

## SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

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**UNDER SECTIONS 11(1), 11(4), 11(B) (1), 11(4A) AND 11(B) (2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 3(1) OF THE SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013**

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**In respect of:**

Name of Noticee	PAN
Mr. Manish Bhardwaj – Proprietor of Flipcoin Financial Consultant	CEUPB0805G

**In the matter of Unregistered Investment Advisory Services**

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**BACKGROUND OF THE CASE**

1. The Securities and Exchange Board of India (hereinafter referred to as “SEBI”), received a complaint against M/s Flipcoin Financial Consultant, which is a sole proprietorship of Mr. Manish Bhardwaj (*hereinafter collectively referred to as “Noticee/ Flipcoin”*). SEBI conducted an examination into its activities, to ascertain the veracity of the complaint and to determine whether there has been any violation of the provisions of Securities and Exchange Board of India, 1992 (“SEBI Act, 1992”), the Securities and Exchange Board of India (Investment Advisors) Regulations, 2013 (“IA Regulations”) and any other Rules or Regulations made thereunder, by the Noticee.
2. On examination of the aforesaid complaint, the Know Your Customer (KYC) form of the Noticee obtained from the bank and other documents, it was, *prima facie*, found that the Noticee has been providing investment advisory services without obtaining a certificate of registration from SEBI thereby violating Section 12 (1) of the SEBI Act, 1992 read with Regulation 3 (1) of the IA Regulations, 2013.

**SHOW CAUSE NOTICE, REPLY AND HEARING**

3. A Show Cause Notice dated 25.01.2023 (hereinafter referred to as “SCN”) was issued to the Noticee calling upon it to show cause as to why suitable directions under Sections 11(4)

and 11B (1) of the SEBI Act, 1992 including direction of refund of fees /monies collected from the investors should not be issued against them for the alleged violations. The Noticee was also called upon to show cause as to why inquiry should not be held against them in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed upon Noticee under Section 11(4A), 11B(2) read with Section 15EB of the SEBI Act, 1992 for the alleged violations. The following documents, *inter alia*, were enclosed as annexures to the SCN:

**Table A**

<b>Annexures to SCN</b>	
<b>Annex. No.</b>	<b>Particulars</b>
<b>A</b>	Copy of the complaint dated 19.04.2022.
<b>B</b>	Copy of KYC documents, transaction statement and reason for disablement received from Razorpay.
<b>C</b>	Copy of Account Opening Form, KYC documents and transaction statement received from Union Bank of India.
<b>D</b>	Copies of the emails received from other clients.
<b>E</b>	Copy of Examination Report

4. The SCN has *inter alia* alleged the following:

- (a) *SEBI received a complaint in SCORES on 19.04.2022 from Mr. Sukhdev Singh (hereinafter referred to as “Complainant”) inter-alia alleging that he has paid Rs.30,000/- to Flipcoin/Noticee for investment advisory activities and lost the money. The Complainant has shared the details of the Union Bank of India Account (erstwhile Andhra Bank) (hereinafter referred to as UBI) bearing Account No.119611100006223 of the Noticee in which he has transferred the aforesaid amount.*
- (b) *On a further examination into the activities of the Noticee by SEBI it was revealed that the Noticee has a website with a domain name, <http://www.flipcoinfinance.com/> which has become inactive or non-operational since 28.06.2022 i.e. post examination of unregistered investment advisory activities of the Noticee by SEBI.*
- (c) *The webpages downloaded when the website was active indicates that the Noticee was offering various investment advisory services to its clients upon payment of fees. The Noticee had, inter alia, advertised the following on their website:*
  - i) *About Company Introduction*  
*"Big Enough To Deliver, Small Enough To Care"*

At Flip coin Investment Advisor, our aim is to do much more than providing outstanding research. We dig deep to uncover the insight that lie within the results. At Flip coin Investment Advisor, our aim is to do much more than providing outstanding research. Our success is due to the quality of our staff, which continuously provides excellent research so that our clients gain the insight to deliver what their customers need. We combine technical knowledge and skills with outstanding customer service to deliver value and insight.

ii) **Our Work Areas Include**

Provide Buy and Sell Recommendation, Personalized Service, Financial Management and Consulting, Create Comprehensive Client Portfolio, Appropriate Risk assessment, Provide Real Time Assistance, Advice and Assistance Investing, Domestic & Global Market Updates.

iii) **“Services” – Our products:**

<b>Sl No.</b>	<b>Products</b>	<b>Features &amp; Risk</b>	<b>Starts from (in ₹)</b>
1	Nifty Future	Around 20-25 Nifty tips In a Month. Follow Ups & All Important News & Information. Daily Support & Resistance details will be provided.	15,000
2	Hidden Treasure	Comprises approximately 2-3 technical calls per month. Risk & Reward Ratio approximately 1:1.	17,000
3	Base Metals	2-3 Intraday Calls in Base Metals Commodities – Copper, Nickel, Zinc, Lead and aluminum and Energy Commodities like Crude Oil, Natural Gas. Support & Resistance of all the major commodities will be provided	18,000
4	Stock Cash	We will provide you around 2-3 Cash Market Calls Daily. Direct Mobile Number will be provided for Complete Support	18,000
5	Stock Future	Daily 2-3 Stock Futures intraday Calls. Weekly Momentum Calls 1-2 Per Week	20,000
6	Bullion	2-3 Calls will be given daily for Bullions and Energy. Calls given on Precious Metals traded in MCX like Gold and Silver, and Energy Commodities like Crude Oil, Natural Gas.	20,000
7	Option	Here we will provide you around 20-25 calls in Derivative Options per month. Strategies will be on nifty and stocks options both.	20,000
8	Ultra Series - Stock Cash	In this pack we provide 3-5 intraday advice per day. Each call consists of 2 targets and 1 Stop loss.	22,000
9	Ultra Series - Stock Future	In this service we provide 3-5 intraday advice in Stock Future segment per day. Each call consists of 2 targets and 1 Stop loss.	25,000
10	Ultra Series - Option BTST	In this service we provide only one advice per day between 2:45 PM to 3:20 PM. Each call consists of 2 targets and 1 Stop loss.	25,000

11	Stock Cash Exclusive	2- 3 stock cash advices per day. Follow Ups & All Important market updates. Nifty Review: Resistance & Support	55,000
12	Stock future Exclusive	2- 3 stock futures advices per day. Follow Ups & All Important market updates. Nifty Review: Resistance & Support.	60,000
13	Option Exclusive	2-3 stock futures advices per day. Follow Ups & All Important market updates.	60,000
14	HNI Equity	Advice will be given in stock cash, F&O as per market opportunity. Direct live support by Analyst during market hours Advice will be given via phone call	60,000
15	HNI Commodity	Advice will be given in MCX and NCDEX commodities as per market opportunity. Direct live support by Analyst during market hours	60,000
16	HNI Consult	Personalized service. One on one consulting Appropriate Risk assessment	For Price Contact Us

- iv) Payments: Account Name: Flipcoin Financial Consultant: A.c No. 119611100006223; Andhra Bank, IFSC- ANDB0001196; Branch- BANNERGHATTA ROAD – BANGALORE.
- v) Phone and E-mail: +91 – 080-41278335 Timings: Mon-Fri, 9.00AM to 06:00PM; [support@flipcoinfinance.com](mailto:support@flipcoinfinance.com)
- (d) From the details submitted to SEBI by UBI w.r.t Account No. 119611100006223 it is observed that the said bank account was opened on 26.12.2019 in the name of Flipcoin Financial Consultant whose sole proprietor is Mr. Manish Bhardwaj s/o Mr. Mahesh Chand Sharma. The Noticee has provided two addresses one pertaining to Bangalore (i.e. present address) and the other of Jaipur (i.e permanent address). The proprietorship firm was formed on 18.12.2019 and Manish Bhardwaj is the sole proprietor and authorized signatory and beneficiary.
- (e) From the analysis of the transaction statement of the aforesaid account, it is observed that many credits were received into the UBI Account from Razorpay. Further, Razorpay has submitted that Razorpay payment gateway account was opened in the name of Flipcoin Financial Consultant on 21.11.2020 and contact person is Manish Bhardwaj and the contact details are [bhardwaj301991@gmail.com](mailto:bhardwaj301991@gmail.com) and 9738637077.
- (f) The amounts collected via Razorpay payment gateway account was credited in the UBI Account No. 119611100006223 of the Noticee i.e. the same account which was advertised on the website <http://www.flipcoinfinance.com/> for receiving fees for investment advisory services.

(g) *Razorpay has further submitted that the Merchant ID of the Noticee was disabled on 11.10.2021 as a risk management measure taken by their Risk Team. The last credit received through Razorpay account was on 03.08.2021. Razorpay has stated the following as “Reason for Disablement”.*

*“The Risk team of Razorpay was reviewing the merchant activity. The merchant had registered business of IT and Software. An outbound call with the merchant was initiated and he confirmed he is collecting payments for trading. This is not in line with the registered line of business activity and the merchant doesn't have a sebi license (Relevant review links via google - <https://in.linkedin.com/in/manish-bhardwaj-86472b62>; <http://flipcoinfinance.com/services/> ) Hence the merchant was disabled and the settlements were put on hold from August 2021 until January 2022”.*

(h) *SEBI vide email dated 15.07.2022, requested 34 clients (chosen on the basis of high value and recent payments made out of 56 unique clients) who have made payment to Noticee through Razorpay payment gateway, to provide the reason for such payments and nature of services availed from the Noticee. Out of the 34 clients, reply was received from three clients who have submitted that they have transferred amounts to Noticee via Razorpay payment gateway for investment advisory services.*

(i) *One of the clients of the Noticee who has responded i.e Shri Anvay Puranik has stated that Noticee was handling his demat account and executed trades on behalf of him.*

(j) *The Complainant in his complaint has also stated that he has transferred ₹30,000/- to Noticee by way of direct transfer to the UBI account on 09.11.2020 for investment advisory services.*

(k) *From the submission of the three clients and the Complainant it is observed that the Noticee has provided unregistered investment advisory services to clients and collected fees in respect of the same via Razorpay payment gateway as well as direct transfer to its UBI Account.*

5. The digitally signed SCN dated 25.01.2023 was sent by Speed Post with AD to the present address of the Noticee at Bengaluru and his permanent address at Jaipur. The SCN which was sent to the permanent address of the Noticee at Jaipur has been delivered as per consignment tracking details available on India Post. Further, the SCN was also sent by email on the three available email IDs of the Noticee and the same have not bounced back. However, from available records, it is noted that the Noticee has not filed any reply to the SCN.

6. Therefore, in order to comply with the principles of natural justice, an opportunity of personal hearing was granted to the Noticee on 27.04.2023. The hearing notice was communicated vide email dated 17.04.2023 on the three available email IDs of the Noticee.
7. On the scheduled date, the Noticee viz Mr.Manish Bhardwaj appeared for the online personal hearing by way of Video Conferencing. During the personal hearing, the Noticee requested that he be permitted to file a written reply and was granted time till 09.05.2023 for submitting his reply. Thereafter, Noticee vide email dated 22.05.2023 requested for additional time to submit his reply and accordingly he was granted additional time till 26.05.2023. However, till date the Noticee has neither made his submissions nor has he refuted the alleged charges in the SCN.
8. From the above, I note that despite proper service of SCN, personal hearing in the matter, additional time post-hearing for filing of reply, the Noticee has not responded. Hence, it is presumed that Noticee has nothing to submit in respect of the allegations levelled in the SCN. Under the circumstances, having complied with the principles of natural justice adequately, I am constrained to proceed further on the basis of material available on record.

#### **CONSIDERATION OF ISSUES AND FINDINGS**

9. I have considered the allegations made in the SCN alongwith the findings of the examination by SEBI stated therein and the documents available on record. The Noticee has neither submitted reply to the SCN issued to him nor to the letters, emails and reminders that have been sent to him during the examination. I note that the issue for consideration before me is whether the Noticee has been providing investment advisory services without obtaining a certificate of registration from SEBI in violation of Section 12 (1) of the SEBI Act, 1992 read with Regulation 3 (1) of the IA Regulations, 2013.
10. SEBI had received a complaint from the complainant, Mr. Sukhdev Singh, wherein he has alleged, *inter alia*, that he had paid Rs.30,000/- to the Noticee for financial consultancy. The Complainant had shared the details of Union Bank of India (erstwhile Andhra Bank) Account (bearing A/c No. 119611100006223) of the Noticee in which he had transferred the aforesaid amount. The details of the account are as under:

**Table No.: 1**

Account Holder Name	M/s. Flipcoin Financial Consultant Proprietor: Manish Bhardwaj s/o Mahesh Chand Sharma
Authorized Signatory and Beneficiary	Manish Bhardwaj
Nature of Business	Financial consultant.
Email	Manish.bhardwaj05@gmail.com
PAN	CEUPB0805G
IFSC	UBIN0811963
Account opening date	December 26, 2019
Address	Present address: :#208, 2nd Floor, Ice Queen Amber Building, Omkar Nagar, Arekere gate, Bannerghatta Road, Bangalore-560 076  Permanent Address: #93, Chhatrashal Nagar, Nandpuri, Malviya Nagar, Jaipur- 302017, Rajasthan

11. I note from the screenshot that a payment of Rs.30,000/- was made by the complainant to the Noticee in the above bank account on 09.11.2020. This payment is also reflected in the above bank account of the Noticee.

12. On a further analysis of the bank statement of the Noticee, I note that there were several credits through Razorpay. Further, Razorpay payment gateway account was activated on 21.11.2020 and the contact person is Mr. Manish Bhardwaj. The amounts collected via Razorpay payment gateway were credited to the UBI Account No. 119611100006223 of the Noticee i.e. the same account which was advertised on the website <http://www.flipcoinfinance.com/> for receiving fees for investment advisory services.

13. Further, I also note from the email dated 27.06.2022 of Razorpay (Annexure 5 of the SCN) that the Merchant ID of the Noticee was disabled on 11.10.2021 as a risk management measure taken by their Risk Team. The last credit received through Razorpay was on 03.08.2021. I have also noted the “Reason for Disablement” by Razorpay which is as follows:-

*“The Risk team of Razorpay was reviewing the merchant activity. The merchant had registered business of IT and Software. An outbound call with the merchant was initiated and he confirmed he is collecting payments for trading. This is not in line with the registered line of business activity and the merchant doesn't have a sebi license (Relevant review links via google - <https://in.linkedin.com/in/manish-bhardwaj-86472b62>; <http://flipcoinfinance.com/services/> )*

Hence the merchant was disabled and the settlements were put on hold from August 2021 until January 2022”.

14. I also note that the transaction statement submitted by Razorpay, *inter alia*, contained details viz date of transaction, amount paid, email IDs and mobile numbers of the payees. Accordingly, SEBI requested some 34 clients (chosen on the basis of high value and recent payments made out of 56 unique clients) who had made payments to the Noticee through Razorpay to provide the reasons for such payments and nature of services availed from the Noticee. Out of the 34 clients, reply from 3 clients were received. They have submitted that they transferred amounts to Noticee via Razorpay for investment advisory services. Further, I also note that one of the clients of the Noticee i.e Shri Anvay Puranik has stated that the Noticee was handling his demat account and executed trades on his behalf. It is thus noted that the Noticee was also handling the client's demat account alongwith the unregistered investment advisory services. Further, the complainant has also stated that he had transferred the amount to the Noticee's bank account for availing investment advisory services.

15. I also note from the webpages downloaded from the website i.e on 23.06.2022 (*website has since been removed*) that the Noticee was offering various investment advisory services to its clients upon payment of fees. The Noticee had, *inter alia*, advertised the following on their website: -

i) *About Company Introduction*

*"Big Enough To Deliver, Small Enough To Care"*

*At Flip coin Investment Advisor, our aim is to do much more than providing outstanding research. We dig deep to uncover the insight that lie within the results. At Flip coin Investment Advisor, our aim is to do much more than providing outstanding research. Our success is due to the quality of our staff, which continuously provides excellent research so that our clients gain the insight to deliver what their customers need. We combine technical knowledge and skills with outstanding customer service to deliver value and insight.*

ii) *Our Work Areas Include*

*Provide Buy and Sell Recommendation, Personalized Service, Financial Management and Consulting, Create Comprehensive Client Portfolio, Appropriate Risk assessment, Provide Real Time Assistance, **Advice** and Assistance Investing, Domestic & Global Market Updates*

iii) *"Services" – Our products:*

<b>Sl No.</b>	<b>Products</b>	<b>Features &amp; Risk</b>	<b>Starts from (in ₹)</b>
1	Nifty Future	Around 20-25 Nifty tips In a Month.	



		Follow Ups & All Important News & Information. Daily Support & Resistance details will be provided.	15,000
2	Hidden Treasure	Comprises approximately 2-3 technical calls per month. Risk & Reward Ratio approximately 1:1.	17,000
3	Base Metals	2-3 Intraday Calls in Base Metals Commodities – Copper, Nickel, Zinc, Lead and aluminum and Energy Commodities like Crude Oil, Natural Gas. Support & Resistance of all the major commodities will be provided	18,000
4	Stock Cash	We will provide you around 2-3 Cash Market Calls Daily. Direct Mobile Number will be provided for Complete Support	18,000
5	Stock Future	Daily 2-3 Stock Futures intraday Calls. Weekly Momentum Calls 1-2 Per Week	20,000
6	Bullion	2-3 Calls will be given daily for Bullions and Energy. Calls given on Precious Metals traded in MCX like Gold and Silver, and Energy Commodities like Crude Oil, Natural Gas.	20,000
7	Option	Here we will provide you around 20-25 calls in Derivative Options per month. Strategies will be on nifty and stocks options both.	20,000
8	Ultra Series - Stock Cash	In this pack we provide 3-5 intraday <b>advice</b> per day. Each call consists of 2 targets and 1 Stop loss.	22,000
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14	HNI Equity	<b>Advice</b> will be given in stock cash, F&O as per market opportunity. Direct live support by Analyst during market hours <b>Advice</b> will be given via phone call	60,000
15	HNI Commodity	<b>Advice</b> will be given in MCX and NCDEX commodities as per market opportunity. Direct live support by Analyst during market hours	60,000
16	HNI Consult	Personalized service. One on one consulting Appropriate Risk assessment	For Price Contact Us

- iv) Payments: Account Name: Flipcoin Financial Consultant: A.c No. 119611100006223; Andhra Bank, IFSC- ANDB0001196; Branch- BANNERGHATTA ROAD – BANGALORE
- v) Phone and E-mail: +91 – 080-41278335 Timings: Mon-Fri, 9.00AM to 06:00PM;  
[support@Flipcoinfinance.com](mailto:support@Flipcoinfinance.com)

From the above table, I note that on various occasions the Noticee has shown itself as providing “advice” to the clients.

16. Further, I also note the following from the statement of transactions received from Razorpay and UBI:-

**Table No.: 2**

<b>Transaction Period#</b>	<b>Mode of receipt</b>	<b>No. of transactions</b>	<b>Amount Credited (in ₹)</b>
23.11.2020 to 03.08.2021	Through Razorpay payment gateway	102	11,61,800
30.12.2019 to 06.12.2021	Direct Credits to UBI a/c no. 19611100006223 (excluding credits received from Razorpay)	689	67,44,178
	<b>Total</b>	<b>791</b>	<b>79,05,978</b>
#The transaction period is from date of account opening till the date of last credit transaction to the account			

17. **Credits received via Razorpay:** It is observed from the information submitted by the clients of the Noticee that Flipcoin Financial Consultant has received fees for providing investment advisory services through Razorpay payment gateway and the amounts received *via* Razorpay was credited to the Noticee in its UBI A/c No. 19611100006223 which was advertised on the website of the Noticee for receiving fees for investment advisory services. Thus, the amount of ₹11,61,800/- collected via Razorpay payment gateway from 23.11.2020 to 03.08.2021 were taken as fees collected for investment advisory services.

18. Further, I also note from the submissions made by Razorpay that they had disabled the payment gateway for the Noticee on 11.10.2021 (*i.e even prior to the complaint being received by SEBI*), as an outbound call with the Noticee confirmed that although he was not registered with SEBI, he was collecting payments for trading. This was not in line with proposed business activity of the Noticee, as he had registered business of IT and software.

19. **Direct credits to UBI account no.19611100006223 :** Apart from the Complainant i.e Sukhdev Singh who has made a direct credit to the account of the Noticee, there are also other direct credits to the UBI account (other than from Razorpay). These credits match with fees specified for the investment advisory services/products as can be seen at Para 15. It is noted that a total of 73 credits totalling to atleast Rs.16,21,000/- are matched with the fees specified for the investment advisory services / products which were advertised by the

Noticee on the website. As the Noticee has neither replied nor denied that the amounts were received for investment advisory services, I am constrained to find that these amounts were received towards it. The summary of these credits is as follows:-

**Table No. : 3**

<b>Transaction Period</b>	<b>Mode of receipt</b>	<b>No. of identified transactions</b>	<b>Identified Amount (in ₹)</b>
01.01.2020 to 21.09.2021	Direct Credits to UBI a/c no.19611100006223 (excluding credits received through Razorpay payment gateway) matching with the fee amount specified for the investment advisory services/products	73	16,21,000

20. I have perused the details of bank statements as mentioned in the preceding paragraphs and I note that an aggregate of 175 credits amounting to a total of ₹27,82,800/- (i.e 102 through Razorpay amounting to ₹ 11,61,800/- and 73 other direct bank credits amounting to ₹16,21,000/-) were made from different sources to the Noticee during the period 01.01.2020 to 21.09.2021. The transaction period is from the date of first credit identified as amount collected towards investment advisory services till the date of last credit transaction to the account identified as amount collected towards investment advisory services.

21. Based on the documents available on record, I note that the Noticee has received a sum of Rs.27,82,800/- as consideration towards unregistered investment advisory services and that large number of investors are affected.

22. I note that the issue that arises for consideration in the present proceeding is whether the Noticee has acted as an unregistered investment adviser in violation of the provisions of the SEBI Act, 1992 and the IA Regulations. In this regard, I note that the definition of “Investment Adviser” as given under Regulation 2(1)(m) of the IA Regulations is as follows:-

*“investment adviser” means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;”*

23. Further, Regulation 2(1)(l) of the IA Regulations defines “investment advice” as under:

*“investment advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning: ....”*

24. For the ease of reference, the provisions of the SEBI Act, 1992 and IA Regulations alleged to have been violated by the Noticee are also reproduced hereunder :-

**SEBI Act, 1992**

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

12. (1) *No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the 53[regulations] made under this Act:”*

**SEBI (Investment Adviser) Regulations, 2013**

**“Application for grant of certificate.**

3. (1) *On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:”*

25. From a collective reading of (a) complaint of the Complainant (b) the webpages of the Noticee (c) the transaction statements of Razorpay and UBI and (d) replies received from some clients, I find that the Noticee was providing investment advice through the website, and also received consideration in lieu of the same and hence Noticee is covered under the definition of “investment advice” and the money received from individuals was in the nature of fees in lieu of investment advice provided by it. The definition of “investment adviser” under Regulation 2(1)(m) of the IA Regulations states that if an entity is engaged in providing advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client in lieu of consideration, including those entities which are holding themselves out as investment advisers, such entity will be covered by the definition

of “Investment Adviser” as given in Regulation 2(1)(m) of the IA Regulations. Therefore, I find that the Noticee i.e. Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, was engaged in the business of providing investment advice to its clients, for consideration, and thus, is acting as an investment adviser, as defined under Regulation 2(1) (m) of the IA Regulations.

26. I note that in terms of section 12 (1) of the SEBI Act and Regulation 3 (1) of the IA Regulations, no investment adviser shall act as an investment adviser or hold itself out as an investment adviser unless it has obtained a certificate of registration from SEBI.

27. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy, *inter alia*, the following requirements, as provided under IA Regulations:

- (i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee;
- (ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
  - (a) A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognized foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;
  - (b) An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
  - (c) Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with

investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.

- (iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.

28. I note that the safeguards provided under IA Regulations, 2013 requires continued minimum professional qualification and net-worth requirement for investment adviser, including disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client's objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc. These requirements are aimed at protection of investor interest.

29. In view of the above, I note that the activities of the Noticee i.e. Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, show that it was acting as an investment adviser. However, neither the Noticee nor its proprietor were registered with SEBI in the capacity of Investment Adviser. Further, it is also seen that one of the clients has informed that the Noticee was handling his demat account. However, the examination has not revealed further information about the same. I find that these activities were being carried out by the Noticee firm without obtaining the necessary certificate of registration as an investment adviser and therefore, the Noticee has violated Section 12(1) of the SEBI Act along with Regulation 3 of the IA Regulations.

30. During the examination process vide SEBI's letter dated 23.06.2022, the Noticee was asked to submit the information relating to the unregistered investment advisory activities offered by him, details viz number of clients, fees collected, details of advice, etc. The Noticee was also advised to stop all unregistered investment advisory activities or any other unregistered activity in the securities market, if any, with immediate effect and to remove all the contents related to investment advisory activities from the website of Flipcoin. The Noticee did not reply to the letter. Thereafter, he was advised to be present in SEBI's Southern Regional

Office (SRO) at Chennai on 27.06.2022 alongwith the information that was sought from him. Although the Noticee had appeared at SEBI-SRO office, he did not provide the information that was sought from him. During the meeting, the Noticee was advised to refrain from engaging in unregistered activities in the securities market and submit information with respect to services availed from Razorpay, credit-wise purpose of amount received in the UBI bank account, compliance status of removal of investment advisory services content from the website as well as information sought vide SEBI's letter dated 23.06.2022. Vide further emails dated 01.07.2022, 11.07.2022 and 26.07. 2022 reminders were sent to the Noticee to submit the details sought by SEBI. Further, vide email dated 05.09.2022, the Noticee was once again advised to submit the client wise details of amount collected towards investment advisory services and rationale for credits received in his Union Bank of India Account. The aforesaid emails were delivered, however, the Noticee has not submitted the information sought by SEBI. I find that the Noticee has neither cooperated during the examination period nor has he replied / made submissions in the present proceedings. The Noticee has not provided the information sought from him till date with regard to the amount collected from clients in connection with his investment advisory activities in spite of repeated letters issued by SEBI seeking such information.

31. As detailed under paras 16 to 21, the details of the funds transferred into the UBI Bank account of the Noticee are as under :-

**Table No. : 4**

<b>Mode</b>	<b>No of transactions</b>	<b>Amount (₹)</b>	<b>Annexure No. to SCN</b>
Through Razorpay payment gateway	102	11,61,800	Annexure 14
Direct Credits to UBI a/c no.19611100006223 (excluding credits received through Razorpay payment gateway) matching with the fee amount specified for the investment advisory services/ products	73	16,21,000	Annexure 16
<b>Total</b>		<b>₹27,82,800/-</b>	

The above amounts reflected in the bank account statement are considered as amounts collected by the Noticee towards the investment advisory activities.

32. The SCN also calls upon the Noticee to explain as to why appropriate penalty be not imposed upon it under Section 15EB of the SEBI Act, 1992 for the violations alleged in the SCN. The relevant extract of Section 15EB of the SEBI Act, 1992, is reproduced, hereunder:

***“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.”

33. I note that the allegation that the Noticee has acted as an investment adviser without obtaining a certificate of registration from SEBI has been clearly established in the preceding paragraphs and therefore, the Noticee has violated Regulation 3(1) of the IA Regulations read with Section 12 of the SEBI Act. In view of the same, I find that the penalty under Section 15EB of the SEBI Act, 1992 is clearly attracted.

34. For imposition of penalties under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act, 1992 provides as follows:

***“Factors to be taken into account while adjudging quantum of penalty.***

***15J.*** While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

*Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”*

35. As discussed in the aforesaid paragraphs, I note that a total of ₹27,82,800/- has been received by the Noticee in the bank account for the investment advisory services provided by it. Thus, in the light of the findings in the preceding paragraphs, I am of the considered



view that the Noticee is liable for refund of the aforementioned amount collected as an unregistered investment adviser in addition to monetary penalties which are attracted for the said violations under Sections 15EB of the SEBI Act.

## **DIRECTIONS**

36. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4) and 11B (1), 11B (2) read with of Section 19 of the SEBI Act, and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby pass the following directions:

- (a) The Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant shall, within a period of three (3) months from the date of coming into force of this direction, refund the money received from any complainants/ investors/ clients, as fees or consideration or in any other form, in respect of its unregistered investment advisory activities;
- (b) The Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this direction;
- (c) The repayments to the complainants/ investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- (d) The Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant is prevented from selling his assets, properties and holding of mutual funds/shares/ securities held by him in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who

were availing the investment advisory services from the Noticee, as directed in this order, from the bank accounts of the Noticee;

- (e) After completing the aforesaid repayments, the Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, shall file a report of such completion with SEBI addressed to the “Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department (MIRSD), SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051”, within a period of 15 days, after completion of three months from the coming into force of the directions at Para 36 (a) and (b) above, duly certified by an independent Chartered Accountant and the direction at para 36 (d) above shall cease to operate upon filing of such report on completion of refunds to complainants/investors;
- (f) The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the Noticee. Thereafter, remaining amount if any will be deposited in the ‘Investors Protection and Education Fund’ maintained by SEBI;
- (g) In case of failure of the Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, to comply with the aforesaid directions in sub-paragraphs 36 (a) and (f), SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws;
- (h) The Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two (2) years from the date of this order or

till the expiry of two (2) years from the date of completion of refunds to complainants/ investors as directed in paragraph 36 (a) above, whichever is later;

- (i) The Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, is hereby imposed with a penalty of Rs. 1,00,000/- (Rupees One lakh only) under Section 15EB of the SEBI Act, 1992 and further directed to pay the penalty within a period of forty-five (45) days, from the date of receipt of this order;
- (j) The Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, shall remit / pay the said amounts of penalty through online payment facility available on the website of SEBI, i.e. [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of EDs/CGMs -> PAY NOW. In case of any difficulties in online payment of penalties, the Noticee may contact the support at [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in). The details/ confirmation of e-payment should be sent to “The Division Chief, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051” and also to e-mail id:- [tad@sebi.gov.in](mailto:tad@sebi.gov.in) in the format as given in table below:

<b>Case Name</b>	
<b>Name of Payee</b>	
<b>Date of Payment</b>	
<b>Amount Paid</b>	
<b>Transaction No.</b>	
<b>Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)</b>	

- (k) The Noticee, Mr. Manish Bhardwaj, Proprietor of Flipcoin Financial Consultant, shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 36 (h) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.

37. The direction for refund, as given in paragraph 36(a) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
38. This order shall come into force with immediate effect.
39. A copy of this order shall be sent to the Noticee, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of mutual funds to ensure that the directions given above are strictly complied with.

**Date: June 07, 2023**

**Place: Mumbai**

**DR. ANITHA ANOOP**  
**CHIEF GENERAL MANAGER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**