



ET503386967IN IVR:6973503386967
 SPP INDORE RMS - LIS COUNTER <452001>
 Counter No:1,29/11/2022,19:13
 To:INVESTMENT VISOR,INDORE
 PIN:452010, Vijay Nagar S.O
 From:SEBI INDORE,INDORE
 Wt:1180gms
 Amt:70.80(Cash)Tax:10.80



भारतीय प्रतिभूति
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 Securities and Exchange
 Board of India

DEPUTY GENERAL MANAGER

INDORE LOCAL OFFICE

THROUGH SPAD/Email

SEBI/WRO/ILO/IA/SCN/59902/1

November 29, 2022

Noticee no.	Name of the Noticee	Registration No./PAN
1. ✓	M/s. Investment Visor Proprietor-Mr. Praveen Verma Address no. 1- Plot no. 09, PU-04, Scheme No. 54, Vijay Nagar, Indore-452010 Email ID- praveens.verma25@gmail.com; info@investmentvisor.com; gajshar1@gmail.com; support@investmentvisor.com; hr@investmentvisor.com Address no. 2- D-4, CRP Line, M. Y. Hospital Campus, Indore, Madhya Pradesh -452001	Reg No.- INA000003411 PAN- AISPV5820B

Show Cause Notice under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with Section 15C, Section 15HA, Section 15HB, and Section 15EB of SEBI Act, 1992 and Rule 4 (1) of SEBI (Procedure for Holding Inquiry and imposing Penalties) Rules, 1995 read with Section 15I of SEBI Act, 1992

- Investment Visor (Proprietor-Mr. Praveen Verma) (hereinafter referred to as "Noticee") is registered with SEBI as an Investment Adviser (hereinafter referred to as "IA") with effect from August 28, 2015 bearing SEBI Registration No. INA000003411 and PAN: AISPV5820B. Mr. Praveen Verma is the proprietor of Noticee. Noticee has its registered office at Plot No. 9, Scheme No. 54, P U 4, Vijay Nagar, Indore -452010, Madhya Pradesh. Its website address is www.investmentvisor.com.

Show Cause Notice in Respect Of Noticee (Prop-Praveen Verma)

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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



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2. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had conducted inspection of Noticee during March 16, 2020 onwards, which was ordered, vide order no. HO/ 16/2019-20 dated February 10, 2020 (**Annexure- 1**). The focus of the inspection was to look into the compliance of regulatory requirements stipulated under SEBI Act, 1992 (hereinafter referred to as 'SEBI Act'), SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as 'IA Regulations') other circulars and guidelines framed thereunder. The period of inspection was from April 1, 2018 to till the date of inspection i.e. March 16, 2020 (hereinafter referred as 'inspection period').
3. Since Noticee has failed to provide documents and information to SEBI, which were required for the purpose of conducting inspection of activities of Noticee as an IA, information such as RPF, KYC, invoices, emails, audio call recordings, agreements, etc. were sought from the complainants. The examination report was prepared based on the information received from complainants, who have lodged complaints on SCORES. Based on the availability of evidence, the following complaints were examined:

Sr. No.	Name of the Complainant	SCORES registration no.
1	Ramjan M. Yadav	SEBIE/MP19/0002147/1
2	Shiv Baran Singh	SEBIP/MP19/0000361/1
3	Varghese TL	SEBIE/KN19/0000384/1
4	Sharad Sharma	SEBIE/MP19/0001829/1
5	Rakesh Prasad	SEBIE/MP19/0000934/1
6	Subramanian TN	SEBIE/MP18/0004352/1
7	Neelam Sharma	SEBIE/MP18/0004064/1
8	Umakant Kushwaha	SEBIE/MP18/0003985/1
9	Rajesh Kumar	SEBIE/BH18/0000070/1
10	A Sureshchand Lunkar	SEBIE/MP18/0002034/1
11	Pradeep Kumar Agarwal	SEBIE/MP18/0001895/1
12	V Athmanathan	SEBIE/MP18/0001543/1
13	Satvinder Singh	SEBIE/MP19/0003121/1

Failure to furnish information sought as part of inspection as required by SEBI and non-co-operation with SEBI during inspection



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4. SEBI, vide letter no. WRO/ILO/IMD/Insp/5208/1/2020 dated February 11, 2020 had informed Noticee that an inspection of its books of accounts/ records and other documents pertaining to its registration as an investment adviser would be carried out by SEBI, under regulation 23 of IA Regulations. Accordingly, Noticee was advised to send its reply to the pre-inspection questionnaire latest by February 26, 2020. Also, vide email dated February 11, 2020, the letter containing pre-inspection questionnaire was sent to Noticee. In the pre-inspection questionnaire, *inter alia*, following details were sought: Copy of the email and letter dated February 11, 2020 are placed at **Annexure-2**.

- Details of the advisory services provided
- Know Your Client procedure
- Fees payable to Investment adviser
- Risk profiling and Suitability assessment of the clients
- Maintenance of books of accounts, records, etc. as per Regulation 19.
- Procedure to address conflict of interests.
- Copies of agreements with clients, if any
- Details of Investment advice provided, whether written or oral.
- Rationale for arriving at investment advice, duly signed and dated;
- Details of the fee structure in respect of advisory services provided by you.
- Details of fee collected year-wise and product/scheme wise.

5. Noticee, vide email dated February 26, 2020, submitted the partial reply to the pre-inspection questionnaire. On perusal of the said email, it was observed that Noticee did not submit information related to write-up on details of advisory services provided, write-up on procedure/ process for risk profiling and suitability assessment, rationale for arriving at investment advice duly signed and dated, Audited Financial Statements for the inspection period, etc., as sought in the pre-inspection questionnaire.

Handwritten signature/initials



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6. SEBI vide letter no. WRO/ILO/IMD/Insp/8584/1/2020 and email dated March 06, 2020 (copy enclosed at **Annexure-3**) informed Noticee that the inspection of its books of accounts and other records would commence from March 16, 2020 onwards.
7. On the day of the inspection (i.e. on March 16, 2020), the inspecting team reached at the office of Noticee, Plot no. 09, PU-04, Scheme No. 54, Vijay Nagar, Indore 452010, at 11 a.m. It was found that the security guard and few employees were present, however, the proprietor of Noticee i.e. Mr. Praveen Verma was not present in the office. It was noticed that the employees present in the office were tele calling and running investment advisory activities. On asking the security guard about Mr. Praveen Verma, he informed that he would be arriving at office soon. Subsequently, one of the team members contacted Mr. Praveen Verma and informed about the inspection team visit. Mr. Praveen Verma reached at 02:30 p.m. and reiterated that he was not aware about the inspection team visit. Thereafter, the inspection team showed the email sent to him and then he confirmed that he has received the email but might have ignored it due to oversight. Thus, on the 1st day of inspection, even after waiting for more than 3 hours, inspection team was unable to commence the inspection due to Noticee not providing documents. On the 1st day of inspection, Noticee was again orally advised to furnish all the documents sought in the pre-inspection questionnaire, by March 17, 2020 (i.e. the second day of the inspection).
8. On the 2nd day of inspection (March 17, 2020), Noticee did not provide any of the documents as mentioned in para- 4 above, sought in the pre-inspection questionnaire. Further Noticee had not provided computer, systems and documents to commence the inspection process. Thereafter, vide email dated March 17, 2020, (**Annexure-4**) all the incidents of 1st and 2nd day of inspection was informed and various detail and information were sought from the IA. Noticee, vide letter dated March 17, 2020, informed that they would co-operate with SEBI. The inspection team subsequently did not visit to the premises of Noticee due to non-cooperative behavior and prevailing COVID-19 pandemic. In response to the said email, Noticee, vide email dated March 18, 2020 (**Annexure-5**), furnished only employee data. In the absence of sufficient documents and information, multiple emails dated August 13, 2020,



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August 14, 2020 and August 19, 2020 were sent to the Noticee to furnish the information (including the information sought earlier and not provided by Noticee), however, no information was provided by the noticee. Copy of the above emails sent to the noticee is placed at (Annexure-6).

9. Further, a site visit has also been conducted at the Registered Office Address of the noticee on March 16, 2021 to ascertain whether the Investment Adviser is active and also to hand deliver the Inspection Report to the entity for its comments. The office of the noticee was found to be closed and hence the Inspection Report could not be delivered. Copy of the letter dated March 16, 2021 communicating the Inspection report and the copy of the photograph of registered office address of noticee taken during the site-visit are enclosed as Annexure-7.
10. In view of the above, there was non-cooperation from Noticee for furnishing the information during inspection and afterwards. In view thereof, Noticee has contravened the provisions of IA Regulations by failing to furnish information relating to its activity as an IA during inspection as required by the Board and not cooperating with SEBI during inspection. Therefore, Noticee has, *prima facie*, violated Section 15A(a) of SEBI Act, 1992 and regulations 13(a), 15(25(1) and (2) read with 24(3) of IA Regulations and clause 8 of code of conduct for IA as specified under Third Schedule read with regulation 15(9) of IA Regulations.

Non redressal of SCORES complaints

11. SEBI vide circular CIR/OIAE/2014 dated December 18, 2014 regarding investor grievance through SCORES platform requires that all SEBI registered intermediaries shall review their investor grievance 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, are required to take immediate efforts on receipt of a complaint, for its resolution, within thirty days. Further, the said circular further states that in case of failure by SEBI registered intermediaries to file Action Taken Report under SCORES within thirty days



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of date of receipt of grievance, it would be treated as failure to furnish information to SEBI and deemed to constitute non-redressal of investor grievance.

12. Further, regulation 21 of IA Regulations provides that an IA shall redress client grievances promptly and shall have adequate procedure for expeditious grievance redressal.

13. As on August 20, 2020 it is noted that **8 unique complaints** are pending for more than 30 days. Noticee has not complied with the timeline to resolve the complaints prescribed under SEBI Circular CIR/OIAE/2014 dated December 18, 2014. Details of the pending SCORES complaints, the printouts of which are enclosed as **Annexure-8**, are tabulated as under: -

Sl. No	SCORES complaint number	Name of the Complainant	Date of receipt of complaint	Date of forwarding complaint to IA (X)	Date of Reminders	Date of reply by IA (Y)	Excessive time above 30 days
1	SEBIE/MP18/0001895/1	Pradeep Kumar Agarwal	16/06/2018	21/06/2018	13/05/2020	NA	766
2	SEBIE/MP18/0002034/1	A. Sureshchand Lunkar	03/07/2018	10/07/2018	20/11/2018; 13/05/2019; 24/12/2019;	29/12/2018; 10/01/2020	747
3	SEBIE/BH18/0000070/1	Rajesh Kumar /SELF	16/08/2018	26/10/2018	13/05/2019; 24/12/2019;	10/01/2020	639
4	SEBIE/MP18/0004064/1	Neelam Sharma /Self	07/08/2018	12/09/2018	20/11/2018; 13/05/2019; 16/10/2019; 09/03/2020	30/10/2018 ; 22/11/2018; 19/03/2019;	683
5	SEBIE/MP18/0004352/1	Subramanian TN	08/10/2018	09/10/2018	20/11/2018; 13/05/2019; 16/10/2019; 22/04/2020	NA	656
6	SEBIE/MP19/0000934/1	Rakesh Prasad	15/04/2019	15/04/2019	21/06/2019; 24/12/2019;	30/05/2019	468
7	SEBIP/MP19/0000361/1	Shiv Baran Singh	30/08/2019	02/09/2019	24/12/2019;	NA	328
8	SEBIP/MP19/0000484/1	Parmanad Koushik	20/12/2019	26/12/2019	09/03/2020;	16/03/2020	213

14. Since Noticee has not submitted the ATR in a time bound manner as prescribed by SEBI and has also not resolved investor grievances, Noticee and its proprietor Mr. Praveen Verma have,



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prima facie, not complied with SEBI Circular no. CIR/OIAE/2014 dated December 18, 2014. Further, Noticee and its proprietor, Mr. Praveen Verma has also *prima facie* violated regulation 21(1) of IA Regulations.

Promising assured profits and unrealistic returns to clients and failure to act in a fiduciary capacity towards clients

15. SEBI had received a complaint from Mr. Shiv Baran Singh under SCORES Regn. no. SEBIP/MP19/0000361/1 dated August 30, 2019, wherein the complainant has alleged that employees of Noticee had assured him profit of Rs. 5 to 6 lakhs, which would be given within a month. However, after a time period of four months, the complainant incurred a loss of approximately Rs. 5-6 lakh. It was also mentioned that he had paid Rs. 2.75 lakh during the period April 11, 2019 to May 24, 2019 to Noticee through PayUMoney. In respect to above allegation, the complainant was asked to provide the supporting documents. In this regard, Mr. Shiv Baran Singh vide email dated August 17, 2020, has forwarded an email dated April 22, 2019 received from email id investmentvisor.in@gmail.com (**Annexure -9**) wherein, *inter alia*, the following was mentioned:

"As you had words with Mr. S.B. Singh about the Slot Services, we would like to offer you the same on your Portfolio. In the Slot Services, we basically take care of all the liabilities of your finance apart from the invested Hard Cash in Dmat Account. In this particular service you will get a good amount of return with a minimum risk of losing money. As per the plan details we would like to highlight about one of our wonderful feature of the Slot Service, which has been mentioned below.

Being as an company we will take care of all your trade, as we deliver more then 85% accuracy on our given calls.

Earlier you have paid 55000/- service for your trading, We are switching out your profile from the current service to the Slot Service. As you had understood the requirements of Slot Service, we will activate the SCALE-LEVEL 1 with the below mentioned details on your portfolio.

*Risk Percentage = 13 % @ 200000/-
Profit Percentage = 45 % @ 200000/-
Average Percentage = 15 % @ 200000/-
Hedging Percentage = 2.5 % @ 200000/-*



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The above mentioned key factors has been calculated with the initial investment amount of 500000/- as an hard cash in your portfolio. We would like to tell you that for the activation of Slot Service (Scale Level 1), you need to make the payment of 111000/-.

Overall service amount is 675000/- where you will get 1775000/- return from the market, please check the below payment method.

<i>Payment</i>	<i>Return</i>
111000/-	250000/- to 300000/-
100000/-	250000/- to 300000/-
100000/-	250000/- to 300000/-
100000/-	250000/- to 300000/-
100000/-	250000/- to 300000/-
100000/-	250000/- to 300000/-

16. From the perusal of email sent by Noticee to client, it is noted that IA is specifying that with payment of service fee of Rs. 6,75,000/-, the client would get return of Rs. 17,75,000/-. Further, for slot services payment of Rs.1,11,000/- is being sought from the client for an assured profit of Rs.2,00,000/-.

17. From the website of the Noticee, details of the services were analyzed and it was noted that the following were mentioned by the noticee to lure clients into taking its services:

- **Stock Cash Premium Tips:** *This is our Flagship Premium Service in the Stock Cash Segment where a high accuracy level is maintained for Intraday as well as Positional calls with a better Risk-Reward Ratio. The calls will be of Stock Cash with a **bigger profit** margin than what is provided in the regular segment specific service. The Calls may be Intraday or Positional in this pack. "Less Calls More Profit" is the motto of this Service. (Screenshots of the website of Noticee for service Stock Cash Premium Tips is placed at Annexure- 10).*
- **Stock cash Tips:** *Trading stocks is a risky and complex occupation because the direction of the markets is generally unpredictable and lacks transparency. In addition, the financial markets are usually subjected to speculation. But we at IV simplify the process of trading which ultimately results in profit earning. In this Stock Cash Tips service we provide our Clients stock tips with more than 85% accuracy which drives them to profit.*



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(Screenshots of the website of Noticee for service Stock Cash Tips is placed at Annexure- 11).

18. On April 19, 2018, a phone call was received by one of the Officers of Indore Local Office (ILO) from one of the employees (Mr. KrishnaKant Sharma) of Noticee. During the call, the employee, *inter alia*, informed that daily average return being delivered or given by the calls of Noticee on the invested amount of the clients is around 20 to 30 %. The above statement has been confirmed by noticee and written submission was given by Mr. Praveen Verma, proprietor of Noticee, in his letter dated April 19, 2018. The said letter is placed at Annexure- 12.
19. In view of the above, it is observed that Noticee has been promising assured profit / unrealistic returns from securities market on the investment made by the clients and luring them to avail its services. The high returns are promised to the clients knowing fully well that investment in equity, equity derivatives, and commodity derivatives are subject to market risk.
20. Noticee was giving false promise of assured returns to the investor knowing fully well that all investments in stocks, derivatives, commodity derivatives, etc. in respect of which it was offering investment advice are subject to market risk. Such false promises were made in order to induce clients to deal in securities by availing its services. Thus, Noticee and its Proprietor Mr. Praveen Verma have, *prima facie*, violated the provisions of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(k) and 4(2)(s) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations, 2003') read with section 12A(a),(b) and (c) of SEBI Act.
21. The above conduct shows that Noticee acted in a dishonest manner and did not act in the best interest of the clients. In view of the above, Noticee and its Proprietor Mr. Praveen Verma, *prima facie*, failed in its responsibility to act in fiduciary capacity to its clients which is entrusted upon him under regulation 15 (1) of IA Regulations. Therefore, Noticee and its



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Proprietor Mr. Praveen Verma have, *prima facie*, violated regulation 15(1) of IA regulations and clauses 1 and 2 of Code of Conduct as mentioned in Schedule III read with regulation 15 (9) of IA Regulations.

Non-compliance with requisite qualification and certification requirements as specified by IA Regulations.

22. Vide email dated March 17, 2020, Noticee was asked to provide, *inter alia*, its employees' data, NISM certificates of employees of research team and partners/directors. In this regard, Noticee, vide email dated March 18, 2020 (**Annexure- 13**) had submitted the list of employees (along with their qualification). From the education and qualification details of employees submitted by Noticee, it is noted that none of the team members have requisite qualification or certification as required under regulation 7 of IA Regulations.

23. Under regulation 17 of IA Regulations, obligation is cast on the IA to ensure that all investments on which investment advice is provided is appropriate to the client's risk profile, investment objectives, client's experience, knowledge, client's risk appetite and capacity for absorbing loss, etc. However, in the case of Noticee, the selection of service/product is done by the employees without having requisite qualification and knowledge.

24. In view of the above, it is observed that Noticee and its employees who have dealt with the clients did not have requisite qualification and certification and have therefore, *prima facie*, violated regulation 15(13) read with regulation 7 of IA Regulations and clause 1, 2, 3 and 8 of Code of conduct for Investment Advisers as specified under Third Schedule read with regulation 15(9) of IA Regulations.

Improper Risk Profiling of Clients and faulty 'Suitability Assessment'

25. Regulation 16 of IA Regulations states that IA shall carry out risk profiling of the client for ascertaining client's risk tolerance based on client's income, age, existing assets/liabilities,



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borrowings, capacity of accepting loss, willingness to accept loss of capital, etc. Further, it also states that the risk profiling should be communicated to the client after risk assessment is done. As per Risk Profile Form provided by Noticee, maximum total score one can obtain is 90, if a client scores up to 30 then he/she is a client with low risk appetite. If client scores between 31 to 60, then he/she is a client with medium risk appetite and if he/she scores more than 61 then he/she is a client with high risk appetite. On examination of the risk profile forms of the above mentioned complainants, it is seen that the risk profile form is neither dated nor signed and there is no evidence to suggest that the same has been communicated to the clients.

26. IA vide email dated February 26, 2020 has submitted the compliance audit report for FY 2018-19 and for the period April 01, 2019 to January 30, 2020 (**Annexure- 14**). As per the compliance report, the noticee's auditor has informed that risk profile of 31 clients and 41 clients were not available for the FY 2018-19 and for the period April 01, 2019 to January 30, 2020 respectively. Further, vide email dated August 20, 2020, one of the complainants viz. Mr. Pradeep Kumar Agarwal has informed that no risk profile was done nor it was communicated to the complainant. Copy of the said email of complainant is placed at **Annexure- 15**.

27. Prior to inspection, for the purpose of examination of complaints, the Inspection Team had advised noticee to provide the Risk profile of the complainants. In response, vide letter dated October 25, 2019, Noticee had submitted the risk profiles of the complainants. On perusal of such risk profiles, it is observed that no question has been included in the risk profile questionnaire which would provide the investment objective or the purpose of the investment of the clients. Copy of the risk profile is placed at **Annexure- 16**. Regulation 16(a)(ii) of the IA Regulations provides that IA shall ensure that it obtains information about the investment objective and the purpose of the investment of the client. In the instant matter, it is noted that risk profile does not include the necessary information as required by the IA regulation. Thus, Noticee had not carried out risk profiling of its clients properly.



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28. From the analysis of emails provided by the complainant with respect to the communication of the risk profiles of the clients and invoices submitted by the IA, it is noted that risk profiles of the clients are not communicated to the clients and in most of the cases services are being allotted to the clients prior to the communication of risk profile to the clients. Some of the samples where services are allotted prior to communication of risk profile are provided as under:

Sl. No.	Name of the client	Date of allotment of service	Date of Risk Profile	Annexures
1	Shiv Baran singh	April 10, 2019	April 11, 2019	Annexure 17
2	Rakesh Prasad	January 16, 2019	January 17, 2019	Annexure 18
3	V Athmanathan	July 12, 2017	On July 12, IA sought details of PAN, Adhar for carrying out KYC.	Annexure 19

29. Regulation 16b(ii) of IA regulations provides that Investment adviser shall ensure that it has a process for assessing the risk a client is willing and able to take, including identifying whether client is unwilling or unable to accept the risk of loss of capital. In the case of Mr.V. Athmanathan, it is noted that on July 12, 2017 the service was allotted to the client and on the same date Noticee is seeking details about the KYC and PAN, which shows that risk profile was not completed. Further, vide email dated July 20, 2017 (copy of which is already enclosed in **Annexure- 19**), the complainant has informed Noticee as under:

"Dear Ji, I was not interested to enter into share market but your company side i received persistent/consistent call promising of getting good return within 20 days in which with minimal investment in which i deposited 30,000 in the end of Mar 2017 but after that i was asked deposit within short time in one or other reason without getting assured amount. After a month i was asked to deposit rs 2,00,000 as service charge to get the assured amount



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20,00,000 to be transferred to my account but after difficulty when i deposited money I was told to deposit again rs 90,000 so that the assured amount will be transferred to my account in which i was forced to deposit till such time of Rs around 6,00,000 but still i was asked only to deposit money repeatedly now again I have been assured of enhanced amount with repeated been asked to deposit stress fully within short period of half hour to bank account but with the prevailing different situation in this respect. This is the situation occurring in respect of me which i put to your end now. athmanathan"

30. From the above, it is observed that the complainant was not interested to take the services and he was not willing and able to take risk associated with the securities market. Though the same was informed to the Noticee on July 20, 2017 yet the noticee sold the services to the complainant for the period from April 05, 2017 till May 25, 2018 and collected service fees amounting to Rs. 4,71,573/-. In the instant matter it has also been noted that the invoice no. 741 is for the period of April 05, 2017 till May 19, 2017, however the said invoice is dated after completion of the service period i.e., May 20, 2017. This shows that invoice has been created after completion of the service.

31. As per the risk profiling adopted by IA the risk appetite assessment on the basis of risk score is as under:

"Maximum total score one can obtain is 90, if client scores upto 30 then he/she is a low risk appetite client. If client scores between 31 to 60 then he/she is a medium risk appetite client and if he/she scores more than 61 then he/she is a high risk appetite client."

32. From the risk profiles submitted by IA, it has been noted that there are certain clients whose risk profiling has not been done properly and multiple services has been sold by the IA to extract advisory fees from the clients. Sample of such clients are provided as follows:

Mr. Pradeep Kumar Agarwal

33. Noticee has done risk profiling of the client as under –



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Sl. No.	Questions	Reply	Marks
1.	What is your Age Group	Under 35	5
2.	Marital Status	-	0
3.	Primary Source?	Salary	-
4.	Secondary Source	Rental	-
5.	Annual Income?	-	0
6.	Current Investment Amount?	-	0
7.	Preferred Investment Type?	-	0
8.	Investment Experience?	-	0
9.	How is your experience with investment in past?	-	0
10.	Experience in market product?	-	0
11.	What is the size of your emergency fund?	<1 months income	2
12.	What percentage of monthly income is allocated to fixed debt obligation?	Between 0%-20%	4
13.	You are financially responsible for (exclude dependents who can be supported by your spouse's income)	-	0
14.	What is your practice on saving money?	-	0
15.	What is your preference w.r.t. securities with low risk, low return?	-	0
16.	Which of the following statements would best describe your level of knowledge as an investor?	-	0
17.	You invest Rs. 1,00,000 in a share that goes down by *% the next day. You?	-	0
18.	How would you describe your overall income status?	-	0
19.	How long you want to stay invested into pointed investment?	-	0
20.	What is your approach to making a financial decision?	-	0
21.	Occupation	-	-
SCORE			28

“-” indicates that the field has been left blank

34. From the above, it is seen that Noticee has done faulty risk profiling of the client where the client has not replied to most of the questions and on the basis of the scores assigned in the risk profile, the total score worked out to only 11. However, he has been assigned a total score of 28 points. Although, as per the risk score the client is purported to have low risk appetite, yet in the risk profile the client has been categorized as 'very aggressive investor who is ready



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to take higher risk'. Copy of the risk profile of Mr. Pradeep Kumar Agarwal is placed at Annexure- 20.

Mr. Umakant Kushwaha:

35. Mr. Umakant.Kushwaha had lodged a complaint against Noticee on SCORES portal having SCORES registration no. SEBIE/MP18/0003985/1 dated July 31, 2018 , wherein it was, inter alia, alleged that *"This company committed me to get the profit of Rs. 30k to 40K min. in a month and gradually they have taken total 32500 from me by adopting different strategies like service charges, platinum service charge, risk profile, etc. and in return of it I suffered a total loss of around Rs. 1 lakh.... They are trying to snatch money much possible they can."* Noticee has done risk profiling of the client as under –

Sl. No.	Questions	Reply	Marks
1.	What is your Age Group	Under 45	0
2.	Marital Status	-	0
3.	Primary Source?	Salary	-
4.	Secondary Source	Others	-
5.	Annual Income?	-	0
6.	Current Investment Amount?	-	0
7.	Preferred Investment Type?	-	0
8.	Investment Experience?	-	0
9.	How is your experience with investment in past?	-	0
10.	Experience in market product?	-	0
11.	What is the size of your emergency fund?	<1 months income	2
12.	What percentage of monthly income is allocated to fixed debt obligation?	Between 0%-20%	4
13.	You are financially responsible for (exclude dependents who can be supported by your spouse's income)	-	0
14.	What is your practice on saving money?	-	0
15.	What is your preference w.r.t. securities with low risk, low return?	-	0
16.	Which of the following statements would best describe your level of knowledge as an investor?	-	0



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Sl. No.	Questions	Reply	Marks
17.	You invest Rs. 1,00,000 in a share that goes down by *% the next day. You?	-	0
18.	How would you describe your overall income status?	-	0
19.	How long you want to stay invested into pointed investment?	-	0
20.	What is your approach to making a financial decision?	-	0
21.	Occupation	-	-
SCORE			22

“- indicates that the field has been left blank

36. From the above, it is seen that Noticee has done faulty risk profiling of the client where the client has not replied to most of the questions and on the basis of the score assigned in the risk profile, the total score worked out to only 06 but he has been assigned a total score of 22 points. Although, accordingly to the internal norms of the Noticee, as per the risk score the client should have been categorized as a client low risk appetite client but in the risk profile it is seen that the client Mr. Umakant Kushwaha has been categorized as ‘very aggressive investor who is ready to take higher risk’. Copy of the risk profile of Mr. Umakant Kushwaha is placed at **Annexure- 21**.

37. As per the client master submitted by the noticee, it has been noted that all the services offered by the noticee is either for Medium risk or high risk clients. The client master submitted by noticee in response to the pre-inspection questionnaire is placed at **Annexure- 22**. The risk based classification of the products / services being offered by Noticee is as under –

Sl. No.	Product / services	Risk Classification
1	Base Metal,	High Risk
2	Index Future,	High Risk
3	MCX Combo Pack,	High Risk
4	MCX Commodity Pack,	High Risk



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5	Platinum Future,	High Risk
6	Premium Stock Future,	High Risk
7	Stock Cash Platinum,	High Risk
8	Stock Future,	High Risk
9	Stock Option,	High Risk
10	Stock Options Premium,	High Risk
11	Stock Cash	Medium risk
12	Stock Cash Premium,	Medium risk

38. Further, as per the risk profiling adopted by IA, the risk appetite assessment on the basis of risk score provides as under:

Sl. No.	Risk score range	Risk status
1.	Up to 30	Low Risk
2.	31 - 60	Medium Risk
3.	61 - 90	High Risk

39. From the analysis of risk profiles and invoices issued to the clients, it is noted that Noticee has sold high risk services to the clients with medium risk. Some of the instances, where suitability of services has been completely ignored are tabulated as under:

S.n o	Client name	Risk score	Risk category	Services assigned	Service category	Annexure
1	Ms. Neelam Sharma	59	Medium	Stock Option, stock cash platinum	High	21
2	Satvinder Singh	58	Medium	Stock Option, Stock Options Premium, Premium Stock Future, Stock Future and Platinum Future	High	22
3	Rajesh Kumar	59	Medium	Stock Option	High	23
4	Rakesh Prasad	59	Medium	Stock Options Premium, Platinum Future	High	24
5	Shiv Baran Singh	57	Medium	Stock Options Premium, Premium Stock Future, Platinum Future	High	25



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40. In view the above, the noticee has failed to carry out proper risk profiling of the client as it did not include all the requisite questions to determine the objective and purpose of the investment. Further, Noticee has also failed to obtain information about the investment objectives and purpose for investment of the client; failed to identify whether the client is willing or able to accept the risk. The noticee also failed to communicate the risk profile to the clients. Further, as reported by noticee in its compliance audit report, noticee has not done risk profile for multiple clients. Therefore, Noticee have, *prima facie*, violated regulation 15(1) and clauses 1, 2, 4, 5 and 8 of Code of Conduct for IA as specified under Third Schedule read with regulation 15(9) and regulations 16(a)(ii), 16(b)(ii) and 16 (e) of IA Regulations.

41. From the weights assigned in the risk profile forms and categorization of clients as aggressive clients even though the risk score of the client is for low risk appetite client, it appears that the noticee has stated many false information about the clients in the RPF to somehow categorize the risk profile of the client having 'high risk' appetite. The noticee, by manipulating the risk profile of clients, has sold high risk services to the clients with low and medium risks respectively. Thus, the noticee has engaged in an act which operated as a deceit upon its clients in connection with dealing in securities. The above act of Investment Visor comes under the purview of 'fraud' as defined under regulation 2(1)(c) of PFUTP Regulations. Therefore, Investment Visor and its Proprietor Mr. Praveen Verma have, *prima facie*, violated regulation 3(a),(b),(c) and (d) of PFUTP Regulations read with section 12A(a),(b) and (c) of SEBI Act.

Selling multiple products / services and charging unreasonable fees to clients

42. Some of the instances wherein Noticee has sold multiple products / services to its clients are as under-

43. Client Name: Ms. Neelam Sharma



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Sl. No.	Services	Invoice Date	Service start date	Service end date	Amount as per invoice (Rs.)
1.	Stock Option	14.11.2017	15.11.2017	15.12.2017	3,000
2.	Stock Option	06.12.2017	15.12.2017	25.12.2017	10,000
3.	Stock Option	07.12.2017	25.12.2017	05.01.2018	10,000
4.	Stock Option	08.12.2017	05.01.2018	15.01.2018	10,000
5.	Stock Option	09.12.2017	15.01.2018	25.01.2018	8,500
6.	Stock Option	20.12.2017	25.01.2018	25.03.2018	49,000
7.	Stock Option	20.12.2017	25.03.2018	25.05.2018	5,000
8.	Stock Option	20.12.2017	25.07.2018	25.09.2017	5,000
9.	Stock Option	20.12.2017	25.09.2017	25.11.2017	5,000
10.	Stock Option	22.12.2017	25.05.2019	25.07.2019	5,000
11.	Stock Option	22.12.2017	25.07.2019	25.09.2019	1,800
12.	Stock Option	25.12.2017	25.01.2020	25.05.2020	8,000
13.	Stock Option	25.12.2017	25.05.2020	25.09.2020	5,000
14.	Stock Option	25.12.2017	25.09.2019	25.01.2020	12,000
15.	Stock Cash	03.01.2018	25.01.2020	25.02.2020	20,000
16.	Stock Option	04.01.2018	25.02.2020	10.03.2020	6,500
17.	Stock Option	20.01.2018	10.03.2020	03.03.2020	4,000
18.	Stock Option	31.01.2018	03.03.2020	03.03.2020	3,000
19.	Stock Option	05.02.2018	03.03.2020	08.03.2020	5,001
20.	Stock Option	13.02.2018	13.02.2018	13.02.2018	7,000
21.	Stock Option	14.02.2018	14.02.2018	14.02.2018	5,000
22.	Stock Option	14.02.2018	14.02.2018	14.02.2018	4,200
23.	Stock Option	14.02.2018	14.02.2018	14.02.2018	3,300
24.	Stock Option	16.02.2018	16.02.2018	16.02.2018	5,000
25.	Stock Option	17.02.2018	17.02.2018	17.02.2018	3,000
26.	Stock Option	28.02.2018	28.02.2018	28.02.2018	3,000
27.	Stock Option	01.03.2018	01.03.2018	01.03.2018	4,000
28.	Stock Option	05.03.2018	05.03.2018	05.03.2018	3,000
29.	Stock Option	17.03.2018	09.03.2020	19.03.2020	5,000
30.	Stock Option	17.03.2018	19.03.2020	29.03.2020	5,000
31.	Stock Option	17.03.2018	30.03.2020	10.04.2020	5,000
32.	Stock Option	17.03.2018	11.04.2020	20.04.2020	3,500
33.	Stock Option	19.03.2018	21.04.2020	30.04.2020	5,000
34.	Stock Option	19.03.2018	30.04.2020	10.05.2020	5,000
35.	Stock Option	19.03.2018	10.05.2020	15.05.2020	1,500
36.	Stock Option	21.03.2018	16.05.2020	26.05.2020	6,000
37.	Stock Option	21.03.2018	27.05.2020	07.06.2020	4,000
38.	Stock Option	24.03.2018	24.03.2018	24.03.2018	6,000
39.	Stock Option	26.03.2018	26.03.2018	26.03.2018	4,000
40.	Stock Option	31.03.2018	08.06.2020	18.06.2020	3,000



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Sl. No.	Services	Invoice Date	Service start date	Service end date	Amount as per invoice (Rs.)
41.	Stock Cash Platinum	04.04.2018	05.04.2018	05.07.2018	4,100
42.	Stock Cash Platinum	04.04.2018	06.07.2018	06.10.2018	3,000
TOTAL					2,73,401

44. It can be seen from the above table that Noticee has raised 42 invoices and sold 3 services within a span of 5 months and collected fees of Rs. 2.73 lakh. Further, there are 12 instances where Noticee has sold Stock Option services for a duration of only one single day and have collected a total fee of Rs. 50,500. These instances are at Sl. no(s) 18, 20 – 28 and 38 – 39. There also are 17 instances where Noticee has sold services which starts after 2 years and collected a total fee of Rs. 94,501. For instance, at Sl. No. 12, it can be seen that Ms. Neelam Sharma has been sold Stock Option services on December 25, 2017 the service of which would have started on 25.01.2020. Some of other such instances are stated at Sl. no. 12 – 13, 15 – 19, 29 – 37 and 40.

45. Client Name: Mr. A Sureshchand Lunkar

Sl. No.	Services	Invoice Date	Service start date	Service end date	Amount as per invoice (Rs.)
1.	Stock Option	01.01.1970	05.06.2017	20.07.2017	6,250
2.	Stock Cash	01.01.1970	05.06.2017	20.07.2017	6,250
3.	Stock Option	01.01.1970	21.07.2017	30.09.2017	15,000
4.	Stock Cash Premium	01.01.1970	21.07.2017	30.09.2017	25,000
5.	Stock Cash	01.01.1970	21.07.2017	30.09.2017	10,000
6.	Stock Option	01.01.1970	01.10.2017	10.12.2017	6,000
7.	Stock Options Premium	01.01.1970	01.10.2017	01.01.2018	70,000
8.	Stock Cash	01.01.1970	01.10.2017	15.11.2017	8,000



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Sl. No.	Services	Invoice Date	Service start date	Service end date	Amount as per invoice (Rs.)
9.	Stock Cash Premium	01.01.1970	01.10.2017	06.11.2017	12,000
10.	Stock Cash Premium	01.01.1970	02.01.2018	15.03.2018	25,000
11.	Stock Option	01.01.1970	11.12.2017	11.02.2018	10,000
12.	Stock Option Premium	01.01.1970	07.12.2017	15.03.2018	45,000
13.	Stock Cash Premium	01.01.1970	12.07.2017	12.03.2018	1,00,000
14.	Premium Stock Future	01.01.1970	12.07.2017	12.03.2018	1,00,000
15.	Stock Option Premium	01.01.1970	12.07.2017	12.03.2018	1,00,000
16.	Bullion HNI	01.01.1970	12.07.2017	12.03.2018	1,00,000
17.	Bullion Premium	01.01.1970	12.07.2017	12.03.2018	1,00,000
18.	MCX Combo Pack	01.01.1970	12.07.2017	12.03.2018	1,00,000
19.	Stock Cash Premium	01.01.1970	13.03.2018	12.07.2018	50,000
20.	Stock Option Premium	01.01.1970	13.03.2018	12.07.2018	50,000
21.	Premium Stock Future	01.01.1970	13.03.2018	12.07.2018	50,000
22.	Bullion Premium	01.01.1970	13.03.2018	12.07.2018	50,000
23.	Bullion HNI	01.01.1970	13.03.2018	12.07.2018	50,000
24.	MCX Combo Pack	01.01.1970	13.03.2018	12.07.2018	50,000
TOTAL					11,38,500

46. From the above table, it is seen that the invoices are dated January 1, 1970. Further, as seen at Sl. no. 4 and 5, Noticee has sold similar services i.e. Stock Cash Premium and Stock Cash for the same duration i.e. July 21, 2017 to September 30, 2017. Similar instances are observed at Sl. no. 6 and 7 and 8 and 9 wherein similar services i.e. Stock Option & Stock



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Options Premium and Stock Cash & Stock Cash Premium have been sold. It is also seen that for the service period July 12, 2017 to March 12, 2018 (sl. no. 13 – 18) and March 13, 2018 to July 12, 2018 (sl. no. 19 – 24) multiple services have been sold to the client i.e. Stock Cash Premium, Stock Option Premium, Premium Stock Future, Bullion Premium, Bullion HNI and MCX Combo Pack extracting a total sum of Rs.9,00,000 as fees from the client. Mr. A Sureshchand Lunkar in RPF has indicated that his annual income is between 5 – 10 lakh and current investment amount is 2 – 5 lakh. Despite the same, a total of Rs. 11,38,500/- has been charged as fees by Noticee from the client.

47. Client Name: Mr. Subramanian TN

Sl. No.	Services	Invoice Date	Service start date	Service end date	Amount as per invoice (Rs.)
1.	Stock Cash	06.06.2017	05.06.2017	06.06.2017	4,000
2.	Stock Cash	07.06.2017	07.06.2017	08.06.2017	5,750
3.	Stock Cash	07.06.2017	27.05.2017	27.06.2017	9,746
4.	Stock Cash	24.08.2017	28.06.2017	28.10.2017	20,700
5.	Stock Cash	27.06.2017	27.06.2017	27.06.2017	5,175
6.	Stock Cash	28.06.2017	17.06.2017	17.06.2017	5,175
7.	Stock Cash	18.07.2017	22.06.2017	22.07.2017	15,000
8.	Stock Cash	18.07.2017	24.06.2017	21.07.2017	12,535
9.	Stock Cash Premium	25.07.2017	27.06.2017	27.07.2017	20,200
10.	Stock Cash Premium	01.01.1970	28.06.2017	28.07.2017	21,500
11.	Stock Cash Premium	29.06.2017	29.06.2017	29.06.2017	5,975
12.	Stock Cash Premium	01.01.1970	29.06.2017	29.06.2017	5,974
TOTAL					1,31,730

48. From the above table, it is seen that Noticee has sold 4 services of Stock Cash Premium for the overlapping period June 27, 2017 to July 28, 2017. Similarly, Noticee has sold 5 services of Stock Cash for the overlapping period June 5, 2017 to June 27, 2017 (Sl. no. 1 – 3, 5 – 6 of table).

49. From the analysis of the invoices, it has been noted that in some of the instances same services has been sold multiple times to the same client for the same period or overlapping period. This shows that IA has collected advisory fees multiple times for the same service.



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50. Client Name: Ms. Neelam Sharma

Sl. No.	Services	Invoice no.	Invoice Date	Service start date	Service end date	Amount as per invoice (Rs.)
1	Stock Option	4018	14.11.2017	15.11.2017	15.12.2017	3,000
2	Stock Option	4454	20.12.2017	25.07.2018	25.09.2017	5,000
3	Stock Option	4455	20.12.2017	25.09.2017	25.11.2017	5,000
4	Stock Option	4451	20.12.2017	25.01.2018	25.03.2018	49,000
5	Stock Option	5058	13.02.2018	13.02.2018	13.02.2018	7,000
6	Stock Option	5059	14.02.2018	14.02.2018	14.02.2018	5,000
7	Stock Option	5060	14.02.2018	14.02.2018	14.02.2018	4,200
8	Stock Option	5061	14.02.2018	14.02.2018	14.02.2018	3,300
9	Stock Option	5088	16.02.2018	16.02.2018	16.02.2018	5,000
10	Stock Option	5089	17.02.2018	17.02.2018	17.02.2018	3,000
11	Stock Option	5029	28.02.2018	28.02.2018	28.02.2018	3,000
12	Stock Option	5219	01.03.2018	01.03.2018	01.03.2018	4,000
13	Stock Option	5281	05.03.2018	05.03.2018	05.03.2018	3,000
14	Stock Option	5543	24.03.2018	24.03.2018	24.03.2018	6,000
15	Stock Option	4525	25.12.2017	25.01.2020	25.05.2020	8,000



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16	Stock Cash	4640	03.01.2018	25.01.2020	25.02.2020	20,000
17	Stock Option	4655	04.01.2018	25.02.2020	10.03.2020	6,500
18	Stock Option	4817	20.01.2018	10.03.2020	03.03.2020	4,000
19	Stock Option	4980	31.01.2018	03.03.2020	03.03.2020	3,000
20	Stock Option	5011	05.02.2018	03.03.2020	08.03.2020	5,001
TOTAL						1,52,001

51. From the above table, it can be seen that at Sl. no. 01 and 03, stock option has been sold to client for the overlapping period of November 15, 2017 to November 25, 2017. From Sl. no. 04 to 14, stock option has been sold for the overlapping period of February 13, 2018 to March 24, 2018. Further, from Sl. No. 15 to 20, stock option has been sold to the client for overlapping period of January 25, 2020 to March 08, 2020. From Sl. no. 6 to 8, it has been noted that three invoices have been raised on February 14, 2018 for the service period of same day for same service and collected huge amount of Rs. 12,500 for 1-day service. The above instances show that even though same services have been sold for same period fees has been collected multiple times. Thus advisory fees have been taken and no services have been given. At Sl. no 02, it has been noted that Invoice date is December 20, 2017 and Service start date is July 25, 2018 and end date is September 25, 2017. Thus, it is not possible to provide service for the said duration. Further, at Sl. no 03 it has also been noted that the invoice no. 4455 is for the period of September 25, 2017 till November 25, 2017. However, the said invoice is dated after completion of the service period i.e. December 20, 2017. This shows that invoice has been created after completion of the service. The mechanism adopted by the Noticee for creating and issuance of invoices shows that no due diligence is being carried out by the Noticee while doing advisory activities.



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52. On analysis of invoice generated by Noticee for charging the client for the services sold to the complainants and risk profile, it is noted that in few month of association with Noticee, large number of services were sold and substantial amount by way of fee was collected from the clients. IA has sold newer products to its clients so as to receive more fees from the clients, even though the subscription period for products earlier sold was not yet over. In most of the cases it has been noted that amount of advisory fees charged is more than the amount of investment by the clients. Some of the clients who have been charged more advisory fees than the amount of investment is tabulated as under:

Sl. No	Name	Period for which products/services sold	No. of products / packages sold	Current Investment Amount as per Risk Profile	Annual Income (Rs.)	Amount of fees collected (Rs.)	Investment Experience
1	Shiv Baran Singh	12/04/2019 to 16/09/2019	11	Less than 2 Lakh	2.5-5 Lakh	2,74,000	3-7 Year
2	Varghese TL	17/06/2019 to 30/11/2019	06	Less than 2 Lakh	2.5-5 Lakh	2,70,515	Less than 1 Year
3	Rakesh Prasad	18/01/2019 to 15/06/2019	15	Less than 2 Lakh	2.5-5 Lakh	1,99,714	Less than 1 Year
4	A Sureshchand Lunkar	05/06/2017 to 12/07/2018	24	2-5 Lakh	5-10 Lakh	11,38,500	1-3 Year
5	Pradeep Kumar Agarwal	14/03/2018 to 22/03/2018	16	Nil	Nil	2,36,298.1	Nil
6	V Athmanathan	05/04/2017 to 25/05/2018	22	Less than 2 Lakh	2.5-5 Lakh	4,71,573	Less than 1 Year
7	Satvinder Singh	24/04/2019 to 15/10/2019	13	Less than 2 Lakh	Less than 2.5 Lakh	2,23,010	Less than 1 Year

53. From the above table, it is observed that the advisory fees itself is more than the investment amount for the clients. In view of the above, it would not have been possible for clients to generate any meaningful return from their investment. From the above, it is clear that the noticee has defrauded the clients by extracting maximum possible amount of fees without caring for the interest of clients.

54. In view of the above, Noticee has not been fair and transparent while dealing with its clients regarding the fees charged to the client. Noticee has also sold multiple products / services with the sole purpose of collecting unreasonable high fees by defrauding its clients. Thus,



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Noticee has deceived its clients and has failed in its responsibility to act in a fiduciary capacity towards its clients.

55. In view of the above, Noticee has, *prima facie*, violated Regulation 15(1), 17(a), (d) and (e) of IA Regulations and Clauses 1, 2 and 6 of Code of Conduct as mentioned in Schedule III read with regulation 15(9) of IA Regulations.

56. Further, the above act of noticee was done with the sole purpose of enhancing the income of noticee by defrauding its clients. Such act of Noticee is *prima facie* fraudulent and is covered within the definition of "fraud" as defined in regulation 2(1)(c) of PFUTP Regulations, 2003. Accordingly, Noticee has, *prima facie*, violated regulations 3 (a), (b), (c), (d) of the PFUTP Regulations, 2003 read with section 12A(a),(b) and(c) of SEBI Act.

Maintenance of Records

57. In terms of regulation 19(1) of IA Regulations, an investment adviser shall maintain, *inter-alia*, records of KYC, risk profiling/assessment, suitability assessment of advice, investment advice provided to the client, whether written or oral. Such records are required to be maintained either in physical or electronic form and preserved for a minimum period of five years in terms of regulation 19(2) of IA Regulations.

58. From the details mentioned in the noticee's website about the services offered by noticee (extract of website is enclosed as **Annexure 23**), it is observed that salient features of the products include "Complete Follow up and support will be provided on direct mobile number". Also as mentioned in the website of Noticee (extract of website is enclosed as **Annexure- 24**), process adopted by Noticee includes *discussion with the sales executives*. Further, as per the complaints, pitching of product is done by employees of Noticee over telephone. Also, the clients are called by the employees of Noticee for KYC and risk profile process.

59. Telephonic conversation between employees with clients, forms part of the information pertaining to risk profiling of client and suitability of the product to client. Accordingly, it



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should be maintained in terms of regulation 19(2) of IA regulations. SEBI, vide email dated March 17, 2020 and August 19, 2020, asked Noticee to provide all communication (via email, telecall and whatsapp chat) of Noticee with its clients. However, in this regard, no records of such communication were made available to SEBI.

60. Further, vide letter dated February 11, 2020, in the pre-inspection questionnaire, the documents related to rationale for arriving at investment advice, duly signed and dated has been sought from the noticee. However, in response, the noticee vide email dated February 26, 2020, has mentioned the same has been attached but no attachment was available with the email. Further, vide emails dated August 13, 2020, August 14, 2020 and August 19, 2020, Noticee was asked to provide the information and requisite documents pertaining to the inspection. However, no information in this regard was submitted by Noticee. Copies of aforesaid emails are already enclosed as mentioned above.

61. Noticee has not maintained the records of communication with clients during risk profiling and suitability assessment of advice/ selection of advisory product/services and also not provided the rationale for arriving at investment advice, duly signed and dated. In view of the above, Noticee have, *prima facie*, violated the provisions of regulations 19 (1) and 19 (2) of IA Regulations 2013.

Misrepresentation and mis-selling by Noticee

62. The website of Noticee i.e. <https://investmentvisor.com/research.php> was perused. (Annexure- 25). The said web page provided details about the research team of IA, which read as follows:

“Apart from rich experience, our team who prepares and delivers free and paid content and trading and investing advice have following degrees and educational qualifications. They includes MBA finance, Certificate in taxation, International Banking and International finance master degree, ICWA degree holder, intermediate CAs, intermediate CSs, CAs, CSs, CFAs, NCFM (NSE's Certification in financial markets)



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capital markets, NCFM derivatives market, NCFM depositories operations, MCX Certified Commodity Professional and more."

63. As per the employee details submitted by the Noticee, no employees were NISM qualified or bearing qualifications/ certification in taxation, International Banking, ICWA, CAs, CSs, CFAs as mentioned by the IA in the website. The above misrepresentation by the IA is to lure the clients by marketing the fake qualifications of its research team. The above act will generate confidence among the clients on the basis of fake qualifications and clients will end up taking services of the IA.

64. The website of IA features various testimonials; some of those testimonials were analyzed. The testimonials read on the website are tabulated as under: Screen shot of the testimonials are placed at Annexure 26.

S.no	Name	Testimonial
1	Mr. DK Das	Being a small trader, I want a consultant who can give me calls with more accuracy on consistent basis and on reasonable price. I want to thank you to help me earn really well.
2.	Sarika Gupta	MCX Recommendations by IVisors helped me in booking profits. The support team from IVisors is sending complete Entry/Exit/Book Profit SMS of each and every call. Its really helpful Thanks
3.	Sumit Shrivastava	"No Doubt" IV is the best advisory I have seen in India. Expertise support and services, thanks a lot for providing advice and recovering back with a good profit when I was in huge loss.
4.	Amit Jain	i had tried many advisories earlier but the kind of live support that i get from Ivisors is amazing, they just do not feed you calls but also educate u in order to understand the in and outs of the market, its never risky when u are with Noticee.
5.	Mr. Mappa Roy	I earned huge profit in futures trading in your stock futures assured services. You are giving very good tips and return is awesome.

65. Vide email dated August 13, 2020, the inspection team had sought the details of aforesaid clients. In this regard, no information has been submitted by IA. This shows that fake



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testimonials were used on the home page of its website to lure and induce clients to subscribe the services of Noticee. Such false testimonials have been disclosed to the clients to create confidence amongst prospective clients and induce them to avail the advisory services of Noticee.

66. On April 19, 2018, a call was received from one of the employee (Krishna Kant) of Noticee. Whereby the employee has informed following about the services and functioning of Noticee:

- Daily average return being delivered or given by the calls of Noticee on the invested amount of the clients is around 20 to 30 %.
- Trading of the client through their Demat account and trading account can be done by the executive of Noticee.
- Risk profiling of the client is being done by SEBI-Mumbai
- Total number of client for Noticee is 35000
- Even though the risk appetite of the client is low, the client can trade in option, future and other risky products.

67. The above statement has been confirmed and written submission was given by the proprietor of Noticee vide letter dated April 19, 2018. The said letter is already enclosed as mentioned above.

68. In view of the above, the noticee has induced the clients to avail the advisory services of Noticee by making false claim about its performance and accuracy of the services with the sole objective to induce prospective clients to avail its advisory services. Accordingly, Noticee has failed in its responsibility to act in fiduciary capacity to its clients. Therefore, Noticee has violated regulation 15 (1) and clause 1 of Code of Conduct as specified under Third Schedule read with regulation 15(9) of the IA Regulations. Also, such misrepresentation on the part of Noticee is, *prima facie*, fraudulent and is covered within the definition of "fraud" as defined in regulation 2(1)(c) of PFUTP Regulations, 2003.



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Accordingly, Noticee is alleged to have violated regulation 3 (a), (b), (c), (d), 4(2)(k) and (s) of the PFUTP Regulations, 2003 read with section 12A(a), (b) and(c) of SEBI Act.

Collected GST from clients even after cancellation of GSTN

69. Noticee received fees from clients and issued invoices. The invoices issued to clients shows the amount charged as fees and GST from such fees separately in the invoice. The invoices issued to clients bear GST number **23AISPV5820B1Z7**. During the examination, the status of the GSTN was checked on GST website. It is observed that, Noticee suo-moto cancelled the GSTN number with effect from December 27, 2018. On perusal of the Invoices of Noticee, after cancellation of GSTN number, it is noted that IA is collecting GST amounts on cancelled GSTN from the clients while providing advisory services.
70. The status of GSTN on GST website and some of the sample invoices issued by Noticee post suo-moto cancellation of GST are placed at **Annexure 27**.
71. As per Code of Conduct for investment advisor an investment advisor shall comply with all regulatory requirements applicable to the conduct of business activities. From the above act, IA has violated Clauses 8 of Code of Conduct for Investment Advisors as specified in Schedule III of IA Regulations read with regulation 15 (9) of IA Regulations.
72. From the above, it is observed that Investment Visor has collected the fees from its clients in the name of GST despite the fact that the noticee had already cancelled its GST number and failed to deposit the same with tax department. Thus the noticee has engaged in an act which operated as a deceit upon its clients in connection with dealing in securities. The above act of misrepresentation on the part of Noticee and its Proprietor Mr. Praveen Verma comes under the definition of 'fraud' as defined in regulation 2(1)(c) of PFUTP Regulations. On account of the above, the Noticee is alleged to have violated regulation 3(a),(b),(c) and(d) of PFUTP Regulations read with section 12(A)(a),(b),(c) of SEBI Act.
73. The Noticee has bank accounts with State Bank of India, ICICI Bank, HDFC Bank, and Axis Bank. From the bank account statements obtained from the aforesaid banks, details such as



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total amounts credited in the bank accounts, and period of bank account statement are tabulated as under: -

Sl. No.	Bank Name & A/c No.	Period	Total Credits (₹)
1.	State Bank of India 35560195014	February 08, 2016 to August 10, 2020	1,18,41,568
2.	ICICI Bank 657305500457	January 28, 2016 to August 10, 2020	3,28,77,233.71
3.	HDFC Bank 50200017377885	February 01, 2016 to August 10, 2020	31,84,641.32
4.	Axis Bank 916020007134670	February 04, 2016 to August 10, 2020	3,68,24,128.60
	TOTAL AMOUNT		8,47,27,611.63

Therefore, the Noticee has received total ₹ 8,47,27,611.63 in its aforementioned bank accounts as an Investment Advisor.

74. In light of the above, Noticee, is hereby called upon to show cause as to (i) why suitable directions for debarment from accessing the securities market and prohibition on buying, selling or dealing in securities and suitable directions for refund of fees collected as a consideration for the investment advice rendered under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992 should not be issued against it and (ii) why suitable directions for imposing penalty under sections 11B(2) and 11(4A) read with sections 15C, 15HA, 15HB (for violations prior to March 08, 2019) and 15EB (for violations subsequent to March 08, 2019) of SEBI Act should not be issued against it for the aforesaid alleged violations.

75. The written submissions of the Noticees, if any, along with documentary evidences that the Noticee chooses to rely upon in support of its submissions, should reach the undersigned, at the address given below and also in softcopy (in MSWORD format) by e-mail at email-ids **rohanv@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 Noticee has no reply to submit and the matter shall be proceeded on the basis of the material available on record.



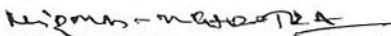
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76. The Noticee may also indicate in its reply whether it is desirous of a personal hearing before the Whole Time Member, SEBI, in the matter. The Noticee is advised to keep SEBI informed about the change in its correspondence address, if any, till the proceedings in the extant matter are complete.
77. Further, the Noticee is 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 it, details of all demat accounts / mutual fund units held by it and list of all the movable/immovable assets owned by it.
78. The Noticee may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulation, 2018. If the Noticee wish to opt for the settlement process, it may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, the Noticee may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.

The documents relied upon in the notice have been annexed as per the list of enclosures.


Nirmal Mehrotra
Deputy General Manager

Enclosures: As above

List of documents enclosed as Annexures	
Documents	Annexure
SEBI Inspection order no. HO/16/2019-20 dated February 10, 2020	1.
SEBI email and letter dated February 11, 2020 to noticee	2.
SEBI letter dated March 06, 2020 to noticee	3.
Email dated March 17, 2020 from SEBI to noticee	4.



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Email dated March 18, 2020 from noticee to SEBI	5.
Emails dated August 13, 2020, August 14, 2020, and August 19, 2020 from SEBI to noticee	6.
Copy of SEBI letter dated March 16, 2021 and copy of photograph of office address of noticee taken during site visit	7.
Printouts of SCORES complaints	8.
Copy of email dated August 17, 2020 of complainant Shiv Baran Singh to SEBI forwarding noticee's email dated April 22, 2019	9.
Screenshot of website of noticee showing details of service Stock Cash Premium Tips	10.
Screenshot of website of noticee showing details of service Stock Cash Tips	11.
Letter dated April 19, 2018 of noticee (proprietor-Praveen Verma) to SEBI containing statement regarding phone call made by noticee's employee Mr. Krishnakant Sharma	12.
Email dated March 18, 2020 from noticee to SEBI enclosing the list of employees of noticee	13.
Compliance audit reports submitted by noticee	14.
Email dated August 20, 2020 of complainant Mr. Pradeep Kumar Agarwal	15.
Copy of Risk Profile of one of the noticee's clients	16.
Copy of noticee's email for communicating risk profile to complainant Shiv Baran Singh	17.
Copy of noticee's email for communicating risk profile to complainant Rakesh Prasad	18.
Copy of noticee's email for communicating risk profile to complainant V Athmanathan including email dated July 20, 2017 from complainant to noticee	19.
Copy of Risk Profile of complainant Pradeep Kumar Agarwal	20.
Copy of the risk profile of complainant Umakant Kushwaha	21.
Client Master submitted by noticee to SEBI	22.
Printout of extract of noticee's website claiming to provide support on mobile number	23.
Printout of extract of noticee's website	24.
Printout of webpages taken from noticee's website investmentvisor.com/research.php	25.
Screenshot of testimonials taken from noticee's website	26.
Printout showing status of GSTN on GST website and some of the sample invoices issued by Noticee to its clients post cancellation of GST	27.

