regulation 3 (1) of the Investment Adviser Regulations, the Noticee is liable for imposition of monetary penalty under Section 15 HB of the SEBI Act which reads as follows.

> *Penalty for contravention where no separate penalty has been provided.*
> *15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees . "*

32. While determining the quantum of penalty under Section 15 HB of the SEBI Act, the following factors stipulated in Section 15J of the SEBI Act, have to be given due regard:

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.

33. Material on record has brought out that the Noticee collected a total fee of Rs. 4.56 crores from over 7400 clients as payment for the investment advice rendered during the period when it was not registered. I note that the Noticee was found fit and proper and registration was granted after considering the application. I also note that while Noticee made application for registration on 05.11.2015, he was granted registration on 27.11.2017, after two years and material on record does not contain any adverse reasons for the time taken for processing the application for registration. A case has not been made that the fees earned were unfair or disproportionate or made at the cost of investors, or that any loss was caused to investors. The default by the Noticee was rectified upon grant of registration. However, as the Noticee continued to act as unregistered investment advisor over a lengthy period of time, he is liable for levy of appropriate penalty.

34. Taking into account the facts and circumstances of this matter and mitigating factors, I am of the view that a penalty of Rs. 12,00,000/- on the Noticee will be commensurate with the violations committed by the Noticee.

ORDER

35. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15 I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose the following penalty of Rs. 12,00,000 (Rupees Twelve Lakhs only) on the Noticee in terms of Section 15 HB of the SEBI Act for violation of Section 12 (1) of the SEBI Act read with Regulation 3 (1) of the Investment Adviser Regulations.

36. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link –

ENFORCEMENT → Orders → Orders of AO → PAY NOW

37. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – 4 of SEBI.

38. The Noticee shall provide the following details while forwarding DD/ payment information:

    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

39. Copies of this Adjudication Order are being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

MANINDER CHEEMA Digitally signed by MANINDER CHEEMA Date: 2021.11.26 17:07:21 +05'30'

DATE: NOVEMBER 26, 2021 **MANINDER CHEEMA**

PLACE: MUMBAI **ADJUDICATING OFFICER**