

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1), 11B(2) AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 4(1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of:

Notictee No.	Notictee's name	PAN
1	Shri. Chandrapratap Singh Naruka (Proprietor of M/s W Gain Research & Development.Com)	AWVPN0180D
2	Shri. Amarjeet Singh Trehan	AVTPT6188Q

In the matter of Unregistered Investment Adviser

- Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”/ “**Board**”) had received a complaint from one Shri. Arvind Joshi (hereinafter referred to as “**Complainant**”) on January 4, 2021, *inter alia*, alleging that Shri. Amarjeet Singh Trehan from wealthgainresearch.com promised him to provide shares in the Initial Public Offer (“**IPO**”) of Antony Waste Handling Cell Limited on December 26, 2020 and asked the Complainant to pay ₹ 44,415 for 3 lots. The Complainant is stated to have made the payment with Transaction ID 036115243055 to Shri. Amarjeet Singh Trehan, however, on the date of listing, the Complainant did not get shares in his account and upon asking for refund, Shri. Amarjeet Singh Trehan refused to refund the amount. In order to substantiate his claim, the Complainant, vide email dated March 22, 2021, provided the details of payment made to the UPI account linked to mobile no.

8871574711 of Shri. Amarjeet Singh Trehan, invoice, name of the website as www.wealthgainresearch.com, email conversations and Whatsapp chats. The Complainant further alleged in the said email that he had transferred ₹ 90,000 as fees to M/s W Gain Research & Development.Com (hereinafter referred to as “WGRD”/ “Proprietorship”) but had incurred loss of ₹ 4,00,000 and to recover the incurred loss, the Complainant paid ₹ 44,415 to WGRD to buy shares in the IPO but failed to receive any shares in the IPO against the said payment.

2. Pursuant to receipt of the above mentioned complaint, SEBI conducted an examination in the matter and thereafter, issued a Show Cause Notice dated November 28, 2022 (hereinafter referred to as “SCN”), against Shri. Chandrapratap Singh Naruka (hereinafter referred to as “Noticee 1”) and Shri. Amarjeet Singh Trehan (hereinafter referred to as “Noticee 2”; Noticee 1 and Noticee 2 shall hereinafter be collectively referred to as “Noticees”) on the basis of findings contained in the examination report, *inter alia*, alleging that the Noticees had carried out investment advisory activities and held themselves out as ‘investment advisers’ without obtaining a certificate of registration from SEBI in violation of the provisions of Section 12(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”) read with Regulation 3(1) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as “IA Regulations”).
3. The facts of the case, as mentioned in the SCN, are as follows:
 - i. WGRD is not a SEBI registered Investment Advisor and is alleged to be offering investment advice without a valid SEBI registration.
 - ii. Noticee 1 is stated to be the sole proprietor of WGRD and is alleged to have engaged in offering investment advisory services through his website (www.wealthgainresearch.com).
 - iii. The website www.wealthgainresearch.com contained details regarding different services, which are in the nature of investment advisory services, being offered upon payment of fees. Following details were, *inter alia*, disclosed on the website:

“Wealth Gain Research is India's leading financial advisory firm fully committed to make fair, holistic and top quality financial recommendations and tips accessible to all traders and investors in India. The financial advice we offer connects all factors of financial planning and assists traders in taking holistic and merit based financial decisions to acquire their financial objectives. Wealth Gain Research have fully committed team of business analysts that take full care of customers individually online and through telephonic support round the clock. We have comprehensive assortment of services so that traders can employ our services according to their trading style.

Wealth Gain Research is a leading financial services provider with presence in Indian and other global capital markets. With its full-fledged research operations Wealth Gain Research Investment Adviser has proven itself as company that produces and delivers high accuracy tips and recommendations for:

- *Equities for stocks listed on BSE and NSE*
- *Derivatives NSE and Nifty Futures and Options*
- *Commodity MCX and NCDEX*
- *Forex Domestic and International Currencies*
- *Crypto Currencies”*

iv. The website highlighted the following categories of services:

- *Stock Cash Premium*
- *Stock Future Regular*
- *Stock Future Special*
- *Option Regular*
- *Option Special*
- *Nifty & Bank Nifty Regular*
- *Nifty & Bank Nifty Special*
- *BTST Cash Regular*
- *BTST/STBT Future Regular*
- *Bullions Holding*
- *Bullions*
- *Base Metal Regular*
- *Energy Regular*
- *Mex Cumbo Special*
- *Knowledge Plus Cash*
- *Knowledge Plus Future*
- *Knowledge Plus Option*
- *Knowledge Plus MCX*

- v. The details of the fee charged for such services and pricing details of the offered packages were mentioned on the website. For instance, the pricing for services ranges from ₹ 5,000 per month for *Nifty & Bank Nifty Regular* and *Energy Regular* to ₹ 3,25,000 per year for *Stock Future Special*. The said website (www.wealthgainresearch.com) is now inactive.
 - vi. On the basis of the bank accounts of the Noticees, it is alleged that that Noticee 1 and Noticee 2 were in receipt of an amount of ₹ 25,40,910/- and ₹ 57,11,710/-, respectively, including the amount claimed to be deposited by the Complainant, with the descriptions such as share market fees, stock advising, etc. Further, on perusal of the Axis Bank account no. 917010040990460 belonging to Noticee 2, it is noted that the said account has been credited with monies from one Indian Bank account no. 6930962864 (Account Holder – W Gain Research) with the description ‘salary WG’ and ‘incentive’.
 - vii. In view of the above, it was alleged that the Noticees were engaged in the activities of an ‘investment adviser’ as defined under Regulation 2(1) (m) of the IA Regulations, without obtaining registration from SEBI, as required under Section 12(1) of SEBI Act read with Regulation 3(1) of IA Regulations, thereby violating the said provisions of the SEBI Act and the IA Regulations. The SCN had thus, called upon the Noticees to show cause as to why, for the alleged violations, suitable directions under Sections 11(1), 11(4), 11B(1) and 11D of the SEBI Act should not be issued against them and penalty be not imposed under Sections 11B (2) and 11(4A) read with Sections 15EB and 15HB against them.
4. The SCN dated November 28, 2022 was issued to the Noticees through Speed Post. The receipt of the SCN was acknowledged by Noticee 1 vide his reply dated December 19, 2022. However, the SCN issued to Noticee 2 came back undelivered with a remark “*Item Returned No Such Person in the Address*”.

Thereafter, the service of the said SCN to Noticee 2 was effected through newspaper publications dated December 23, 2022 as detailed hereunder:

Table 1

Noticee	Address	SCN No. and date	Newspaper where public notice was published
Shri. Amarjeet Singh Trehan	S/o. Indrajeet Singh, Makan No. 197, Ward No. 7, Molana Ajad Collage Get Ke Pass, 197, Pishp Kunj Colony, Itawa, Ujjain Road, Dewas, Madhya Pradesh – 455001	SEBI/WRO/ILO/N M/OW/59586/1/2 022 dated November 28, 2022.	English – Times of India (Indore edition) Hindi – Nai Dunia (Indore edition)
	601/602 Shagun Arcade, Vijay Nagar, A.B. Road, Indore, Madhya Pradesh - 452010	SEBI/WRO/ILO/N M/OW/59591/1/2 022 dated November 28, 2022.	

Pursuant to service of the SCN dated November 28, 2022, Noticee 2 filed his reply dated February 24, 2023 wherein he sought a years' time to reply to the SCN on account of his medical condition.

5. The reply filed by Noticees are summarized as under:

Reply of Noticee 1

- a. Noticee 1 is engaged in the education industry and has been teaching management subjects to the students and is a school teacher in Bright Star Central Academy, Dewas, which is affiliated with CBSE (affiliation no. - 1030503) since 2012.
- b. Noticee 1 started WE GAIN RESEARCH AND DEVELOPMENT.COM to impart education and technical knowledge and was not engaged in any illegal activity relating to investment adviser.
- c. WE GAIN RESEARCH AND DEVELOPMENT.COM is a coaching center and has been providing technical knowledge.

- d. The funds received from individuals were loans for the investment in coaching center and not for any illegal purpose.
- e. Due to the COVID Pandemic, the coaching center could not be developed and was declared bankrupt.
- f. Noticee 1 has been working only as a teacher and is the Karta of the family, taking care of the elderly parents and two kids.
- g. Noticee 1 has not provided or collected funds for any investment advice and the allegations levelled against him are false.
- h. Since Noticee 2 is a friend of Noticee 1, some amount for development purposes was borrowed from him but the same has been returned and the transaction is now settled.
- i. Noticee 1 has submitted that the Complainant and Noticee 2 has entered into a compromise agreement on November 26, 2021 and the Complainant has withdrawn the complaint after receiving the monies due to him.
- j. Since there is no complaint registered against the Noticee by any investor/complainant, the proceedings under Sections 11(1), 11(4), 11B(1) and 11D of the SEBI Act are baseless and false.
- k. Accordingly, the proceedings against Noticee 1 may be disposed of without any adverse findings.

Reply of Noticee 2

- a. Noticee 2 was suffering from depression, due to which he drank acid and attempted suicide, and as a result, the internal organs of Noticee 2 had suffered 60% burns and he has been visiting various hospitals since April 4, 2022 but there is no improvement in his condition and his family members have been busy in providing adequate medical treatment for him.
- b. Since Noticee 2 is not in a condition to speak, he is unable to respond to the SCN.
- c. Accordingly, Noticee 2 may be granted a period of one year so that he can continue with the treatment and pursuant to the same he may reply to the SCN.
- d. The medical reports of Noticee 2 have been submitted along with the reply.

6. An opportunity of hearing was granted to the Noticees on March 01, 2023. The authorized representative appeared through Webex on behalf of Noticee 1 and made submissions in line with his earlier reply and sought time till March 08, 2023 to make further submissions. However, Noticee 2 or his authorized representative failed to appear for the said hearing. In the interest of natural justice, another opportunity of hearing was granted to Noticee 2 on June 6, 2023. However, Noticee 2 or his authorized representative again failed to appear for the hearing.
7. I have considered the SCN along with all the material available on record. I note that Noticee 2 (either personally or through his authorized representative) has not filed any reply to the SCN on merits nor did he make any submission for consideration during the course of these proceedings despite the opportunities granted to him.
8. Considering the above, I am of the view that the principles of natural justice have been duly complied with and the matter is fit to be proceeded with on the basis of material available on record.

Consideration of Submissions and Findings:

9. The SCN has alleged that the Noticees had held themselves out as '*investment advisers*' without obtaining registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act read with Regulation 3(1) of the Investment Advisers Regulations.
10. In the instant proceedings, I note that the Complainant had transferred ₹ 44,415 to the bank account of Noticee 2 for purchase of shares. In order to substantiate his claim, the Complainant, vide email dated March 22, 2021, provided the details of payment made to UPI account linked to mobile no. 8871574711 of Noticee 2, invoice, name of the website as www.wealthgainresearch.com, email conversations and Whatsapp chats. The Complainant has further alleged in the said email that he had transferred ₹ 90,000 as a fees to WGRD.

11. I note that the mobile no. 8871574711, which was provided by the Complainant, is stated to be linked with the Axis Bank account nos. 920020059669309 and 917010040990460. On perusal of the Account Opening Forms (hereinafter referred to as “**AOFs**”), KYC Details and Bank Account Statements for the aforesaid accounts, following details were observed:

i. Axis Bank account no. - 920020059669309

- a. Account Holder's Name: Mr. Amarjeet Singh Trehan (Noticee 2)
- b. A/c open date: March 16, 2021
- c. Branch: Dewas
- d. Address: S/O. Indrajeet Singh Trehan, Makan No. 197, Ward No. 7, Molana Azad College Gate Ke Pass, 197 Pushp Kunj Colony, Itawa, Ujjain Road, Dewas, Madhya Pradesh – 455001

ii. Axis Bank account no. - 917010040990460

- a. Account Holder's Name: Mr. Amarjeet Singh Trehan (Noticee 2)
- b. A/c open date: October 30, 2017
- c. Branch: Anand Bazar
- d. Address: S/O. Indrajeet Singh Trehan, Makan No. 197, Ward No. 7, Molana Azad College Gate Ke Pass, 197 Pushp Kunj Colony, Itawa, Ujjain Road, Dewas, Madhya Pradesh – 455001

12. On perusal of the latest account statements of the above-mentioned bank accounts from Axis Bank, it is noted that the total amount credited in account no. 920020059669309 from the date of opening of account (i.e. March 16, 2021) till July 16, 2021 was ₹ 8,23,000/- and the closing balance as on July 16, 2021 was ₹ 25,563.00/-. Further, the total amount credited in account no. 917010040990460 from Sept 28, 2020 till July 16, 2021 was ₹ 28,09,898.34/- and the closing balance as on July 16, 2021 was ₹ 3,73,007.20/-.

13. On perusal of the Axis Bank account no. 917010040990460, it is noted that certain transactions mentioned 'SalaryWG / incentive' in the transaction description. On perusal of the counterparty information (viz. account name, bank account no. and bank name) for transactions where 'SalaryWG/incentive' was mentioned, following is noted:

- a. Counter Party Account no. - 6930962864
- b. Counter Party Name - Shri. Chandrapratap Singh
- c. Counter Party Bank - Indian Bank

14. Further, from the Axis Bank account no. 917010040990460, it is noted that a large number of transactions were observed to be with the bank account held with Federal Bank. The Federal Bank account details in respect of PAN - AVTPT6188Q reveals that account no. 21407600000030 (loan account) and account no. 21400100010666 belong to Noticee 2. Details pertaining to account no. 21400100010666 are as follows:

i. Federal Bank account no. - 21400100010666

- a. Account Holder's Name: Shri. Amarjeet Singh Trehan (Noticee 2)
- b. A/c open date: February 26, 2016
- c. Branch: Indore Vijaynagar
- d. Address: 601 602, Shagun Arcade Vijay, Indore- 452010

15. On perusal of the bank account statements of the account number 21400100010666 with Federal Bank, it is noted that the total amount credited in the said account from Sept 28, 2020 till July 28, 2021 was ₹ 21,72,127.20/- (excluding an amount of ₹ 93,315/-, which is observed to be refunded to the Complainant) and the closing balance as on July 28, 2021 was ₹ 29,360.06/-.

16. Further, on perusal of the bank account no. 6930962864 with Indian Bank as referred under paragraph 13, the following is noted:

i. Indian Bank account no. - 6930962864

- a. Account Holder's Name: W Gain Research and Development.Com
- b. Date of incorporation of Entity: September 28, 2020
- c. Proprietor: Shri. Chandrapratap Singh Naruka (Noticee 1)
- d. A/c open date: September 29, 2020
- e. Branch: Dewas
- f. Address: Makan N 18, Ward N 22, Moti Bangla, Gagrani Hospital Ke Pass, Dewas

17. The bank statement of the aforesaid bank account number 6930962864 with Indian Bank reveals that the total amount credited in said account from date of

account opening (i.e. September 29, 2020) till July 06, 2021 was ₹ 25,40,910.00/- and the closing balance as on July 06, 2021 was ₹ 91,669.50/-.

18. Given the aforesaid details of the bank accounts, it is alleged in the SCN that the transactions reflected in the bank account statements of the Indian Bank account no. 6930962864 and Federal Bank account no. 21400100010666 were in the nature of fees collected for investment advisory activities. An extract of such transactions in the said two accounts is provided below:

i. Indian Bank (account no. 6930962864)

Table 2

Date	Particulars	Amount Credited (₹)
14/10/20	BY VOUCHER TFR UPI TRANSFER/028819055172/ Share market fees FRM 97216015173	5000
30/11/20	BY VOUCHER TFR /IMPS/P2A/033515188130/ FirstInstallmentFee FRM 97157015178	5500
01/12/20	BY VOUCHER TFR /IMPS/P2A/033617125471/ Fee1stInstallment FRM 97157015178	21000
01/12/20	BY VOUCHER TFR /IMPS/P2A/033617164655/ 1stinstallmentfees FRM 97157015178	7000
02/12/20	BY VOUCHER TFR /IMPS/P2A/033717287664/MB: STOCK ADVISING	5000

ii. Federal Bank (account no. 21400100010666)

Table 3

Date	Particulars	Amount Credited (₹)
11/11/20	UPI IN/031618721438/arvindsjoshi-1@okhdfcbank/ Fee	22500
28/10/20	UPI IN/030218418366/nayanp1998@okicici/ Share mark	8500
05/11/20	UPI IN/031010477311/nayanp1998@okicici/ Share mark	2000
10/11/20	UPI IN/031519186179/nayanp1998@okicici/ Share mark	8000
10/11/20	UPI IN/031519436835/nayanp1998@okicici/ Share mark	4360
10/12/20	UPI IN/034517139802/nayanp1998@okicici/ Share marke	2100

19. In view of the aforesaid transactions and the fact that the bank accounts with Indian Bank and Federal Bank belong to Noticee 1 (proprietor of W Gain Research and Development.Com) and Noticee 2, respectively, it is alleged in the SCN that the Noticees were engaged in the activities of an 'investment adviser' as defined under Regulation 2 (m) of the IA Regulations.

20. In his defense, Noticee 1 has submitted that he is engaged in the education industry and has been teaching management subjects to the students and is a school teacher in Bright Star Central Academy, Dewas, and has not provided any investment advice as alleged in the SCN. Noticee 1 has further submitted that he had started WE GAIN RESEARCH AND DEVELOPMENT.COM, which is a coaching center engaged in providing technical knowledge.
21. In this regard, I note from the AOF with Indian Bank that the account was opened by Noticee 1 in the name of "W GAIN RESEARCH & DEVELOPMENT.COM" and not in the name of "WE GAIN RESEARCH AND DEVELOPMENT.COM" as claimed by Noticee 1. I further note from the search made on the website www.whois.com that the website www.wealthgainresearch.com was registered on September 07, 2020 and as per the documents attached with the AOF of Indian Bank account number 6930962864, W GAIN RESEARCH & DEVELOPMENT.COM was incorporated on September 28, 2020 and the said bank account with Indian Bank was opened on September 29, 2020. The timing of the registration of the website and opening of account and the name in which the account is opened leads to the finding that the contention of Noticee 1 that WE GAIN RESEARCH AND DEVELOPMENT.COM is different from W GAIN RESEARCH & DEVELOPMENT.COM is an afterthought and a futile attempt to mislead SEBI.
22. Noticee 1 has further submitted that funds were received from Noticee 2 as loans for the investment in coaching center which were repaid and that no amount was collected for providing the alleged investment advice. In this regard, I note that the Axis Bank account no. 917010040990460 belonging to Noticee 2 received funds from the bank account no. 6930962864 belonging to Noticee 1 i.e., Shri. Chandrapratap Singh. The said transactions mentioned 'SalaryWG/incentive' in the transaction detail. I did not find reference to 'loans' anywhere in the transaction details, nor did Noticee 1 produce any documents to evidence that the amounts so transferred by Noticee 1 to Noticee 2 were in the nature of loans/repayment of loans. I also note from paragraph 18 above that the particulars of the amount credited to the Indian Bank (account no. 6930962864) of the

Noticee 1 mentioned “Share market fees” and “STOCK ADVISING”. Further, the particulars of the UPI transactions of the amount credited to the Federal Bank (account no. 21400100010666) mentioned “@okicici/FEE” and “@okicici/Share mark”. The aforesaid observations lead to the conclusion that Noticees were engaged in the business of providing investment advice. Thus, I find no merit in the contention of Noticee 1 in his regard.

23. Noticee 1 has submitted that the Complainant and Noticee 2 had entered into a compromise agreement on November 26, 2021 and the Complainant has withdrawn the complaint after receiving the monies due to him and that since there is no complaint registered against Noticee 1 by any investor/ complainant, the proceedings under the provisions of the SEBI Act are baseless and false. In this regard, I note that any compromise between the Noticees and Complainant would not make the present proceedings infructuous. The complaint made by the Complainant was only the trigger for initiation of examination in the matter. The fact that Noticee 1 as the proprietor of WGRD and the Noticees through the website www.wealthgainresearch.com provided various categories of securities market advisory services, which is evident from the details disclosed on the website (as mentioned in paragraph 3 above), admission of Noticee 1 that Noticee 2 is his friend, coupled with fact that various bank account transactions between Noticee 1 and Noticee 2 were for ‘SalaryWG/incentive’ and the amounts received in the bank accounts of the Noticees (as detailed in paragraph 18 above) were for investment advice, lead to the finding that Noticees were engaged in the business of providing investment advisory service without a valid SEBI registration.
24. Noticee 2 was actively involved in the business of onboarding clients on behalf of the unregistered investment advisor (i.e. Noticee 1) which is evident from the fact that he was in receipt of funds in form of salary/ incentives from Noticee 1. Further, I note that immediately after the date of incorporation of WGRD in September 2020, Noticee 2 started receiving funds in his Axis Bank account no. 917010040990460 from Noticee 1 in November 2020. Few instances are captured in the table below:

Table 4

Date	Particulars	Amount Credited (₹)
03/11/2020	IMPS/P2A/030820907991/CHANDRAP/INDIANBA/SalaryWG	62250
04/11/2020	IMPS/P2A/030910934498/CHANDRAP/INDIANBA/Incentiv	25500
04/11/2020	IMPS/P2A/030920995862/CHANDRAP/INDIANBA/Incentiv	13050

25. Further, from Table 2, I note that in the months following the registration of WGRD, inflow of funds was observed in the bank account of Noticee 2 from Noticee 1, Complainant and the third parties with the description “Wealth” and “Share market”. Details are brought out in the table below:

Table 5

Date	Particulars	Amount Credited (₹)
02/11/2020	FT IMPS/IFI/030720816862/CHANDRA PRATAP SINGH/llu	2600
05/11/2020	UPI IN/031010477311/nayanp1998@okicici/Share mark	2000
06/11/2020	UPI IN/031116542742/satishkumar74581@oksbi/Wealth	5500
06/11/2020	UPI IN/031116615194/satishkumar74581@oksbi/Wealth	1500
10/11/2020	UPI IN/031519186179/nayanp1998@okicici/Share mark	8000
10/11/2020	UPI IN/031519436835/nayanp1998@okicici/Share mark	4360
11/11/2020	UPI IN/031611453406/arvindsjoshi-1@okhdfcbank/Arv	7000
11/11/2020	UPI IN/031618721438/arvindsjoshi-1@okhdfcbank/Fee	22500
11/11/2020	UPI IN/031618839760/arvindsjoshi-1@okhdfcbank/UPI	2100
24/11/2020	UPI IN/032909214610/arvindsjoshi-1@okhdfcbank/All	15300
10/12/2020	UPI IN/034517139802/nayanp1998@okicici/Share marke	2100
26/12/2020	UPI IN/036115243055/arvindsjoshi-1@okhdfcbank/0000	44415
07/01/2021	FT IMPS/IFI/100713344374/CHANDRA PRATAP SINGH/llu	18750
12/01/2021	FT IMPS/IFI/101215738740/CHANDRA PRATAP SINGH/llu	10000
28/04/2021	FT IMPS/IFI/111821396691/CHANDRA PRATAP SINGH/NA	10000
07/05/2021	FT IMPS/IFI/112721943249/CHANDRA PRATAP SINGH/Depo	5000

26. From the aforesaid bank account details, it is clear that Noticee 2 has been involved in the business of unregistered investment advisory and receiving salary/ incentives from Noticee 1. I note that Noticee 2 also received money from the Complainant for providing unregistered investment adviser service which is evident from the copies of UPI transactions provided by the Complainant and the same are also reflected in Table 5 above. It is also evident from the website wealthgainresearch.com, AOFs and the bank transactions that Noticee 1, being the proprietor of WGRD, offered various services, which were in the nature of investment advice, and thus, acted as an investment advisor, without obtaining the requisite certificate of registration from SEBI. Further, Noticee 2 also, by acting hand and glove with Noticee 1 in receiving the investment advisory fee in

his account and providing the above discussed investment advisory services violated the provisions of the IA Regulations.

27. I note that the Noticees have failed to provide the details of fees collected from clients for investment advisory services. In absence of any specific detail as to when the Noticees started collecting the fees from clients. I find it appropriate to consider September 28, 2020 as the start of the investment advisory services, since the AOF for the Indian Bank account no. 6930962864 mentioned the date of incorporation of WGRD as September 28, 2020. As the Noticees have failed to provide the details of fees collected through unregistered investment advisory activities, I find it appropriate to consider all the credits reflected in the bank account statements of the Noticees as the fees collected for rendering investment advice. Bank Account-wise summary of the amounts collected as investment advisory fees by the Noticees is provided below:

Table 6

Bank Name	Amounts (₹)
Axis Bank - 920020059669309	8,23,000.00
Axis Bank - 917010040990460	28,09,898.34
Federal Bank - 21400100010666	20,78,812.20
Indian Bank - 6930962864	25,40,910.00
Total	82,52,620.54

28. At this juncture, I deem it fit to refer to the definition of the term '*investment adviser*', as provided in Regulation 2(1) (m) of the IA Regulations to mean "*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.*" Further, regulation 2(1)(l) of the IA Regulations defines 'Investment Advice' as "*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.*"

29. In light of the above definitions and the discussion, I am of the view that the Noticees were, in fact, providing investment advice in violation of regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act. The relevant excerpts of the provisions are produced hereunder:

Section 12(1) of the SEBI Act

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

Regulation 3(1) of the IA Regulations, 2013

“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”

30. The aforesaid provisions make it mandatory for any person seeking to act as an investment adviser to obtain the requisite certificate of registration from SEBI. The Noticees, having acted as an investment advisor, without obtaining the requisite certificate of registration in this regard, have clearly violated Section 12(1) of the SEBI Act read with regulation 3(1) of the IA Regulations. Accordingly, I am of the view that appropriate directions need to be issued in the matter under Sections 11(1), 11(4), 11B(1) and 11D of the SEBI Act, including directions for refund of fees/ monies collected from the clients / investors for the violations as stated herein above.
31. The SCN had, *inter alia*, also called upon the Noticees to show cause as to why suitable directions for imposition of penalty under Sections 11B (2) and 11(4A) read with Sections 15EB and 15HB should not be issued against him.
32. In this regard, before going ahead with the determination of monetary penalty, it would be relevant to place hereunder the extracts of the appropriate penalty provisions:

Section 15EB of the SEBI Act

Penalty for default in case of investment adviser and research analyst.

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.

Section 15HB of SEBI Act

Penalty for contravention where no separate penalty has been provided.

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

33. Upon a consideration of the above penalty provisions, I find that Sections 15HB and 15EB of the SEBI Act, have been invoked for the alleged violation committed by the Noticees of holding themselves out as a SEBI registered 'Investment Adviser' without obtaining a Certificate of registration. I note that all the credits reflected in the bank account statements of the Noticees as the fees collected for rendering investment advice have been taken from the date of incorporation of WGRD, i.e. September 28, 2020. Thus, I note that Section 15EB of the SEBI Act which was inserted by the Finance Act, 2018 with effect from March 08, 2019 which specifically deals with the penalty for default in case of investment adviser, would be applicable in the present case, and hence Section 15HB of the SEBI Act is not attracted. Thus, I find Noticee liable to be penalized under Section 15EB of the SEBI Act for the violations post the incorporation of WGRD. As discussed in preceding paragraphs, the allegation against the Noticees have been clearly established. I also note that the Noticees were engaged in providing investment advisory services without obtaining necessary registration from SEBI as required under Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations. I therefore, find that penalty under Section 15EB is undoubtedly attracted.
34. At this juncture, I deem it apposite to note that as per the material available on record, credit worth ₹ 82,52,620/- was received in the bank account of the

Noticees. The same shall be considered as a factor while determining the penalty in the matter in terms of Section 15EB of the SEBI Act.

35. It is relevant to mention that for the imposition of penalty under the provisions of the SEBI Act, guidance is provided by Section 15J of the SEBI Act. The said provision reads as under:

“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.”

36. I note that the SCN has not brought out the exact quantum of profit/ gains made by the Noticees.
37. Before proceeding with the discussion pertaining to appropriate directions and imposition of penalty, which may be issued to the Noticees, I deem it important to briefly discuss the very scheme and intent of the IA Regulations. Drawing genesis and authority from Section 30(1) of the SEBI Act, the IA Regulations were implemented to carry out the purposes of the SEBI Act. It is well known that the SEBI Act intends to fulfill three main objectives which are, protect the interest of the investors in securities, promote the development of and regulate the securities market. In furtherance of the same, the IA Regulations, *inter alia*, intend to protect the interest of investors and maintain the integrity of the market and to provide for appropriate safeguards to ensure that the investors are saved from the claws of investment advisers who do not act within the four walls of the IA Regulations. One such basic safeguard is mandatory registration of persons who wish to act as an investment adviser and any violation of such a safeguard has to be dealt with appropriate sternness.

38. In consideration of the above, I shall now proceed with issuance of directions and imposition of monetary penalties.

Directions and Monetary Penalty:

39. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of sections 11(1), 11(4), 11B(1) and 11D read with section 19 of the SEBI Act, hereby direct that the following:

- (i) Noticee 1 and Noticee 2 shall immediately refund, jointly and severally, the amount of ₹82,52,620/- collected/ received from clients/ investors, as fees or consideration, in respect of their unregistered investment advisory activities, and in any case, within a period of three months from the date of this order;
- (ii) The Noticees shall cause to effect a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, inviting claims from clients/ investors within a period of fifteen (15) days from the date of this Order. The said public notice shall detail the modalities for refund, including the details of the contact persons such as names, addresses and contact details. A period of at least two (2) months from the date of the publication of the public notice shall be provided to the clients / investors for submitting their claims.
- (iii) The repayments to the clients/ investors shall be effected only through electronic fund transfer, which ensures audit trails to identify the beneficiaries of repayments;
- (iv) For the purpose of refund, Noticee 1 and Noticee 2 shall open an escrow account with a scheduled bank and deposit therein an amount of ₹ 82,52,620/-, which shall be kept in the said account for a period of three months and be used only for the purpose of refund to the clients/ investors

who had availed the investment advisory services from the Noticees;

- (v) The banks, with whom the Noticees are holding Bank Account(s), are directed to allow debit from the bank accounts of the Noticees, only for the purpose of transferring funds to escrow account mentioned in clause (iv) above;
- (vi) The Noticees are prohibited from selling the assets, properties and holdings of mutual funds/ shares/ securities held by him in demat form and in physical form except for the sole purpose of transferring funds to escrow account mentioned in clause (iv) above;
- (vii) After ensuring compliance with the direction mentioned in clause (iv), the Noticees shall submit a report of such compliance to SEBI, duly certified by an independent Chartered Accountant, and on satisfaction of SEBI, the directions at clauses (v) and (vi) above shall cease to operate;
- (viii) At the end of three months from the date of this order, the balance amount, if any, remaining in the escrow amount after making refund in terms of clause (i), shall be deposited by the Noticees with SEBI, which shall be kept in an escrow account for a period of one year for distribution to clients / investors who were availing the investment advisory services from the Noticees. Thereafter, the remaining amount, if any, shall be deposited in the Investors Protection and Education Fund, maintained by SEBI;
- (ix) After completing the repayment, as directed at clause (i) above, the Noticees shall file a report of such completion with SEBI, addressed to the “General Manager, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051”, within a period of 15 days, after completion of three months from the coming into force of the directions at clause (i) above, duly certified by an independent Chartered Accountant;

(x) The Noticees are debarred from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 2 (two) years from the date of this order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in clause (i) above, whichever is later;

(xi) The Noticees are also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in any capacity for a period of 2 (two) years from the date of this order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in clause (i) above, whichever is later;

40. Further, in exercise of powers conferred upon me under sections 11(4A) and 11B(2) read with Sections 15EB and 15J of the SEBI Act, I hereby impose the following monetary penalty:

Name of the Noticees	Provisions of SEBI Act under which penalty is being imposed	Penalty (in ₹)
Shri. Chandrapratap Singh Naruka (Proprietor of M/s W Gain Research & Development.Com)	Sections 15 EB of the SEBI Act	2,00,000
Shri. Amarjeet Singh Trehan	Sections 15 EB of the SEBI Act	2,00,000

Noticees shall remit/ pay the aforesaid monetary penalty within 45 (forty-five) days from the date of receipt of this Order. The Noticees shall remit / pay the said amount of penalty only 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 ED/CGM (Quasi-Judicial Authorities) -> PAY NOW. In case of any difficulties in online payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in. The details/ confirmation of e-payment should be sent to "*The Securities and*

Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to the Email ID: - tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for : (Penalty)	

41. This order comes into force with immediate effect.
42. For any non-compliance of this order, the Noticees shall be subject to strict action under the applicable provisions of the law, including prosecution.
43. The directions issued vide this order do not preclude the clients/ investors to pursue other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
44. A copy of this order shall be sent to the Noticees, 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.
45. A copy of this order shall also be sent to Bombay Stock Exchange Administration and Supervision Limited, for information.

Sd/-

DATE: December 05, 2023

PLACE: MUMBAI

S.V. MURALI DHAR RAO

EXECUTIVE DIRECTOR

SECURITIES AND EXCHANGE BOARD OF INDIA