

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/AN/SM/2024-25/31351**

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,
1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND
IMPOSING PENALTIES) RULES, 1995.**

In respect of:
Money Bells Global Research Services Private Limited
(PAN: AAPCM2093R / SEBI Registration No: INH100009901)

**In the matter of Money Bells Global Research Services Private Limited,
Research Analyst**

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India ('SEBI' in short) conducted inspection in respect of Money Bells Global Research Services Private Limited ('Noticee') The inspection was inter alia focused on any promises related to 'assured returns' and 'maintenance of records' by the RA. However, compliance with a few other areas considered relevant in this case and observed during inspection like qualification and NISM certification, complaints management etc. with respect to concerned Regulations, i.e., SEBI (Research Analysts) Regulations, 2014 ('RA Regulations') and RA related Circulars were also seen. The period of Inspection was June 21, 2022 (i.e. date of grant of registration to RA) to February 29, 2024 ('Inspection Period' / 'IP').
2. Pursuant to the inspection, the findings of the Inspection were communicated by SEBI to the Noticee vide letter and email dated March 28, 2024. The Noticee submitted its reply in this regard vide email dated April 06, 2024. Thereafter SEBI carried out Post Inspection Analysis.
3. In view thereof, SEBI inter alia observed that Noticee had allegedly violated the following:

- 3.1. Regulation 3(c), (d) read with Regulation 4(1) and 4(2)(k), (o), (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Section 12A(c) of the SEBI Act, 1992 and Clauses 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations
- 3.2. Regulation 8(2), 25(1) and 25(2) of the RA Regulations and Clauses 1, 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA Regulations.
- 3.3. Regulation 29(2) of SEBI (Research Analysts) Regulations, 2014, Clause 1, 2, 5, 7 and 8 of Third Schedule (Code of Conduct for Research Analyst) read with Regulation 24(2) of SEBI (Research Analysts) Regulations, 2014
4. In view thereof, SEBI inter alia initiated Adjudication Proceedings under Section 15 I of the SEBI Act, 1992 (hereinafter also referred as 'SEBI Act') in respect of the Noticee in the subject matter for the alleged violations of the provisions of law, as stated.

B. APPOINTMENT OF ADJUDICATING OFFICER

5. Whereas, the Competent Authority was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticee, as stated above and therefore, in exercise of the powers conferred under Section 15-I(1) read with Section 19 of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("Adjudication Rules"), the Competent Authority appointed the undersigned as Adjudicating Officer vide order dated July 12, 2024 to inquire into and adjudicate under Section 15EB and 15HA of the SEBI Act, 1992 the alleged violations by the Noticee. The said proceeding of appointment was communicated to the undersigned vide Communique dated July 15, 2024.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

6. A Show Cause Notice No. SEBI/EAD5/P/OW/2024/23384/1-3 dated July 19, 2024 ('SCN' / 'SCN dated July 19, 2024' in short) was issued upon the Noticee in terms of Section 15-I of the SEBI Act, 1992, and Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 to inter alia show cause as to why an inquiry should not be held against the Noticee and why penalty be not imposed under Section 15EB and 15HA of SEBI Act, 1992 for the aforesaid alleged violations, as stated. The SCN was duly served on the Noticee through digitally signed email dated July 19, 2024 and also through Speed Post Acknowledgement Due (SPAD).
7. The key allegations in respect of the Noticee inter alia brought out in the SCN are as under:

"...

4. *Findings and Observations of SEBI pursuant to Inspection and alleged violations:*
Pursuant to Inspection by SEBI, the following was inter-alia observed and/or alleged in respect of the Noticee:
- 4.1. *Assurance/ promise of Returns, and Advertisements/ Statements / Disclosures on website/ social media, and non-cooperation by the RA:*
RA has made multiple false and misleading claims / disclosures/ statements related to high returns/ assured returns and made promise of returns etc. on its social media profiles and website.
- 4.1.1. *It was observed by SEBI that the RA initially informed that there is no social media handle available of the RA (refer Point No. 19 of RA's email dated 06.03.2024 at Annexure 6). However, the inspection team observed account in the name of Money Bells on Facebook and Instagram (screenshots of a few publicly available posts on RA's Facebook and Instagram account are placed at Annexure 7). The RA was asked to login these accounts before the inspecting team, the RA however did not login claiming that he does not know/ remember the password. Emails in this regard was also sent to the RA during inspection seeking access to the social media accounts (copy of SEBI email dated 07.03.2024 placed at Annexure 8).*
- 4.1.2. *The social media platforms also mentioned a number 9***17****1 on which RA vide email dated 07.03.2024 informed that "the number 9***17****1 belongs to Money Bells, and it was deactivated in March. Due to this, OTPs are not being received. A request has been submitted to Airtel for reactivation" (copy of email dated 07.03.2024 placed at Annexure 8). Write-up by RA in this regard also placed at Annexure 9. Till end of inspection visit, the RA did not login to show the profiles to the inspecting team. Further, vide another email, RA later informed that they have "raised a complaint with Meta regarding blocking pages. We also Share Screen Shots". (refer pt. 3 of RA email dated 07.03.2024 placed at Annexure 9) Further, no reply regarding the Instagram account was provided by the RA.*
- 4.1.3. *Further, contrary to the initial denial of RA as seen in Annexure 6 and the claims made in the aforesaid write-up, RA vide email dated 06.03.2024 informed that "We are currently unavailable on social media, but we'd like to showcase a page for promotion that from August 13, 2022, to February 27, 2023, on Facebook and Instagram. Additionally, we have another promotional campaign from February 10, 2023, to February 17, 2023. After this period, no further posts were made on these pages." (refer pt. 33 of RA email dated 06.03.2024 at Annexure 19).*
- 4.1.4. *From the above, it is evident that the said social media profiles were created by Money Bells and as admitted by the RA, the number mentioned there 9***17****1 belongs to Money Bells. The inspecting team also asked the RA to reset the password if old password is not available however no access to*

the same was provided to the team. Hence, the RA not only made a false submission to SEBI regarding having no social media accounts during the inspection period, it also did not co-operate with the inspection team as despite repeated reminders, he did not login to the RA's social media accounts.

- 4.1.5. Further, the website of the RA itself shows icons for Facebook, Twitter, Instagram and LinkedIn. The terms & conditions mentioned on its website also inter-alia state that "The Performance updated on various social media platforms like Facebook, Telegram, Twitter, Instagram or WhatsApp doesn't guarantee any future profits", which implies the RA's social media presence on these platforms where certain performance claims were also made. Screenshots of website for the social media tabs and terms & conditions are placed at Annexure 10.
- 4.1.6. Further, from the few posts visible in public domain on Facebook and Instagram profiles (posted in February 2023) as placed at Annexure 7, it is observed that the RA has made false, unrealistic and misleading disclosures and claims in its profiles like:
We are SEBI Registered Investment Advisor Whatsapp now 9***17****1
Get 85% above accuracy
Get 85% above accuracy on Free Intraday Stock & Index Calls
No Profit No Charges
100% Safe Trade 90% Accuracy Trade SEBI Registered Advisor
100% सुरक्षित ट्रेड 90% सटीकता ट्रेड सेबी रजिस्टर्ड सलाहकार
- 4.1.7. Further, these posts/ advertisements did not contain the mandatory information/ disclosures like Registered office address of RA, standard warning etc. These posts also contain prohibited information like false, misleading statements based on assumptions or projections, which are likely to exploit the lack of experience or knowledge of investors, exaggerated the risk and return profile of the product, implication of percentage accuracy etc. These posts also made a false and misleading claim about Money Bells being a SEBI Registered Investment Advisor, which is construed as the RA trying to mis-sell its services as an Investment Advisor.
- 4.1.8. Further, as per the website www.moneybells.in, under the tab 'Policies', the following is stated: "If our clients don't profit from our Research services then as a part of responsible Research services, we make sure that until he recovers his losses and costs, we don't discontinue his services. We have well trained and experienced client relationship management (RM) team. The RM's personally talk and interact with clients and not only resolve their problems but ensures that clients make a profit from our Research Calls..." (screenshot from RA website is placed at Annexure 12).
- 4.1.9. The RA website also claims to have good client retention (snapshot from RA website placed at Annexure 12). However, as per pt. 16 of RA's reply to PIQ, RA does not have any renewals. Hence, it is evident that a false claim / statement about good client retention has been made by RA on its website.
- 4.1.10. The website of RA also states that "We have a team of analysts who are specialized in Tracking F&O market and keep a complete track of all the national and international events and Major Sectors and blend it with technical analysis to predict the market moves." (website screenshot placed at Annexure 13). However, on the query as to whether there is any research team who supports the RA in the research or any Research team which interacts with the clients or prospective clients, the RA vide email dated 07.03.2024 informed that "No We don't have any research team" (refer pt. 2 of RA email dated 07.03.2024 placed at Annexure 9). Hence, it is evident that a false statement regarding having team of analysts has been made by RA on its website.
- 4.1.11. In view of the above, it is evident that the RA has blatantly made multiple false and misleading claims / disclosures/ statements related to high returns/ assured returns and made promise of returns etc. on its social media profiles and website. Further, the profiles have made claims like 100% safe trade and no profit no charges etc. to investors in the posts available. The RA has also made an absolutely false and misleading statement on social media of being a 'SEBI Registered Investment Advisor'.
- 4.1.12. The above also are construed as fraudulent/ unfair trade practice by the RA with a view to induce people to become a client with a view to enhance RA's income, based on false and misleading claims on website and social media profile, and mis-selling of services related to securities market and also in sheer violation of the advertisement code for Research Analysts issued by SEBI.
- 4.1.13. In this regard, the Noticee in its response to the findings of Inspection vide letter dated April 06, 2024 stated that "Regarding the alleged social media violation, we reiterate our previous statement: we have no active social media accounts.
- 4.1.14. We planned to hire an IT professional or digital marketing agency for social media campaigns. However, this engagement did not materialize. In the interim, the aforementioned individual started creating social media pages and posted articles without our consent and knowledge. We emphasize that these pages have not been used for any campaigns since their creation.
A letter from the IT professional may be provided, if needed.
- 4.1.15. As we were not involved in creating these pages, we did not possess the login credentials. This explains why we were unable to share them with SEBI officials during the inspection. Nonetheless, we undertook sincere efforts to recover the accounts. Evidence of this includes:
 - A request to Airtel for phone number reactivation.
 - A complaint filed with Meta regarding the blocked pages.
 These actions demonstrate our cooperation with SEBI officers.
- 4.1.16. Regarding the content and disclosures on the unauthorized social media accounts, the relevant SEBI circular (SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023) concerning the Advertisement Code came into effect on May 01, 2023. All posts on these pages predate the applicability of the circular. Therefore, no disclosure requirements were in place at the time of posting. Consequently, we have not violated any provisions of the aforementioned circular.

- 4.1.17. The statement upon our website: "we make sure that until he recovers his losses and costs, we don't discontinue his services" simply implies that we will keep on providing the services until the client recovers their previous losses. This translates to a service assurance until loss recovery, not a guaranteed return. It simply gives investor an additional cushion/support that his services will not be discontinued until he recovers his past losses. It is a kind of service assurance and not profit assurance. A genuine guarantee would specify a specific amount of recovered loss within a defined timeframe.
- 4.1.18. Further, the SEBI itself in an Order passed by the Whole-Time Member in the matter of "GRS Solution" had recognized similar statements to be merely marketing gimmicks rather than being an actual promise of assured returns, leading to the dismissal of such allegations.
- 4.1.19. Moreover, our website explicitly outlines the inherent risks associated with stock market investments and the absence of guaranteed returns as the following disclosures/disclaimers are made in several pages:
- Past performance mentioned on the website don't guarantee any kind of future returns. Investment in the stock or commodity markets is subject to market risk, though best attempts are made for predicting markets, but no surety of return or accuracy of any kind is guaranteed
 - Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
 - Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
 - The securities displayed are for illustration only and are not recommendatory.
- 4.1.20. Based on the aforementioned, we have not provided any assurances or guarantees of profit. We have consistently informed clients about the risks involved and the absence of such guarantees in our services. Therefore, we have not violated provisions of Regulation 3(c), (d) r/w Regulation 4(1) and 4(2)(k), (o), (p), (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 r/w Section 12A(c) of the SEBI Act, 1992 and clauses 1, 2, 7 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 24(2) of Securities and Exchange Board of India (Research Analysts) Regulations, 2014."
- 4.1.21. In this regard, SEBI observed that with respect to social media platforms and content shared therein, RA has submitted that an IT professional intended to be hired for social media campaigns has created the pages and posted content without their consent and knowledge and hence, they do not possess its login credentials. Further, they have requested Airtel for mobile number re-activation and a complaint was filed with Meta for blocking the pages.
- 4.1.22. However, RA has not submitted any evidence to substantiate their claims. Further, the mobile number mentioned in the content belong to RA as per submissions of RA. In a complaint made to Meta regarding facebook account, it can be noted that Meta has asked RA to submit an appeal to their team. However, RA has not provided any evidence to prove that they have submitted appeal to Meta regarding their facebook account and RA has not submitted anything pertaining to Instagram account. Furthermore, there is no evidence to substantiate claim of mobile number re-activation and no action was taken by RA against the mentioned IT professional who handled social media accounts without its knowledge and consent.
- 4.1.23. Thus, from the above, it was observed that the efforts as mentioned by RA are not appropriate/ commensurate and hence the reply is not acceptable.
- 4.1.24. Further, RA has made false, unrealistic and misleading disclosures and claims in its social media accounts and its website, which are in the nature of assurance of returns in securities market. In this regard, RA has submitted that the same does not imply guaranteed return and just provides an additional cushion and there are disclosures in the website regarding the same. However, on reading of the content posted in social media accounts and website, clearly implies that the RA is in a way providing guarantee of returns to its clients. Thus, RA's reply is not acceptable in this regard. Furthermore, RA has made statements regarding good client retention, team of analysts in its website and made misleading claim by posing as an Investment Adviser.
- 4.1.25. Thus, RA has violated Regulation 3(c), (d) read with Regulation 4(1) and 4(2)(k), (o), (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Section 12A(c) of the SEBI Act, 1992 and Clauses 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations. In view thereof, it is alleged that Noticee has violated Regulation 3(c), (d) read with Regulation 4(1) and 4(2)(k), (o), (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Section 12A(c) of the SEBI Act, 1992 and Clauses 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations.
- 4.2. Maintenance of records and annual audit:
RA has not maintained the requisite net worth during the inspection period.
RA has not maintained research rationale for recommendations made which were not executed and for all recommendations made during the period of employment of Anand (from January 10, 2023, to January 28, 2023).
- 4.2.1. It was observed by SEBI that the annual Audit report for the year 2022-23 conducted by RA contained an observation on net worth which stated that "As per information/records provided, the Research Analyst has not complied with applicable capital adequacy requirements as per Regulation 8 of RA Regulations." (copy of audit report provided by RA placed at Annexure 14). In this regard, it is also observed that the net worth certificate dated 20.01.2024 provided by RA in its reply to PIQ (placed at Annexure 15) is based on unaudited balance sheet as on 20.01.2024. On seeking clarification and

net worth certificate as on 31.03.2023 RA informed that "Networth Certificate not available for 31-03-2023" and vide email dated 21.03.2024 also informed that "The Net worth (for annual audit) was derived basis on the Audited Financial statements of the company... The company is putting its efforts to meet the Capital adequacy criteria and as part of that if required the company will infuse more capital in the company to qualify with the requirement." (refer pt. 5 of RA email placed at Annexure 1 and pt. 1 of RA email placed at Annexure 16). Hence, it is evident that the RA has not maintained the requisite net worth during the inspection period.

- 4.2.2. Further, during the inspection, the RA informed that it maintains the records of rationale related to recommendations. In this regard, a few screenshots (obtained from the broadcast done by Indore office of RA) for certain recommendations made by the RA on 28.02.2024 and 29.02.2024 which were communicated to clients through whatsapp (screenshots placed at Annexure 17), were shown to the RA and rationale for these recommendations were sought, however the RA was unable to produce the same to the inspecting team. In this regard, RA vide email dated 07.03.2024 informed that "We did not maintain the rationales for India hotel, Ultratech, and BankNifty because the recommendations were not executed, as indicated in our reply via SMS, and we have shared the corresponding records & We maintain rationales only for the recommendations that are executed. We do not maintain rationales for recommendations that are not executed" (copy of email placed at Annexure 18). Hence, it is observed that even though these reports/ recommendations were sent to its clients, the RA informed that no rationale is maintained as these were not executed. However, no such exemption is provided the RA Regulations. Hence it is evident that the RA does not have adequate documentary basis for preparing a research report and research rationale for all the recommendations made / broadcasted to clients is not maintained by the RA.
- 4.2.3. Further, for the intervening period where Mr. Sagar Goel did not have a valid NISM certificate and employed Mr. Anand as RA, Moneybells was unable to produce any rationale for recommendations made by Mr. Anand during this period and informed the inspecting team that no rationale for the recommendations made by Mr. Anand is maintained, and vide email dated 12.03.2024 inter-alia informed that "We have hired Anand Narwariya. for 1 month from 01 jan 2023 to 30 Jan 2023 as a Research Analyst... We recruited Mr. Anand in January 2023, but his signatures are unavailable as he was in Indore during that time. Consequently, we didn't obtain his signatures. He provided research recommendations for us from January 10, 2023, to January 27, 2023 as researcher." (refer pt. 36 of RA email dated 06.03.2024 at Annexure 19). Non-maintenance of these research rationale for research reports / recommendations made to its clients by individual employed as a research analyst by the entity is in gross violation of the RA Regulations.
- 4.2.4. In this regard, the Noticee in its response to the findings of Inspection vide letter dated April 06, 2024 stated that "Regarding the alleged violation of non-maintenance of capital adequacy, we would like to clarify that we have duly maintained the minimum net worth criteria as specified by the SEBI. Networth certificate as on March 31, 2024 and January 20, 2024 is being maintained. Furthermore, as on date we are in compliance with the Capital Adequacy requirement specified by the SEBI.
- 4.2.5. Further, with respect to the rationales of the recommendations which were not implemented/ executed, we do send a follow-up message advising against those recommendations, effectively nullifying them. Maintaining rationales for nullified recommendations is not necessary. Moreover, the regulation requires to maintain rationale of the research recommendation provided. In the instant case, the said unexecuted trades could not be called as recommendation provided.
- 4.2.6. Also, the regulation is clearly silent on whether the rationale for the research recommendation needs to be maintained for unexecuted trades or not.
- 4.2.7. Furthermore, with regard to rationales for the intervening period where Mr. Sagar was appointed, the said rationales are duly maintained and availed at the Indore branch office. Moreover, the Compliance Auditor had also checked and verified the said records and as result of which she has stated in her audit report that "recommendations rationale is recorded by the Research Analyst is signed and dated".
- 4.2.8. We do maintain rationales of each and every recommendation ensuring compliance with Regulation 25 of SEBI (Research Analysts) Regulations, 2014."
- 4.2.9. In this regard, SEBI observed that with respect to non-fulfilling of capital adequacy requirement based on annual Audit report for the year 2022-23 and submissions of RA, RA has submitted that as on date they are in compliance with the capital adequacy and networth certificate is maintained as on March 31, 2024 and January 20, 2024. However, RA has not submitted any comments with respect to non-maintenance of adequate capital as per the annual Audit report for the year 2022-23. Thus, it can be presumed that RA has no comments to offer in this regard.
- 4.2.10. With respect to non-maintenance of records pertaining to rationale for recommendations, RA has submitted that maintaining rationales for nullified recommendations is not necessary and the regulation is silent on whether the rationale for the research recommendation needs to be maintained for unexecuted trades or not. However, as per Regulation 25 of SEBI RA regulations, research entity shall maintain records pertaining to rationale for arriving at research recommendation. Thus, regulation clearly specifies that RA is required to maintain rationale for all recommendations provided by RA, even though they were unexecuted later on. Thus, RA's contention in this regard is not acceptable.
- 4.2.11. With respect to non-maintenance of records pertaining to rationale for recommendations provided by Anand, RA has submitted that rationales are duly maintained and availed at the Indore branch office and the Compliance Auditor had verified the said records and stated in her audit report that recommendations rationale is recorded by the Research Analyst is signed and dated. However, RA has not provided any evidence substantiating the claim that records pertaining to research rationale

for recommendations provided by Anand and Compliance Audit report cannot be considered as a valid evidence to research rationale maintained. Thus, RA's reply in this regard is not acceptable.

- 4.2.12. Thus, RA has violated Regulation 8(2), 25(1) and 25(2) of the RA Regulations and Clauses 1, 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA Regulations.

In view thereof, it is alleged that Noticee has violated Regulation 8(2), 25(1) and 25(2) of the RA Regulations and Clauses 1, 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA Regulations.

- 4.3. Non-cooperation with the inspecting team and multiple violations to code of conduct:
Ishan Khandelwal has not been formally appointed by the RA, despite handling important responsibilities like communicating/ broadcasting reports/ recommendations to clients, customer support, grievance handling and compliance of the branch office and thereby compromising the confidentiality of client data as well as research reports/ recommendations.
RA has made deliberate efforts to hinder and delay the inspection.
- 4.3.1. It was observed by SEBI that the contact details on the website primarily mention contact no. as "+91 8***08***9", on which RA inter-alia informed that "The number +91 8***08***9 mentioned in website is Customer Support number. Handled by the Manager Ishan Khandelwal for Customer Support" (refer Point No. 29 of email dated 06.03.2024 at Annexure 6), "The WhatsApp broadcast is operated by the customer support number 8***08***9 Via Ishan khandelwal and it has been created by Sagar Goel. In this WhatsApp broadcast, recommendations given by RA Sagar Goel to clients are forwarded, and apart from this, we do not have any other WhatsApp groups." (refer email dated 06.03.2024 at Annexure 21). Further, regarding Ishan Khandelwal, RA informed that "Ishan Khandelwal is My Senior Manager since July 2022 he handles Client Query and Solve the Client issues. And take care of the Compliance of Branch." (refer Point No. 28 of email dated 06.03.2024 at Annexure 6).
- 4.3.2. Meanwhile, Mr. Khandelwal has also inter-alia submitted to the Indore inspecting team of SEBI that "... I am cousin brother of Sagar Goel... ...I am not a formal employee of the company, however a sim card of Vodafone Idea was given to me by Sagar Goel with mobile no. 8***08***9 which is displayed on website of the company and I receive calls from the clients on this number... ...the arrangement is purely informal and I was never issued any offer/ appointment letter by Sagar Goel or his company Money Bells... ...I also provide grievance support to clients and resolve their query..." He also informed that "I was instructed by Mr. Sagar Goel on 06.03.2024 at around 12:00 pm to not to visit the Indore branch of Money Bells henceforth on receiving call from SEBI team directly, I lied regarding my location that I am in Akola, Maharashtra. However, after sometime Mr. Sagar Goel called me back and said to visit the Indore office of Money Bells but advised me not to carry my mobile phone and personal belongings like PAN/ Aadhar etc." (write-up by Mr. Khandelwal placed at Annexure 22).
- 4.3.3. Hence, it is evident that not Mr. Ishan Khandelwal has not been formally appointed by the RA, despite Mr. Khandelwal handling important responsibilities of communicating / broadcasting reports/ recommendations to clients, customer support, grievance handling and compliance of the branch office, which also compromises the confidentiality of client data as well as research reports/ recommendations. Further, the instructions by Mr. Sagar Goel to Mr. Khandelwal not to visit the Indore office during the SEBI inspection clearly indicate deliberate efforts by the RA to hinder and delay the inspection proceedings.
- 4.3.4. In this regard, the Noticee in its response to the findings of Inspection vide letter dated April 06, 2024 stated that "... with regard to the statement/undertaking obtained by SEBI during the inspection, we vehemently assert that any such submissions were made under duress and undue influence exerted by the SEBI Officer. Mr. Ishan Khandelwal specifically alleges that the SEBI Officer had threatened him that signing the statement was mandatory as part of the inspection proceedings; misled him by not allowing him to read and understood the statement before signing and exhibited a predetermined bias towards establishing allegations against us. We contend that due to these actions, the content of the statement/undertaking is untrue and unreliable.
- 4.3.5. Based on the above allegations, we formally request that the statement/undertaking be disregarded and excluded from the record. We sustain that the document does not represent their true and voluntary statements due to the coercive circumstances surrounding its creation."
- 4.3.6. In this regard, SEBI observed with respect to Ishan Khandelwal handling important responsibilities of communicating / broadcasting reports/ recommendations to clients, customer support, grievance handling and compliance of the branch office, though not been formally appointed by RA and thereby compromising the confidentiality of client data as well as research reports/ recommendations and instructions by Mr. Sagar Goel to Mr. Khandelwal not to visit the Indore office during the SEBI inspection indicating deliberate efforts by the RA to hinder and delay the inspection proceedings, RA has submitted that the statement signed by Ishan Khandelwal was made under duress and undue influence exerted by the SEBI Officer and SEBI officer has threatened to sign the statement. Further, he was misled by not allowing him to read and understood the statement before signing and exhibited a predetermined bias towards establishing allegations and the content of the statement is untrue and unreliable. However, RA has not made any submissions with respect to appointment status of Ishan Khandelwal and there is no statement from Ishan Khandelwal stating that the submissions made were untrue. Thus, submissions made by Ishan Khandelwal cannot be disregarded just on the basis of RA submission, without any supporting statement/ clarification from the person who made the statement. Thus, RA's reply in this regard is not acceptable.

4.3.7. Hence, RA has violated by not formally appointing Ishan Khandelwal and thereby compromising client confidentiality and made deliberate efforts to hinder and delay the Inspection. Thus, RA has violated provisions of Regulation 29(2) of SEBI (Research Analysts) Regulations, 2014, Clause 1, 2, 5, 7 and 8 of Third Schedule (Code of Conduct for Research Analyst) read with Regulation 24(2) of SEBI (Research Analysts) Regulations, 2014.

In view thereof, it is alleged that Noticee has violated Regulation 29(2) of SEBI (Research Analysts) Regulations, 2014, Clause 1, 2, 5, 7 and 8 of Third Schedule (Code of Conduct for Research Analyst) read with Regulation 24(2) of SEBI (Research Analysts) Regulations, 2014.

...”

8. Vide email dated August 01, 2024 and August 05, 2024, Noticee inter alia informed that it is applied for settlement in respect of the instant proceedings and sought time to file reply to the SCN. In this regard, vide email dated August 05, 2024, Noticee's attention was drawn to Regulation 8(1) of SEBI (Settlement Proceedings Regulations), 2018.
9. In the interest of principles of Natural Justice, vide Hearing Notice bearing reference no. SEBI/HO/EAD/EAD5/P/OW/2024/25017/1 dated August 05, 2024, Noticee was afforded an opportunity of hearing on August 12, 2024. Vide letter dated August 08, 2024, Noticee submitted its reply to the SCN.
10. On the scheduled date of hearing i.e. on August 12, 2024, the Noticee availed the hearing opportunity through its Authorized Representative (AR) viz. Mr. Vikas Gupta (Advocate) wherein the AR inter alia relied upon and reiterated the written submissions made vide letter dated August 08, 2024. During the hearing, the AR inter alia also submitted that there were no additional submissions to be made and that the submissions made vide letter dated August 08, 2024 be taken as final and complete submissions in the matter.
11. Vide email dated October 29, 2024 and November 12, 2024, concerned departments of SEBI informed regarding the rejection of the settlement application in the matter of Money Bells Global Research Services P Ltd.
12. Key submissions of the Noticee made vide letter dated August 08, 2024 as its reply to the SCN, are as under:

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POINTWISE NOTICEE'S REPLY TO THE SHOW CAUSE
NOTICE

5.

Excerpt from the SCN

4.1.1 It was observed by SEBI that the RA initially informed that there is no social media handle available of the RA (refer Point No. 19 of RA's email dated 06.03.2024 at Annexure 6). However, the inspection team observed account in the name of Money Bells on Facebook and Instagram (screenshots of a few publicly available posts on RA's Facebook and Instagram account are placed at Annexure 7). The RA was asked to login these accounts before the inspecting team, the RA however did not login claiming that he does not know remember the password Emails in this regard was also sent to the RA during inspection seeking access to the social media accounts (copy of SEBI email dated 07.03.2024 placed at Annexure 8).

Noticee's submission

The Noticee cannot comment on posts made on pages that are not owned by Noticee. During the inspection and currently, the Noticee reiterates that the said page/pages do not belong to the Noticee. If any page has been created in the name of the Noticee, we wish to reiterate that such pages were neither created nor used by the Noticee. Since we were not involved in the creation of these pages, we do not possess the login credentials. Consequently, we were unable to provide them to SEBI officials during the inspection. It is a rampant practice in advisory services for unregistered entities to portray themselves as registered intermediaries to gain business. If instructed, the Noticee can provide screenshots from platforms such as Telegram, X (formerly known as Twitter), YouTube, and Instagram, where numerous accounts can be found in the names of almost all registered entities. The Noticee made its best efforts to report the issue to the respective social media company/companies regarding the deletion of the content. It is humbly submitted that the Noticee does not have the control or resources to take action against such giant companies, and this remains a matter of concern for common people in our country. The Noticee submitted a letter dated 06.03.2024 stating that they do not have any social media handles. In a subsequent email dated 07.03.2024, the Noticee confirmed that the mobile number 9****0461 belongs to them but did not admit to owning any social media handles. A copy of the email 'is annexed as Annexure-R2 (Colly.)

6.

Excerpt from the SCN

4.1.2 The social media platforms also mentioned a number 9****0461 on which RA Airtel vide email dated 07.03.2024 informed that "the number 9****0461 belongs to Money Bells, and it was deactivated in March. Due to this, OTPs are not being received. A request has been submitted to for reactivation" (copy of email dated 07.03.2024 placed at Annexure 8). Write-up by RA in this regard also placed at Annexure 9. Till end of inspection visit, the RA did not login to show the profiles to the inspecting team. Further, vide another email, RA later informed that they have "raised a complaint with Meta regarding blocking pages. We also Share Screen Shots (refer pt. 3 of RA email dated 07.03.2024 placed at Annexure 9) Further, no reply regarding the Instagram account was provided by the RA.

Noticee's submission

The inclusion of a mobile number on a promotional image is irrelevant, as anyone can write any number or name on the promotional image. It is important to distinguish this from the admission of ownership of the mobile number, which is a separate matter.

7.

Excerpt from the SCN

4.1.3 Further, contrary to the initial denial of RA as seen in Annexure 6 and the claims made in the aforesaid write-up, RA vide email dated 06.03.2024 informed that "We are currently unavailable on social media, but we'd like to 27, showcase a page for promotion that from August 13, 2022, to February 2023, on Facebook and Instagram. Additionally, we have another promotional campaign from February 10, 2023, to February 17, 2023. After this period, no further posts were made on these pages." (refer pt. 33 of RA email dated 06.03.2024 at Annexure 19)

Noticee's submission

The Noticee cannot comment on posts made on any pages that are not owned by the company.

8.

Excerpt from the SCN

4.1.4 From the above, it is evident that the said social media profiles were Money Bells and as admitted by the RA, the number mentioned there 9****0461 belongs to Money Bells. The inspecting team also asked the RA to reset the password if old password is not available however no access to the same was provided to the team. Hence, the RA not only made a false submission to SEBI regarding having no social media accounts during the inspection period, it also did not co-operate with the inspection team as despite repeated reminders, he did not login to the RA's social media accounts.

Noticee's submission

The alleged social media pages do not belong to the RA, and at no point during the investigation did the RA admit to owning them. As the RA does not have any social media accounts, there is no question of logging in and providing access to SEBI. The inclusion of a mobile number on a promotional image is irrelevant, as anyone can write any number or name. It is important to distinguish this from the admission of ownership of the mobile number, which is a separate matter.

9.

Excerpt from the SCN

4.1.5. Further, the website of the RA itself shows icons for Facebook, Twitter, Instagram and Linked In. The terms & conditions mentioned on its website also media inter-alia state that "The Performance updated on various social platforms like Facebook, Telegram, Twitter, Instagram or WhatsApp doesn't guarantee any future profits", which implies the RA's social media presence on these platforms where certain performance claims were also made. Screenshots of website for the social media tabs and terms & conditions are placed at Annexure 10.

Noticee's submission

The mere presence of social media icons on a website does not imply that the company possesses any social media accounts. It is a standard practice among website developers to include such icons pre-emptively, allowing for future activation and integration of social media links should the company decide to establish a social media presence. A search of numerous websites will reveal social media icons without corresponding active social media accounts. Thus, it is erroneous to assert that the inclusion of social media icons on a website necessitates the existence of corresponding social media accounts.

10.

Excerpt from the SCN

4.1.6. Further, from the few posts visible in public domain on Facebook and Instagram profiles (posted in February 2023) as placed at Annexure 7, it is observed that the RA has made false, unrealistic and misleading disclosures and claims in its profiles like: We are SEBI Registered Investment Advisor Whatsapp now 9****0461 Get 85% above accuracy Get 85% above accuracy

on Free Intraday Stock & Index Calls No Profit No Charges 100% Safe Trade 90% Accuracy Trade SEBI Registered Advisor
100% Utada es 90% Udloa ts Vet wees Uo

Noticee's submission

This paragraph does not require a response, as the social media accounts in question do not belong to the Noticee/RA.

11.

Excerpt from the SCN

4.1.7 Further, these posts advertisements did not contain the mandatory information/ disclosures like Registered office address of RA, standard warning etc. These posts also contain prohibited information like false, misleading statements based on assumptions or projections, which are likely to exploit the lack of experience or knowledge of investors, exaggerated the risk and return profile of the product, implication of is percentage accuracy etc. These posts also made a false and misleading claim about Money Bells being a SEBI Registered Investment Adviser, which construed as the RA trying to mis-sell its services as an Investment Advisor.

Noticee's submission

This paragraph does not require a response, as the social media accounts in question do not belong to the Noticee/RA.

12.

Excerpt from the SCN

4.1.8. Further, as per the website www.moneybells.in, under the tab 'Policies', the following is stated: "If our clients don't profit from our Research services then as a part of responsible Research services, we make sure that until services, he We recovers his losses and costs, we don't discontinue his have well trained and experienced client relationship management (RM) team. The RM's personally talk and interact with clients and not only resolve their problems but ensures that clients make a profit from our Research Calls." (screenshot from RA website is placed at Annexure 12).

Noticee's submission

This practice may consider appropriate. We were not guaranteeing any assured returns. Instead, as a gesture of goodwill, we were providing our services free of charge due to the client's loss. RA regulations and circulars do not explicitly prohibit the provision of complimentary services. It is a common practice among many professionals to offer free services in the event of a loss or adversity affecting the client. We have removed the service in question following SEBI's objection.

13.

Excerpt from the SCN

4.1.9. The RA website also claims to have good client retention (snapshot from RA website placed at Annexure 12). However, as per pt. 16 of RA's reply to PIQ, RA does not have any renewals. Hence, it is evident that a false claim/statement about good client retention has been made by RA on its website.

Noticee's submission

We respectfully submit that we have removed the said claim from the website, as it was a mistake of fact on our part.

14.

Excerpt from the SCN

4.1.10. The website of RA also states that "We have a team of analysts who are specialized in Tracking F&O market and keep a complete track of all the national and international events and Major Sectors and blend it with technical analysis to predict the market moves" (website screenshot placed at Annexure 13). However, on the query as to whether there is any research team who supports the RA in the research or any Research team which internets with the clients or prospective clients, the RA vide email dated 07.03.2024 informed that "No We don't have any research team" (refer pt. 2 of RA email dated 07.03.2024 placed at Annexure 9). Hence, it is evident that a false statement regarding having team of analysts has been made by RA on its website.

Noticee's submission

We respectfully submit that we have removed the said claim from the website, as it was a mistake of fact on our part.

15.

Excerpt from the SCN

4.1.11. In view of the above, it is evident that the RA has blatantly made multiple false and misleading claims disclosures/statements related to high returns/ assured returns and made promise of returns etc. on its social media profiles and website Further, the profiles have made claims like 100% safe trade and no profit no charger etc. to investors in the posts available. The RA has also made an absolutely false and misleading statement on social media of being a 'SEBI Registered Investment Advisor'

Noticee's submission

We have already submitted that we didn't have any social media handles. Thus, there is no question of making claims like '100 percent' etc. Furthermore, it is pertinent that we were not SEBI registered investment advisors at any point in time, but rather SEBI registered research analysts for the whole period. Therefore, it is safe to assume that the advertisements in question were not related to the Noticee.

16.

Excerpt from the SCN

4.1.12. The above also are construed as fraudulent/ unfair trade practice by the RA with a view to induce people to become a client with a view to enhance RA's income, based on false and misleading claims on website and social media profile, and mis-selling of services related to securities market and also in sheer violation of the advertisement code for Research Analysts issued by SEBI.

Noticee's submission

We respectfully deny the allegations of fraudulent or unfair trade practices. We have not induced clients through false claims on our website or social media, nor mis-sold services related to the securities market. We have adhered to the SEBI advertisement code for Research Analysts and complied with all regulations.

17.

Excerpt from the SCN

4.1.13. In this regard, the Noticee in its response to the findings of Inspection vide letter dated April 06, 2024 stated that "Regarding the alleged social media violation, we reiterate our previous statement: we have no active social media accounts.

Noticee's submission

This is a statement of the Noticee to SEBI, not an allegation on the Noticee, so no submission on the same is required.

18.

Excerpt from the SCN

4.1.14. We planned to hire an IT professional or digital marketing agency for social media campaigns. However, this engagement did not materialize. In the interim, the aforementioned individual started creating social media pages and posted articles without our consent and knowledge. We emphasize that these pages have not been used for any campaigns since their creation. A letter from the IT professional may be provided, if needed.

Noticee's submission

This paragraph does not require any response from the Noticee. We reiterate that no social media pages have been created by the Noticee.

19.

Excerpt from the SCN

4.1.15. As we were not involved in creating these pages, we did not possess the login credentials. This explains why we were unable to share them with SEBI officials during the inspection. Nonetheless, we undertook sincere efforts to recover the accounts. Evidence of this includes: ° * A request to Airtel for phone number reactivation, complaint filed with Meta regarding the blocked pages. These actions demonstrate our cooperation with SEBI officers.

Noticee's submission

This paragraph does not require any further response from the Noticee.

20.

Excerpt from the SCN

4.1.16. Regarding the content and disclosures on the unauthorized social media accounts, the relevant SEBI circular (SEBI/HO/MIRSD/ MIRSD-Pob- 2/P/CIR/2023/31 dated April 05, 2023) concerning the Advertisement Code came into effect on May 01, 2023. All posts on these pages predate applicability of the circular. Therefore, no disclosure requirements were in place at the time of posting. Consequently, we have not violated any provisions of the aforementioned circular.

Noticee's submission

This paragraph does not require any further response from the Noticee.

21.

Excerpt from the SCN

4.1.17. The statement upon our website: "we make sure that until he recovers his losses and costs, we don't discontinue his services" simply implies that we will keep on providing the services until the client recovers their previous losses. This translates to a service assurance until loss recovery, not a guaranteed return. It simply gives investor an additional cushion/support that his services will not be discontinued until he recovers his past losses. It is a kind of service assurance and not profit assurance. A genuine guarantee would specify a specific amount of recovered loss within a defined timeframe

Noticee's submission

This practice may consider appropriate. We were not guaranteeing any assured returns. Instead, as a gesture of goodwill, we were providing our services free of charge due to the client's loss. RA regulations and circulars do not explicitly prohibit the provision of complimentary services. It is a common practice among many professionals to offer free services in the event of a loss or adversity affecting the client. We have removed the service in question following SEBI's objection.

22.

Excerpt from the SCN

4.1.18. Further, the SEBI itself in an Order passed by the Whole-Time Member in the matter of "GRS Solution" had recognized similar statements to be merely marketing gimmicks rather than being an actual promise of assured returns, leading to the dismissal of such allegations.

Noticee's submission

SEBI held in the matter of Mr. Nilesh Vispute (Proprietor of the GRS Solution) Ref WTM/AB/WRO/WRO/14833/2021-22 dated February 08, 2022, that these statements merely marketing gimmick not promise return thus not unfair practice, whereas the notice already removed such claims.

Excerpt from the WTM Order

12. I note from the contents of the website, as mentioned in the Order-cum-SCN, that the same refers to "80-85% accuracy of the Noticee's tips. The other phrases used are "high return on investment", "high accurate 1-2 calls" "maximize profit" and "promise of high success rates" appears to me that the figure of 80-85% is in the context of accuracy of tips and not the assured rate of return promised an investment made, I further note that phrases like "high return on investment", "high accurate 1-2 calls" "maximize profit" and "promise of high success rates" without mention of any specific rate of return is mere representation about quality/accuracy of his tips and does not amount to promising assured returns. In my view promise of assured return would imply that the investor is being promised a specified rate of return on his investment under any circumstances. I further note from the copy of the sample welcome mail which the Noticee purportedly sends to each client, as provided by the Noticee, that the same refers to investments in the securities market as being subject to risks. As regards the transcripts of the conversation between the employees of the Notices and the clients, as quoted above from the Order-cum-SCN, I note that the same appear to be merely marketing gimmicks rather than being an actual promise of assured returns. In view of the above, I find that the allegations of offering assured returns against the Noticee are not made out.

Noticee's submission

SEBI held in the matter of Unregistered Investment Advisory Services Ref QJA/AA/WRO/WRO/29498/2023-24 dated September 27, 2023, that these statements merely marketing gimmick not promise return thus not unfair practice, whereas the notice already removed such claims.

Excerpt from the QJA Order

58. Further, it is also alleged in the SCN that Zenithvia was making claims on their website such as achieving profits, availing profits through their services, fully knowing that all the investments in securities market are subject to market risks and the same is fraud To substantiate this allegation, certain claims on the website has been considered vir Stock Cash: The stock cash service is basically designed for the traders dealing in NSE stock cash. We provide trading with stock cash trading calls with high accuracy tips which will always lead a trader to handsome profit on that investment. Stock & Nifty Futures: We provide traders with future trading calls with high accuracy tips, Stock & Nifty Futures: We provide traders with future trading calls with high accuracy tips. Bullions: We provide traders with Gold Silver trading calls with high accuracy tips

59. While the above can at the most be considered as marketing gimmicks, there is no other material evidence available on record before me to prove the charge of fraud such as noticees assuring exorbitant returns or holding themselves to be SEBI registered intermediaries, etc. Neither does the complaint contain any promise of assured returns being made. Thus the finding of alleged fraud in the SCN is purely based on surmises and conjectures. In the absence of any cogent evidence to prove a grave allegation such as fraud, it seems only appropriate for me to drop the charge of fraud levied against the noticees for violation

of provisions of Section 124 (c) of the SEBI Act, 1992 and Regulation 2(1)(c) and Regulation 3(d) and Regulation 4(1) and 4(2)(0) of PFUTP Regulations, 2003 and accordingly no penalty is chargeable under Section 15HA of the SEBI Act, 1992. The Noticees in their defense have referred to the Order in the matter of GRS Solution and SAT order in the matter of unregistered investment adviser of Ms. Suhanika Chourey. As the charge of fraud is not sustainable in the current proceedings, it is of no relevance to go into the merits of these cases.

23.

Excerpt from the SCN

4.1.19. Moreover, our website explicitly outlines the inherent risks associated with stock market investments and the absence of guaranteed returns as the following disclosures/disclaimers are made in several pages:

*** Past performance mentioned on the website don't guarantee any kind of future returns, investment in the stock or commodity markets is subject to market risk, though best attempts are made for predicting markets, but no surety of return or accuracy of any kind is guaranteed

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

*The securities recommendatory displayed are for illustration only and are not recommendatory.

Noticee's submission

This paragraph does not require any further response from the Noticee.

24.

Excerpt from the SCN

4.1.20. Based on the aforementioned, we have not provided any assurances or guarantees of profit. We have consistently informed clients about the risk involved and the absence of such guarantees in our services. Therefore, we have not violated provisions of Regulation 3(c), (d) r/w Regulation 4(1) and 4(2/13) (0) (0) (0) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 vile Section 12A(c) of the SEBI Act, 1992 and clauses 1, 2, 7 and 8 of Code of Conduct as specified in the Third Schedule under Regulation 24(2) of Securities and Exchange Board of India (Research Analysts) Regulations, 2014."

Noticee's submission

This paragraph does not require any further response from the Noticee.

25.

Excerpt from the SCN

4.1.21. In this regard, SEBI observed that with respect to social media platforms and content shared therein, RA has submitted that an IT professional intended to be hired for social media campaigns has created the pages and posted content without their consent and knowledge and hence, they do not possess its login credentials. Further, they have requested Airtel for mobile number re-activation and a complaint was filed with Meta for blocking the pages.

Noticee's submission

This paragraph does not require any further response from the Noticee.

26.

Excerpt from the SCN

4.1.22. However, RA has not submitted any evidence to substantiate their claims. Further, the mobile number mentioned in the content belong to RA as per submissions of RA. In a complaint made to Meta regarding facebook account, it can be noted that Meta has asked RA to submit an appeal to their team. However, RA has not provided any evidence to prove that they have submitted appeal to Meta regarding their facebook account and RA has not submitted anything pertaining to instagram account. Furthermore, there is no evidence to substantiate claim of mobile number re-activation and no action was taken by RA against the mentioned IT professional who handled social media accounts without its knowledge and consent.

Noticee's submission

The noticee wishes to submit that, through its director's personal Facebook account, it has filed a complaint and appeal with Facebook and Instagram, as there was no separate support available for Instagram (since Facebook and Instagram are interconnected applications). The Noticee through its director again filed a complaint and written mail to Instagram and Facebook on 24.07.2024. A copy of the complaint and appeal is annexed as Annexure-R3 (Colly.)

27.

Excerpt from the SCN

4.1.23. Thus, from the above, it was observed that the efforts as mentioned by RA are not acceptable.

Noticee's submission

This paragraph does not require any reply from the Noticee. The Noticee wishes to reiterate that it followed the compliances in the best possible way and will continue to comply with regulations and directions in the future.

28.

Excerpt from the SCN

4.1.24. Further, RA has made false, unrealistic and misleading disclosures and claims in its social media accounts and its website, which are in the nature of assurance of returns in securities market. In this regard, RA hat submitted that the same does not imply guaranteed return and just provides an additional cushion and there are disclosures in the website regarding the same. However, on reading of the content posted in social media accounts and website, clearly implies that the RA is in a way providing guarantee of returns to its clients. Thus, RA's reply is not acceptable in this regard. Furthermore, RA has made statements regarding good client retention, team of analysts in its website and made misleading claim by posing as an investment Adviser.

Noticee's submission

The Noticee has already provided its submission in the preceding paragraphs.

29.

Excerpt from the SCN

4.1.25. This, RA has violated Regulation 3(c), (d) read with Regulation 4(1) and 4(21(k), (0), (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Section 12A(c) of the SERI Act, 1992 and Clauses 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations.

In view thereof, it is alleged that Noticee has violated Regulation 3(c), (d) read with Regulation 4(1) and 4(2)(k), (0), (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Section 124(c) of the SEBI Act, 1992 and Clauses 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations.

Noticee's submission
Noticee respectfully denies the violation for said provisions.

30.

Excerpt from the SCN

4.2.1. It was observed by SEBI that the annual Audit report for the year 2022-23 conducted by RA contained an observation on net worth which stated that "As per information/records provided, the Research Analyst has not complied with applicable capital adequacy requirements as per Regulation & of RA Regulations." (copy of audit report provided by RA placed at Annexure 14). In this regard, it is also observed that the net worth certificate dated 20.01.2024 provided by RA in its reply to PIQ (placed at Annexure 15) is based on unaudited balance sheet as on 20.01.2024. On seeking clarification and net worth certificate as on 31.03.2023 RA informed that "Networth Certificate not available for 31-03-2023" and vide email dated 21.03.2024 also informed that "The Net worth (for annual audit) was derived basis on the Audited Financial statements of the company... The company is putting its efforts to meet the Capital adequacy criteria and as part of that if required the company will infuse more capital in the company to qualify with the requirement." (refer pt. 5 of RA email placed at Annexure 1 and pt. 1 of RA email placed at Annexure 16). Hence, it is evident that the RA has not maintained the requisite net worth during the inspection period.

Noticee's submission

It is respectfully submitted by the Noticee that the capital adequacy criteria were not fulfilled by the RA in March 2023. After the observation of the auditor, the RA infused more funds and complied with the net worth criteria. A copy of net worth certificate annexed as Annexure-R4.

31.

Excerpt from the SCN

4.2.2. Further, during the inspection, the RA informed that it maintains the records of rationale related to recommendations. In this regard, a few for certain screenshots (obtained from the broadcast done by Indore office of RA) recommendations made by the RA on 28.02.2024 and 29.02.2024 which were communicated to clients through whatsapp (screenshots placed at Annexure 17), were shown to the RA and rationale for these recommendations were sought, however the RA was unable to produce the same to the inspecting team. In this regard, RA vide email dated 07.03.2024 informed that "We did not maintain the rationales for India hotel, Ultratech, and BankNifty because the recommendations were not executed, as indicated in our reply via SMS, and we have shared the corresponding records & We maintain rationales only for the recommendations that are executed. We do not maintain rationales for recommendations that are not executed" (copy of email placed at Annexure 18). Hence, it is observed that even though these reports/recommendations were sent to its clients, the RA informed that no rationale is maintained as these were not executed. However, no such exemption is provided the RA Regulations. Hence it is evident that the report and research RA does not have adequate documentary basis for preparing a research rationale for all the recommendations made/broadcasted to clients is not maintained by the RA.

32.

Excerpt from the SCN

4.2.3. Further, for the intervening period where Mr. Sagar Goel did not have a valid NISM certificate and employed Mr. Anand as RA, Moneybells was unable to produce any rationale for recommendations made by Mr. Anand during this period and informed the inspecting team that no rationale for the recommendations made by Mr. Anand is maintained, and vide email dated 12.03.2024 inter-alia informed that "We have hired Anand Narwariya for 1 month from 01 Jan 2023 to 30 Jan 2023 as a Research Analyst... We recruited Mr. Anand in January 2023, but his signatures are unavailable as he was in Indore during that time. Consequently, we didn't obtain his signatures. He provided research recommendations for us from January 10, 2023, to January 27, 2023 as researcher." (refer pt. 36 of RA email dated 06.03.2024 at Annexure 19). Non-maintenance of these research rationale for research reports/recommendations made to its clients by individual employed as a research analyst by the entity is in gross violation of the RA Regulations.

Noticee's submission

A copy of research rationale for the month of January 2023 as given by the research analyst of the company is annexed as Anneure-R5.

33.

Excerpt from the SCN

4.2.4. In this vide regard, the Noticee in its response to the findings of Inspection letter dated April 06, 2024 stated that "Regarding the alleged violation of non-maintenance of capital adequacy, we would like to clarify that we have duly maintained the minimum net worth criteria as specified by the SEBI. Networth certificate as on March 31, 2024 and January 20, 2024 is being maintained. Furthermore, as on date we are in compliance with the Capital Adequacy requirement specified by the SEBI.

Noticee's submission

This paragraph does not require any further response from the Noticee. Please refer earlier submissions.

34.

Excerpt from the SCN

4.2.5. Further, with respect to the rationales of the recommendations which were not implemented/ executed, we do send a follow-up message advising against those recommendations, effectively nullifying them. Maintaining rationales for nullified recommendations is not necessary Moreover, the regulation requires to maintain rationale of the research recommendation provided, in the instant case, the said unexecuted trades could not be called as recommendation provided.

Noticee's submission

We accept that before giving any research call, the research analyst has to conduct proper research and create a research rationale. Only thereafter can the RA distribute the research calls. As we have removed/revoked those calls, the rationale might have been deleted from the records. Inter alia, we respectfully submit that those removed calls cannot be considered communicated research calls, so no research rationale may be required for them. We emphasize that it may have been an operational mistake on the part of the Noticee to delete records of revoked calls without any intention of wilful default.

35.

Excerpt from the SCN

4.2.6. Also, the regulation is clearly silent on whether the rationale for the research recommendation needs to be maintained for unexecuted trades or not.

Noticee's submission

Noticee agrees that research rationale is required in all the cases/situations.

36.

Excerpt from the SCN

4.2.7. Furthermore, with regard to rationales for the intervening period where Mr. Sagar was appointed, the said rationales are duly maintained and availed at the Indore branch office. Moreover, the Compliance Auditor had also checked and verified the said records and as result of which she has stated in her audit report that "recommendations rationale is recorded by the Research Analyst is signed and dated".

Noticee's submission

This paragraph does not require any further response from the Noticee. Please refer earlier submissions.

37.

Excerpt from the SCN

4.2.8. We do maintain rationales of each and every recommendation ensuring compliance with Regulation 25 of SEBI (Research Analysts) Regulations, 2014,"

Noticee's submission

The Noticee has records of the rationale for all the research calls, and the data can be provided to the board as and when instructed.

38.

Excerpt from the SCN

4.2.9 In this regard, SEB observed that with respect to non-fulfilling of capital adequacy requirement based on annual Audit report for the year 2022-23 and submissions of RA, RA has submitted that as on date they are in compliance has not with the capital adequacy and networth certificate is maintained as on March 31, 2024 and January 20, 2024 However, RA submitted any comments with respect to non-maintenance of adequacy capital as per the annual Audit report for the year 2022-23. Thus, it can be presumed that RA has no comments to offer in this regard.

Noticee's submission

This paragraph does not require any further response from the Noticee. Please refer earlier submissions.

39.

Excerpt from the SCN

4.2.10. With respect to non-maintenance of records pertaining to rationale for recommendations, RA has submitted that maintaining rationales for nullified recommendations it not necessary and the regulation is silent on whether the rationale for the research recommendation needs to be maintained for unexecuted trades or not. However, as per Regulation 25 of SEBI RA regulations, research entity shall maintain records pertaining to rationale for arriving at research recommendation. Thus, regulation clearly specifies that RA is required to maintain rationale for all recommendations provided by RA, even though they were unexecuted later on. Thus, RA's contention in this regard is not acceptable.

Noticee's submission

This paragraph does not require any further response from the Noticee. Please refer earlier submissions.

40.

Excerpt from the SCN

4.2.11. With respect to non-maintenance of records pertaining to rationale for recommendations provided by Anand, RA has submitted that rationales are duly that maintained and availed at the Indore branch office and the Compliance Auditor had verified the said records and stated in her audit report recommendations rationale is recorded by the Research Analyst is signed and dated. However, RA has not provided any evidence substantiating the claim that records pertaining to research rationale for recommendations provided by Anand and Compliance Audit report cannot be considered as a valid evidence to research rationale maintained. Thus, RA's reply in this regard is not acceptable.

Noticee's submission

A copy of research rationale for the month of January 2023(Calls given by Mr. Anand with rationale) as given by the research analyst of the company is annexed as Anneure-R5.

41.

Excerpt from the SCN

4.2.12. Thus, RA has violated Regulation 8(2), 25(1) and 25(2) of the RA Regulations and Clauses 1, 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA Regulations.

In view thereof, it is alleged that Noticee has violated Regulation 8(2), 25(1) and 25(2) of the RA Regulations and Clauses 1, 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA Regulations.

Noticee's submission

Noticee respectfully denies the violation for said provisions.

42.

Excerpt from the SCN

4.3.1 It was observed by SEBI that the contact details on the website primarily mention contact no. as +91 8***08***9", on which RA inter-alia informed that "The number +91 8388084109 mentioned in website ix for Customer Support number: Handled by the Manager Ishan Khandelwal Customer Support" (refer Point No. 29 of email dated 06.03.2024 at Annexure 6). "The WhatsApp broadcast is operated by the customer support number 8***08***9 Via Ishan khandelwal and it has been created by Sagar Goel. In this WhatsApp broadcast, recommendations given by RA Sagar Goel to clients are forwarded, and apart from this, we do at not have any other WhatsApp groups." (refer email dated 06.03.2024 Annexure 21). Further, regarding Ishan Khandelwal, RA informed that "Ishan Khandelwal is My Senior Manager since July 2022 he handles Client and Solve the Client issues. And take care Query Compliance of Branch." (refer Point No. 28 of email dated 06.03.2024 at Annexure 6).

4.3.2 Meanwhile, Mr. Khandelwal has also inter-alia submitted to the Indore inspecting team of SEBI that "... I am cousin brother of Sagar Goel... .. I am not a formal employee of the company, however a sim card of from vodafone idea was given to me by Sagar Goel with mobile no. 8***08***9 which is displayed on website of the company and I receive calls the clients on this number..... the arrangement is purely informal and I was never issued any offer/ appointment letter by Sagar Goel or his company Money Bells... .. I also provide grievance support to clients and resolve their query..." He also informed that "I was instructed by Mr. Sagar Goel on 06.03.2024 at around 12:00 pm to not to visit the Indore branch of Money Bells henceforth on receiving call from SEBI team directly, I lied regarding my location that I am in Akola, Maharashtra. However, after sometime Mr. Sagar Goel called me back and said to visit the Indore office of Money Bells but advised me not to carry my mobile phone and personal belongings like PAN/ Aadhar etc." (write-up by Mr. Khandelwal placed at Annexure 22).

4.3.3. Hence, it is evident that not Mr. Ishan Khandelwal has not been formally appointed by the RA, of despite Mr. communicating Khandelwal / handling broadcasting important responsibilities recommendations to clients, customer support, grievance handling and compliance reports/ of confidentiality the of branch client office, data as which well also as compromises research the reports/recommendations. Further, the instructions by Mr. Sagar Goel to Mr. Khandelwal not to visit the Indore office during the SEBI inspection clearly indicate deliberate efforts by the RA to hinder and delay the inspection proceedings.

4.3.4. In this vide the regard, the Noticee in its response to the findings of Inspection letter dated April 06, 2024 stated that "... with regard to the statement/undertaking obtained by SEBI during the inspection, we vehemently assert that any such submissions

- were made under duress and undue influence exerted by the SEBI Officer. Mr. Ishan Khandelwal specifically alleges that the SEBI Officer had threatened him that signing statement was mandatory as part of the inspection proceedings, misled him by not allowing him to read and understood the statement before signing and exhibited a predetermined bias towards establishing allegations against us. We contend that due to these actions, the content of the statement/undertaking is untrue and unreliable.
- 4.3.5. Based on the above allegations, we formally request that the statement/undertaking be disregarded and excluded from the record. We sustain that the document does not represent their true and voluntary statements due to the coercive circumstances surrounding its creation."
- 4.3.6. In this regard, SEBI observed with respect to Ishan Khandelwal handling important responsibilities of communicating / broadcasting reports/ recommendations to clients, customer support, grievance handling and compliance of the branch office, though not been formally appointed by RA and thereby compromising the confidentiality of client data as well as research reports/ recommendations and instructions by Mr. Sagar Goel to Mr. Khandelwal not to visit the Indore office during the SEBI inspection indicating deliberate efforts by the RA to hinder and delay the inspection proceedings, RA has submitted that the statement signed by Ishan Khandelwal was made under duress and undue influence exerted by the SEBI Officer and SEBI officer has threatened to sign the statement. Further, he was misled by not allowing him to read and understood the statement before signing and exhibited a predetermined bias towards establishing allegations and the content of the statement is untrue and unreliable. However, RA has not made any submissions with respect to appointment status of Ishan Khandelwal and there is no statement from Ishan Khandelwal stating that the submissions made were untrue. Thus, submissions made by Ishan Khandelwal cannot be disregarded just on the basis of RA submission, without any supporting statement/ clarification from the person who made the statement. Thus, RA's reply in this regard is not acceptable. 4.3.7. Hence, RA has violated by not formally appointing Ishan Khandelwal and thereby compromising client confidentiality and made deliberate efforts to hinder and delay the inspection. Thus RA has violated provisions of Regulation 29(2) of SEBI (Research Analysts) Regulations, 2014, Clause 1, 2, 5, 7 and 8 of Third Schedule (Code of Conduct for Research Analyst) read with Regulation 24(2) of SEBI (Research Analysts) Regulations, 2014.
- Noticee's submission
- The Noticee submits that Mr. Ishan Khandelwal is not related to Mr. Sagar Goel either in the near or distant relation; the relationship between the RA and Mr. Ishan is purely professional. Mr. Ishan was formally appointed by the company. The Noticee and Mr. Sagar Goel are not privy to the verbal discussion between SEBI and Mr. Ishan and therefore refrain from commenting on the same. Mr. Ishan has also denied giving any statements or signing any documents of his own free will. The Noticee wishes to highlight that the letter in question, allegedly signed by Mr. Ishan, is itself very vague and self-contradictory and appears to be tutored or malicious. A simple perusal of the letter can clarify this. A copy of Mr. Ishan Khandelwal's employment documents and a denial letter from Mr. Khandelwal are annexed as Annexure-R6 (colly.).
43. The alleged default/violation attributed to the Noticee does not have a market-wide impact, cause significant losses to a large number of investors, nor affect the integrity of the market. The circumstances of the alleged default/violation are isolated and do not meet the criteria outlined in the regulations.
44. An administrative warning letter dated 26th June 2024 was issued to the Noticee, which was received by the Noticee on 8th July 2024. Pursuant to the said warning letter, the RA has complied with all observations/directions of the board/official and filed an action taken report to the concerned department
45. The Noticee is not a wilful defaulter or a fugitive economic offender. The Noticee has never defaulted in the payment of any fees due or penalty imposed under securities laws prior to this alleged violation.

..."

D. CONSIDERATION OF ISSUES AND FINDINGS:

13. The following issues arise for consideration in the instant matter:

Issue No. I: Whether the Noticee had violated the provisions of SEBI Act and RA Regulations, as alleged?

Issue No. II: If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15EB and 15HA of the SEBI Act, 1992?

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

Issue No. I: Whether the Noticee had violated the provisions of SEBI Act and RA Regulations, as alleged?

14. Assurance/ promise of Returns, and Advertisements/ Statements / Disclosures on website/ social media, and non-cooperation by the RA:

It was inter alia observed and alleged that RA had made multiple false and misleading claims / disclosures/ statements related to high returns/ assured returns and made promise of returns etc. on its social media profiles and website.

In view thereof, it was alleged that Noticee had violated Regulation 3(c), (d) read with Regulation 4(1) and 4(2)(k), (o), (s) of PFUTP Regulations, 2003 read with Section 12A(c) of the SEBI Act, 1992 and Clauses 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations.

- 14.1. Regarding social media, it was inter alia observed by SEBI that RA initially informed that there was no social media handle available of the RA. However, the inspection team observed account in the name of Money Bells on Facebook and Instagram. The RA was asked to login to these accounts before the inspecting team, the RA however did not login claiming that he does not know/ remember the password. Emails in this regard was also sent to the RA during inspection seeking access to the social media accounts.

- 14.1.1. In this regard, SEBI observed that the social media platforms also mentioned a number 9*****0461 on which RA vide email dated 07.03.2024 informed that “the number 9*****0461 belongs to Money Bells, and it was deactivated in March. Due to this, OTPs were not being received. A request has been submitted to Airtel for reactivation. Till end

of inspection visit, the RA did not login to show the profiles to the inspecting team. Further, vide another email, RA later informed that they have “raised a complaint with Meta regarding blocking pages. We also Share Screen Shots”. Further, it was observed by SEBI that no reply regarding the Instagram account was provided by the RA.

14.1.2. Further, contrary to the initial denial of RA and the claims made in the aforesaid write-up, RA vide email dated 06.03.2024 informed that “We are currently unavailable on social media, but we'd like to showcase a page for promotion that from August 13, 2022, to February 27, 2023, on Facebook and Instagram. Additionally, we have another promotional campaign from February 10, 2023, to February 17, 2023. After this period, no further posts were made on these pages.”

14.1.3. From the above, it was observed by SEBI that the said social media profiles were created by Money Bells and as admitted by the RA, the number mentioned there 9*****0461 belonged to Money Bells. The inspecting team also asked the RA to reset the password if old password was not available however no access to the same was provided to the team. Hence, SEBI observed that the RA not only made a false submission to SEBI regarding having no social media accounts during the inspection period, it also did not co-operate with the inspection team as despite repeated reminders, he did not login to the RA's social media accounts.

14.1.4. Further, it was observed by SEBI that the website of the RA itself shows icons for Facebook, Twitter, Instagram and LinkedIn. The terms & conditions mentioned on its website also inter-alia state that “The Performance updated on various social media platforms like Facebook, Telegram, Twitter, Instagram or WhatsApp doesn't guarantee any future profits”, which implies the RA's social media presence on these platforms where certain performance claims were also made.

14.1.5. Further, from the few posts visible in public domain on Facebook and Instagram profiles (posted in February 2023), it was observed by SEBI that the RA has made false, unrealistic and misleading disclosures and claims in its profiles like:

We are SEBI Registered Investment Advisor Whatsapp now 9*****0461

Get 85% above accuracy

Get 85% above accuracy on Free Intraday Stock & Index Calls

No Profit No Charges

100% Safe Trade 90% Accuracy Trade SEBI Registered Advisor

100% सुरक्षित ट्रेड 90% सटीकता ट्रेड सेबी रजिस्टर्ड सलाहकार

14.1.6. Further, it was observed that these posts/ advertisements did not contain the mandatory information/ disclosures like Registered office address of RA, standard warning etc. These posts also contained prohibited information like false, misleading statements based on assumptions or projections, which are likely to exploit the lack of experience or knowledge of investors, exaggerated the risk and return profile of the product, implication of percentage accuracy etc. These posts also made a false and misleading claim about Money Bells being a SEBI Registered Investment Advisor, which is construed as the RA trying to mis-sell its services as an Investment Advisor.

14.2. Regarding its website (www.moneybells.in), it was observed by SEBI that under the tab 'Policies', the following was stated: "If our clients don't profit from our Research services then as a part of responsible Research services, we make sure that until he recovers his losses and costs, we don't discontinue his services. We have well trained and experienced client relationship management (RM) team. The RM's personally talk and interact with clients and not only resolve their problems but ensures that clients make a profit from our Research Calls..."

- 14.2.1. The RA website also claimed to have good client retention. However, as per pt. 16 of RA's reply to PIQ, RA does not have any renewals. Hence, it was alleged that a false claim / statement about good client retention had been made by RA on its website.
- 14.2.2. It was also observed by SEBI that the website of RA also stated that "We have a team of analysts who are specialized in Tracking F&O market and keep a complete track of all the national and international events and Major Sectors and blend it with technical analysis to predict the market moves.". However, on the query as to whether there was any research team who supported the RA in the research or any Research team which interacts with the clients or prospective clients, the RA vide email dated 07.03.2024 informed that "No We don't have any research team". Hence, it was alleged that a false statement regarding having team of analysts had been made by RA on its website.
- 14.3. In view of the above, it was observed and alleged by SEBI that the RA had made false and misleading claims / disclosures/ statements related to high returns/ assured returns and made promise of returns etc. on its social media profiles and website. Further, the profiles have made claims like 100% safe trade and no profit no charges etc. to investors in the posts available. The RA had also made an absolutely false and misleading statement on social media of being a 'SEBI Registered Investment Advisor'. The above also are construed as allegedly fraudulent/ unfair trade practice by the RA with a view to induce people to become a client with a view to enhance RA's income, based on false and misleading claims on website and social media profile, and mis-selling of services related to securities market and also in violation of the advertisement code for Research Analysts issued by SEBI.
- 14.4. In this regard, as regards social media, Noticee, as part of its reply to the SCN dated August 08, 2024 contended that '*...Noticee cannot comment on posts made on pages that are not owned by Noticee...the Noticee*

*confirmed that the mobile number 9****0461 belongs to them but did not admit to owning any social media handles...As the RA does not have any social media accounts, there is no question of logging in and providing access to SEBI...It is a standard practice among website developers to include such icons pre-emptively, allowing for future activation and integration of social media links should the company decide to establish a social media presence’.*

In this regard, as regards contention of the Noticee that RA does not have any social media accounts, I note from material available on record that SEBI vide email dated March 06, 2024 inter alia sought the following details from Noticee:

“...33. In reply to point 19 - PI re-confirm whether any social media account has been launched/ managed by / for the RA during the inspection period. This includes Facebook, X (earlier Twitter), Instagram, Telegram etc...”

In response to the same, Noticee vide email dated March 06, 2024 had inter alia informed the following to SEBI:

“...We are currently unavailable on social media, but we'd like to showcase a page for promotion that from August 13, 2022, to February 27, 2023, on Facebook and Instagram. Additionally, we have another promotional campaign from February 10, 2023, to February 17, 2023. After this period, no further posts were made on these pages...”

As regards contention that social media icons were pre-emptively mentioned by the developers, I note that the Noticee has not demonstrated the same with relevant details and documents, further I note from material available on record that the section “Terms & Conditions” of Noticee’s website inter alia while drawing attention to its social media accounts and posts thereto, inter alia highlighted the following:

“...The performance updated on various social media platform like Facebook, Telegram, Twitter, Instagram or WhatsApp doesn’t guarantee any future profits. Screenshots posted on the mentioned platforms are from our existing clients which we ask them to share with us....”

I also note from material available on record that vide its email dated 07.03.2024 Noticee had admitted that the number i.e. 9*****0461 mentioned on the social media pages (Facebook and Instagram) belongs to Noticee.

In view thereof, I note that the Noticee has not demonstrated sufficiently with relevant details and documents that the social media accounts did not belong to it, instead contrary to this, from the discussions above, evidently the Noticee had its presence on social media platform like Facebook, Telegram, Twitter, Instagram or WhatsApp where they use to update performance from existing clients, contrary to its contentions in this regard. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

- 14.5. Further in this regard, Noticee, as part of its reply to the SCN dated August 08, 2024 inter alia also contended that “...an IT professional intended to be hired for social media campaigns has created the pages and posted content without their consent and knowledge and hence, they do not possess its login credentials....and a complaint was filed with Meta for blocking the pages..The Noticee made its best efforts to report the issue to the respective social media company/companies regarding the deletion of the content...”

In this regard, pursuant to the inspection, it was observed by SEBI that Meta had asked RA to submit an appeal to their team, however, RA did not provided any evidence to SEBI then to prove that they had submitted appeal to Meta regarding their Facebook account. In this regard, I note that Noticee has now, as part of its reply to the SCN inter alia submitted that “it had filed a complaint and appeal with Facebook and Instagram...”.

In this regard, in my view, generally speaking, on finding a fake account being run in their name, a person would take immediate prompt actions to disassociate with such account and would make efforts to get the page removed etc. In the instant case, I note from material available on record

that Noticee has filed the appeal to Meta regarding blocking the pages only after the issuance of SCN and thereafter has not taken any other steps to show their efforts towards reporting the page/ getting it removed. In my view, the Noticee's submission in this regard appears to be an afterthought and hence not acceptable.

- 14.6. In this regard, as regards allegation with respect to assured returns on its website, Noticee, as part of its reply to the SCN dated August 08, 2024 contended that '*...We were not guaranteeing any assured returns. Instead, as a gesture of goodwill, we were providing our services free of charge due to the client's loss. RA regulations and circulars do not explicitly prohibit the provision of complimentary services...We have removed the service in question following SEBI's objection....*'. In this regard, Noticee while contending that these statements were merely marketing gimmick and not promise return thus not unfair practice has placed reliance on SEBI order in the matter of Mr. Nilesh Vispute (Proprietor of the GRS Solution) Ref WTM/AB/WRO/WRO/14833/2021-22 dated February 08, 2022 and QJA/AA/WRO/WRO/29498/2023-24 dated September 27, 2023.

In this regard, I note from material available on record that RA had stated on its website that '*...If our clients don't profit from our Research services then as a part of responsible Research services, we make sure that until he recovers his losses and costs, we don't discontinue his services...not only resolve their problems but ensures that clients make a profit from our Research Calls...*'. In this regard, I note that IA had provided assurance of loss recovery to the client, which is in the nature promising assured return to the client. I note that the same was mentioned on its website, despite the Noticee knowing that all the investments in securities market are subject to market risk. In this regard, I note that the Noticee has submitted that it has removed the service in question following SEBI's objection. Further, as regards the reliance placed on the SEBI orders, in my opinion each case is peculiar in its facts and circumstances based on

which the violations are ascertained. I note that the Noticee has not brought out that the cited order dealt with assurance of loss recovery. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

14.7. Further, as regards allegation with respect to claims of good client retention and having a team of analyst, I note that the submissions of the Noticee, as part of its reply to the SCN dated August 08, 2024 are in the nature of admission in so far as the Noticee has submitted that '*...We respectfully submit that we have removed the said claim from the website, as it was a mistake of fact on our part...*'

14.8. In view thereof, I find that the allegation that Noticee had made multiple false and misleading claims / disclosures/ statements related to high returns/ assured returns and made promise of returns etc. on its social media profiles and website, stands established. Therefore, I hold that Noticee had violated Regulation 3(c), (d) read with Regulation 4(1) and 4(2)(k), (o), (s) of SEBI PFUTP Regulations, 2003 read with Section 12A(c) of the SEBI Act, 1992 and Clauses 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations.

15. Maintenance of records and annual audit:

It was inter alia observed and alleged that RA has not maintained the requisite net worth during the inspection period; RA has not maintained research rationale for recommendations made which were not executed and for all recommendations made during the period of employment of Anand (from January 10, 2023, to January 28, 2023).

In view thereof, it was alleged that Noticee that Noticee had violated Regulation 8(2), 25(1) and 25(2) of the RA Regulations and Clauses 1, 2, 6, 7 and 8 of the

Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA Regulations.

- 15.1. In this regard, it was observed by SEBI that the annual Audit report for the year 2022-23 conducted by RA contained an observation on net worth which stated that *“As per information/records provided, the Research Analyst has not complied with applicable capital adequacy requirements as per Regulation 8 of RA Regulations.”*. In this regard, it was also observed that the net worth certificate dated 20.01.2024 provided by RA in its reply to PIQ was based on unaudited balance sheet as on 20.01.2024. On seeking clarification and net worth certificate as on 31.03.2023 RA informed that *“Networth Certificate not available for 31-03-2023”* and vide email dated 21.03.2024 also informed that *“The Net worth (for annual audit) was derived basis on the Audited Financial statements of the company... The company is putting its efforts to meet the Capital adequacy criteria and as part of that if required the company will infuse more capital in the company to qualify with the requirement.”*. Hence, it was alleged by SEBI that the RA had not maintained the requisite net worth during the inspection period.
- 15.2. Further, during the inspection, the RA informed that it maintains the records of rationale related to recommendations. In this regard, a few screenshots for certain recommendations made by the RA on 28.02.2024 and 29.02.2024 which were communicated to clients through whatsapp, were shown to the RA and rationale for these recommendations were sought, however the RA was unable to produce the same to the inspecting team. In this regard, RA vide email dated 07.03.2024 informed that *“We did not maintain the rationales for India hotel, Ultratech, and BankNifty because the recommendations were not executed, as indicated in our reply via SMS, and we have shared the corresponding records & We maintain rationales only for the recommendations that are executed. We do not maintain rationales for recommendations that are not executed”*. Hence, it was observed that even though these reports/ recommendations

were sent to its clients, the RA informed that no rationale was maintained as these were not executed. However, no such exemption is provided the RA Regulations. Hence it was evident that the RA did not have adequate documentary basis for preparing a research report and research rationale for all the recommendations made / broadcasted to clients was not maintained by the RA.

15.3. Further, for the intervening period where Mr. Sagar Goel did not have a valid NISM certificate and employed Mr. Anand as RA, Moneybells was unable to produce any rationale for recommendations made by Mr. Anand during this period and informed the inspecting team that no rationale for the recommendations made by Mr. Anand was maintained, and vide email dated 12.03.2024 inter-alia informed that “We have hired Anand Narwariya. for 1 month from 01 Jan 2023 to 30 Jan 2023 as a Research Analyst... We recruited Mr. Anand in January 2023, but his signatures are unavailable as he was in Indore during that time. Consequently, we didn't obtain his signatures. He provided research recommendations for us from January 10, 2023, to January 27, 2023 as researcher.”. Non-maintenance of these research rationale for research reports / recommendations made to its clients by individual employed as a research analyst by the entity was allegedly in violation of the RA Regulations.

15.4. In this regard, as regards allegation with respect to net worth, I note that the submissions of the Noticee, as part of its reply to the SCN dated August 08, 2024 are in the nature of admission in so far as the Noticee has submitted that *‘...the capital adequacy criteria were not fulfilled by the RA in March 2023. After the observation of the auditor, the RA infused more funds and complied with the net worth criteria....’*.

Further, as regards the net worth during the remaining period, reference is drawn to the text of relevant provision alleged to have been violated, which inter alia reads as under:

“...
Capital adequacy.

8. (1)...

(2) A research analyst who is body corporate or limited liability partnership firm shall have a networth of not less than twenty five lakh rupees.

...”

I note that the net-worth certificate as submitted by the Noticee was as on January 20, 2024, however, the alleged violation in the instant matter pertain to non-maintaining requisite net worth by RA during the inspection period i.e June 21, 2022- February 29, 2024 which inter alia includes the year 2022-2023. I note that the Noticee has not demonstrated sufficiently with relevant details and documents that it complied with the net worth criteria, as required in terms of Regulation 8(2) of RA Regulations, as brought out above.

- 15.5. As regards allegation with respect to maintaining the records of rationale related to recommendations, I note that the submissions of the Noticee, as part of its reply to the SCN dated August 08, 2024 are in the nature of admission in so far as the Noticee has submitted that ‘...*We accept that before giving any research call, the research analyst has to conduct proper research and create a research rationale. Only thereafter can the RA distribute the research calls. As we have removed/revoked those calls, the rationale might have been deleted from the records...*’ and that ‘...*Noticee agrees that research rationale is required in all the cases/situations....*’.

Further, Noticee’s response to the findings of Inspection were in nature of admission in so far as Noticee had submitted that “*We do not maintain rationale for recommendations that are not executed*”.

- 15.6. Further in this regard, I note that Noticee, as part of its reply to the SCN dated August 08, 2024 has contended that ‘...*removed calls cannot be considered communicated research calls, so no research rationale may be required for them. We emphasize that it may have been an operational mistake on the part of the Noticee to delete records of revoked calls without any intention of wilful default....*’.

In this regard, I note that while contending so, Noticee's itself in its reply to the SCN has submitted that *...Noticee agrees that research rationale is required in all the cases/situations....'*

In this regard, it becomes pertinent to draw reference to Regulation 25 of RA Regulations, which inter alia reads as under:

" ...
25. (1) Research analyst or research entity shall maintain the following records:
(i)
(ii)
(iii) rationale for arriving at research recommendation;
(iv)

(2) All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years:
..."

In this regard, I note that Regulation 25 of RA Regulations, 2014, inter alia provides that Research analyst or research entity shall maintain rationale for arriving at research recommendation. I note that the said regulation does not provide any exemption with respect to maintenance of records of rationale for recommendations which were not executed. In view thereof, the contention of the Noticee in this regard are devoid of merit and hence not acceptable.

- 15.7. As regards allegation with respect to non-maintenance of records pertaining to rationale for recommendations provided by Mr. Anand (from January 10, 2023, to January 28, 2023) for the intervening period where Mr. Sagar Goel did not have a valid NISM certificate, I note that Noticee as part of reply to the SCN dated August 08, 2024 has submitted that *"...A copy of research rationale for the month of January 2023 (Calls given by Mr. Anand with rationale) as given by the research analyst of the company is annexed as Annexure-R5..."*

In this regard, I note from material available on record that Noticee as part of reply to the SCN has submitted research rationale for the month of January 2023. In view thereof, I am inclined to allow benefit of doubt to the Noticee in this regard.

15.8. In view thereof, I find that the allegation that RA has not maintained the requisite net worth during the inspection period; RA has not maintained research rationale for recommendations made which were not executed, stands established. Therefore, I hold that Noticee had violated Regulation 8(2), 25(1) and 25(2) of the RA Regulations and Clauses 1, 2, 6, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA Regulations.

16. Non-cooperation with the inspecting team and multiple violations to code of conduct:

It was inter alia observed and alleged that Ishan Khandelwal had not been formally appointed by the RA, despite handling important responsibilities like communicating/ broadcasting reports/ recommendations to clients, customer support, grievance handling and compliance of the branch office and thereby compromising the confidentiality of client data as well as research reports/ recommendations; RA has made deliberate efforts to hinder and delay the inspection.

In view thereof, it was alleged that the Noticee had violated Regulation 29(2) of RA Regulations, 2014, Clause 1, 2, 5, 7 and 8 of Third Schedule (Code of Conduct for Research Analyst) read with Regulation 24(2) of RA Regulations, 2014.

16.1. In this regard, it was inter alia observed and alleged by SEBI that the contact details on Noticee's website primarily mention contact no. as "+91 8***08***9 ", on which RA *inter-alia* informed SEBI that:

16.1.1. "The *number* +91 8***08***9 mentioned in website is Customer Support number. Handled by the Manager Ishan Khandelwal for Customer Support".

- 16.1.2. "The WhatsApp broadcast is operated by the customer support number 8***08***9 Via Ishan khandelwal and it has been created by Sagar Goel. In this WhatsApp broadcast, recommendations given by RA Sagar Goel to clients are forwarded, and apart from this, we do not have any other WhatsApp groups."
- 16.1.3. Regarding Ishan Khandelwal, RA informed that *"Ishan Khandelwal is My Senior Manager since July 2022 he handles Client Query and Solve the Client issues. And take care of the Compliance of Branch."*
- 16.2. In this regard, it was observed by SEBI that only the customer support number (which is handled at the Indore office by Mr. Ishan Khandelwal) appeared as the primary contact number on the website of RA. However, the RA had been unable to provide any documents relating to recruitment/ appointment of Mr. Khandelwal in any capacity, he had merely provided his application form which does not establish anything.
- 16.3. Further in this regard, regarding the delay in visiting the Indore office, Mr. Khandelwal had submitted to the Indore inspecting team that *"I was instructed by Mr. Sagar Goel on 06.03.2024 at around 12:00 pm to not to visit the Indore branch of Money Bells henceforth on receiving call from SEBI team directly, I lied regarding my location that I am in Akola, Maharashtra. However, after sometime Mr. Sagar Goel called me back and said to visit the Indore office of Money Bells but advised me not to carry my mobile phone and personal belongings like PAN/ Aadhar etc."*
- 16.4. In this regard, SEBI alleged that Mr. Ishan Khandelwal had not been formally appointed by the RA, despite Mr. Khandelwal handling important responsibilities of communicating / broadcasting reports/ recommendations to clients, customer support, grievance handling and compliance of the branch office, which also compromises the confidentiality of client data as well as research reports/ recommendations. Further, the instructions by Mr. Sagar Goel to Mr. Khandelwal not to visit the Indore office during the SEBI inspection

indicated deliberate efforts by the RA to hinder and delay the inspection proceedings.

- 16.5. In this regard, with respect to alleged violation of clause 5 of the Third Schedule (Code of Conduct for Research Analyst) read with Regulation 24(2) of RA Regulations, 2014, I note that material available on record has not brought out as to how the same is violated. Therefore, I am inclined to allow benefit of doubt to the Noticee in this regard.
- 16.6. In this regard, Noticee, as part of its reply to the SCN dated August 08, 2024 inter alia contended that '*...The Noticee submits that Mr. Ishan Khandelwal is not related to Mr. Sagar Goel either in the near or distant relation; the relationship between the RA and Mr. Ishan is purely professional. Mr. Ishan was formally appointed by the company. The Noticee and Mr. Sagar Goel are not privy to the verbal discussion between SEBI and Mr. Ishan and therefore refrain from commenting on the same. Mr. Ishan has also denied giving any statements or signing any documents of his own free will. The Noticee wishes to highlight that the letter in question, allegedly signed by Mr. Ishan, is itself very vague and self-contradictory and appears to be tutored or malicious. A simple perusal of the letter can clarify this...A copy of Mr. Ishan Khandelwal's employment documents and a denial letter from Mr. Khandelwal are annexed...'*
- 16.6.1. In this regard, as regards appointment of Mr. Ishan, I note that Noticee has now during the instant proceedings, as part of its reply to the SCN, has provided a copy of letter dated July 28, 2022 titled as 'Application approval letter' which inter alia reads as '*...we are pleased to inform you that your application for the position of Customer Care Manager has been accepted..'*
- 16.6.2. In this regard, I note from material available on record that vide email dated March 07, 2024, Noticee submitted to SEBI that '*..Point No 35 Ishan Khandelwal Application form...*'. In this regard, vide email dated March 07,

2024, SEBI had sought letter of appointment/ emails etc related to recruitments done by the RA at its Delhi and Indore Office from inception till date. In response to the same, vide email dated March 07, 2024, the Noticee submitted to SEBI that '*...We have not issued any appointment letters yet...*'. Further in this regard, vide email dated March 07, 2024, SEBI sought the following '*...So how to you confirm recruitment to any individual? On what basis do you deduct TDS/ PF...as per discussions it is understood that beyond these application forms there is no record with you regarding employees recruited by you....*', in response to which, Noticee replied that '*...I only have the application form for the employee,...*'.

16.6.3. In this regard, I further note from material available on record that pursuant to the inspection, findings of the same were communicated to the Noticee vide letter dated March 28, 2024, however, no such appointment letter was submitted by the Noticee to SEBI. Now, during the instant proceedings, Noticee has submitted letter dated July 28, 2022 in this regard, which appears to be an afterthought. I also note that the Noticee has not demonstrated with relevant details and documents that why such appointment letter was not provided to SEBI during inspection. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

16.6.4. Further, as regards the contention with respect to submissions of Mr. Ishan to SEBI and submission of denial letter as part of its reply to the SCN, I note that apart from merely stating that he was compelled to sign it, the Noticee has not demonstrated the same with relevant details and documents. Further, I note that the same was not raised immediately after the inspection nor any such denial letters were produced before SEBI post receipt of findings of Inspection. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

- 16.6.5. In this regard, I note that in terms of Regulation 29(2) of RA Regulations, I research analyst or research entity and any other associate person who is in possession of relevant information pertaining to conduct and affairs of the research analyst to give to the inspecting authority all such assistance and shall extend all such co-operation as may be required in connection with the inspection and shall furnish such information as sought by the inspecting authority in connection with the inspection. Further, I note that in terms of Clause 1, 2, 7 and 8 of the Code of Conduct as specified in Third Schedule read with Regulation 24 (2) of the RA regulations, Research Analysts shall inter alia act honestly and in good faith, with due skill, care and diligence comply with all regulatory requirements applicable to the conduct of its business activities.
- 16.6.6. In this regard, I note from material available on record that Mr. Ishan was inter alia handling customer support number of the RA, and was handling the WhatsApp broadcast wherein recommendations given by RA Sagar Goel were forwarded to clients. Further, Mr. Ishan also handled Client Query and solved the Client issues and took care of the Compliance of Branch, as submitted by the Noticee to SEBI. I note that this has neither been denied nor disputed by the Noticee. In this regard, I note that Noticee had assigned such role to Mr. Ishan, as brought out above, however, Noticee couldn't produce documents before SEBI to substantiate that Mr. Ishan was formally appointed by the Noticee. This reflects upon the conduct of the Noticee as a Research Analyst.
- 16.7. In view thereof, I find that the allegation that Noticee Ishan Khandelwal has not been formally appointed by the RA, despite handling important responsibilities and that RA had made deliberate efforts to hinder and delay the inspection, stands established. Therefore, I hold that the Noticee had violated Regulation 29(2) of SEBI (Research Analysts) Regulations, 2014, Clause 1, 2, 7 and 8 of Third Schedule (Code of Conduct for Research Analyst) read with Regulation 24(2) of SEBI (Research Analysts) Regulations, 2014.

Issue No. II: If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15EB and 15HA of the SEBI Act, 1992?

17. As it has been established in the foregoing paragraphs that Noticee had violated the provisions of SEBI Act and RA Regulations, as alleged, the Noticee is liable for payment of a monetary penalty in terms of Section 15HA and Section 15EB of the SEBI Act, 1992, which inter alia reads as under:

“ ...
¹⁰¹**[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 ¹⁰²[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].
...
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.]
....”

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred.)

18. In this regard, it is also noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

“... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established”

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

19. While determining the quantum of penalty, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

SEBI Act

“ ...

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.

...”

20. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or consequent loss caused to an investor or group of investors as a result of the violations committed by the Noticee. Further, there is nothing on record to show that the violation committed by the Noticee are repetitive in nature. However, I cannot ignore that Noticee had made false and misleading claims including assured returns; had not maintained required net worth; and had not maintained research rationale for recommendations made, as dealt with and brought out in the foregoing. I note that compliance with extant applicable provisions of SEBI Act and RA Regulations, as cited, in the instant matter, were obligatory upon the Noticee and which SEBI is duty-bound to enforce compliance of and such non-compliance accordingly need to be dealt with suitable penalty.

E. ORDER

21. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, I hereby impose following penalty, as per table below, on the Noticee for the aforementioned violations, as discussed in this order. In my

view, the said penalty will be commensurate with the violations committed by the Noticee in this case:

Noticee Name	Penalty Under Section	Penalty (Amount Rs.)
Money Bells Global Research Services Private Limited	Section 15EB of the SEBI Act, 1992.	2,00,000/- (Rs Two Lakh Only)
	Section 15HA of the SEBI Act, 1992.	5,00,000/- (Rs Five Lakhs Only)

22. The Noticee shall remit /pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW

23. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.
24. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

PLACE: MUMBAI
DATE: MARCH 28, 2025

AMAR NAVLANI
ADJUDICATING OFFICER