

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(4), 11B (1), 11D, 11B (2) and 11(4A) of the Securities and Exchange Board of India Act, 1992

In respect of:

Noticee No.	Name of the Noticee	PAN
1	Fastmoney Advisory Services LLP	AAEFF3943M
2	Arvind Kumar	CJSPK1406P
3	Bibha Kumari	CPUPK2034R

In the matter of Unregistered Investment Advisory Services

(The aforesaid entities are hereinafter collectively referred to as “Noticees”.)

1. Fastmoney Advisory Services LLP (hereinafter referred to as “**Fastmoney**” or “**Noticee No.1**”) was incorporated pursuant to the certificate of incorporation dated October 12, 2015 issued by Registrar, Karnataka, Ministry of Corporate Affairs, vide LLP identification No. AAE-9088. The address of Fastmoney mentioned in the certificate of incorporation was 1st floor, Door No. 11, Old No. 4, 10th Main, 4th E Block, 5th Block, Near R.P.V. College, Rajaji Nagar, Bangalore – 560010.
2. As per the Limited Liability Partnership (LLP) agreement dated October 28, 2015, the principal activities of Fastmoney were consultancy and advisory services including stock advisory services, investment advisory, financial consultancy, strategy consulting and wealth management services. The partners of Fastmoney were Bibha Kumari (hereinafter referred to as “**Noticee No.2**”) residing at Att-Budhauri Bazar, Ward no. 17, Sheikhpura, Bihar - 811105 and Arvind Kumar (hereinafter referred to as “**Noticee No.3**”) residing at ES BI AI SE Sate, Pashchim Ka Muhalla, Birpur, Anchal, Basantpur, Supaul, Bihar - 854340.

3. Securities and Exchange Board of India (“**SEBI**”) received a complaint, vide email dated November 22, 2017, from Atul Gandhi inter-alia alleging that the Noticees operated a website www.fastmoneyadvisory.com (hereinafter referred to as “**Fastmoney Website**”) for providing stock market tips.
4. Pursuant thereto, SEBI conducted examination into the affairs of Fastmoney and based on the findings, a show cause notice dated June 30, 2022 (“hereinafter referred to as “**SCN**”), was issued to the Noticees, alleging that they had indulged in unregistered investment advisory activity and thus, violated 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 the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”). The SCN, thus, called upon the Noticees to show cause as to why suitable directions including directions as to refund of fees collected, debarment, non-association with listed entities, intermediaries and penalty should not be issued against them under Sections 11B, 11B(1), 11B(2), 11(4), 11(4A) and 11D read with Section 15HB of the SEBI Act.

Service of Show Cause Notice

5. The SCN was sent to the Noticees via email to abkadvisory@gmail.com, from which the submissions / replies were usually made to SEBI. The SCN was also sent through speed post acknowledgement due (SPAD) to Noticee No. 1 at two addresses available on record viz., (1) 1st floor, Door No. 11, Old No.4, 10th Main, 4th E Block, 5th Block, Near RPV College, Rajaji Nagar, Bangalore - 560010 and (2) No. 143/B, 39th Cross, 26th Main, 9th Block, Jayanagar, Opp. To Masjid, Bangalore – 560069, both of which were returned undelivered. The SCN was served to Noticee No. 2 at address S/o Sudama Singh, ES BI AI SE Sate, Pashchim Ka Muhalla, Birpur, Anchal, Basantpur, Supaul, Bihar – 854340 and to Noticee No. 3 at D/o Ghanshyam Prasad, Att-Budhauri Bazar, Ward no. 17, Sheikhpura, Bihar - 811105.

Opportunity of Personal Hearing

6. The Noticees were granted an opportunity of hearing on December 08, 2022. In this regard, hearing notice dated November 08, 2022 was sent to the Noticees through speed post at the addresses available on record. The hearing notice was delivered to Noticee No. 2 and Noticee No. 3 while it returned undelivered for Noticee No. 1.
7. I note that the Noticees (Noticee No. 1 was represented by Noticee Nos. 2 and 3) appeared for hearing scheduled on December 08, 2022 through video conferencing and re-iterated the submissions made by them vide their email dated August 31, 2022.

Reply of the Noticees

8. I note that the Noticees (through Noticee No. 3) have made submissions during the examination by SEBI vide letters dated November 28, 2017 and November 29, 2017 and email dated September 15, 2021, inter-alia, submitting the following:
- i. Letters dated November 28, 2017 and November 29, 2017:
- “.....We have not obtained SEBI registration because of lack of knowledge and procedure as a start-up. So as soon as we are preparing all the required documents for the registration process.*
- ...Date of incorporation of LLP 12/10/2015.....*
- ...partners details - Arvind Kumar (BE completed, MBA pursuing) and Bibha Kumari (B.E. completed) and seven employee details....*
-Commenced from Jan 2016*
- ...Fee collected details:*

Table No. - 1

Sl. No.	F.Y.	No. of Clients	Fees Collected in ₹
1	2016-17	30 to 35	5,04,212.85
2	2017-18	20 to 25	56,24,606.00
		Total	61,28,818.85

....Payment gateway is included in ICICI bank...

....We don't provide any report or sms tips to the client...

.....Initially tips will be given to the clients on trial basis (1 or 2 trials).

Upon satisfaction clients will enroll with us. Fee structure is based on Cash intraday, option intraday, future intraday, future position/cash position/option position. Subscriptions are monthly/quarterly/yearly basis.

...Clients used to remit their fees by cheque/NEFT/ATM transfer to the accounts maintained with the 3 banks viz. ICICI Bank, HDFC Bank & Axis Bank.

....These 5 mobile numbers used for giving tips to our clients - 9482084010, 9448948892, 9482152510, 7349165299 and 7349175290.

....Tips will be given over phone and no tips are given through SMS (Text Msg)/e-mails. Tips would be given based on the request from the clients...

ii. Email dated September 15, 2021:

"as per the SEBI we have closed Fastmoney advisory services LLP and all the documents has been submitted to Bangalore SEBI office after that we have already received closure acknowledgment".

9. Further, vide emails dated July 19, 2022 and August 31, 2022, the Noticees (through Noticee No. 3) have provided their reply to the SCN, inter-alia, submitting the following:

"...as a start-up we had registered Fast money Advisory Services in MCA and we were not aware of SEBI Regulations, due to lack of knowledge and didn't register with SEBI.

...After few years of completion of our education, we started business for the first time so we were completely unaware about the rules and regulations of SEBI.

....we have given all bank closure request in Dec 2018 and closed our all the accounts associated with Fast money Advisory then submitted closure acknowledgement to Bangalore SEBI Office...

....As we are both husband & wife.....

..we would like to say that we had not registered in SEBI and not followed the regulation for some specific duration.....because of no awareness of regulation/ lack of knowledge/ no guidance / as a startup.

Consideration of Issues

10. I have considered the allegations made in the SCN, replies/submissions made by Noticees through Noticee No. 3 vide email dated July 19, 2022, August 31, 2022, and letters dated November 28, 2017 and November 29, 2017, the Know Your Client (KYC) documents of Fastmoney, bank statements, archived copy of web-pages of the Fastmoney Website and other material available on record.

11. Before proceeding further, it is relevant to note that the definition of 'Investment Adviser' as given in Regulation 2(1)(m) of the IA Regulations is as follows:

"(m) "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;"

Further, Regulation 2(1)(l) states as follows:

"(l) "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:

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;"

12. I find that the Fastmoney Website is not active currently. I note that the allegations in the SCN have been made on the basis of archived pages (web.archive.org) of

the Fastmoney Website. From the same, I note that the following information was displayed in the Fastmoney Website:

- a) *“Fast Money Advisory is a fastest growing, leading stock advisory company in India having a good track record in the financial services industry.*

...We provide totally customized services for every client and help to earn more money in short time.

...We are here to help you earn more money in short time by trading or investing stock market with our best gathered information from our experts.

...100% assured profit satisfaction, highly filtered accurate calls by our experts, excellent follow-up of every call recommended by Fastmoney services.

Bank account details:

Table No. - 2

Sr. no.	Name of Account holder	Bank Name	Account number
1	Fast Money Advisory Services LLP	ICICI Bank	232305000105
2	Fast Money Advisory Services LLP	HDFC Bank	50200016707450
3	Fast Money Advisory Services LLP	Axis Bank	916020026727158

The website has address: #143/B, 26th Main 39th Cross, Jayanagar 9th Block, Bangalore – 560069

The website has contact numbers 9449086250, 080-41710092 and email details-info@fastmoneyadvisory.com, complaints@fastmoneyadvisory.com.

Package Details:

Table No. - 3

Sr. N.	Package	Price in ₹			
		1 Month	3 Month	6 Month	12 Month
Intraday Plans					
1	Intraday Cash	6,000	15,000	25,000	40,000
2	Intraday Options	7,000	18,000	30,000	50,000
3	Intraday Future	12,000	30,000	50,000	80,000
4	Intraday Nifty	8,000	16,000	24,000	32,000
Positional Plans					
5	Cash Positional	7,500	18,000	30,000	50,000
6	Future Positional	15,000	35,000	55,000	90,000
7	BTST Plans	12,000	24,000	36,000	48,000
8	Nifty Positional	8,000	16,000	24,000	32,000
9	Option Positional	7,000	18,000	30,000	50,000
10	Personalised Plan	30,000	75,000	1,20,000	2,00,000
11	Platinum Package	20,000	50,000	90,000	1,50,000
12	Premium Package	50,000	1,25,000	2,25,000	4,50,000

13. From the above, I find that the Fastmoney Website made claims that it provides stock advisory to clients by offering various packages and levying fees on monthly / quarterly / half-yearly / yearly basis ranging from ₹6,000 to ₹4,50,000 towards its advisory service. Further, it was claimed on the Fastmoney website that Fastmoney is a leading stock advisory company having a good track record in the financial service industry. It was also claimed to have specialized team of stock market analysts and experts to advice the clients. The Fastmoney Website also provided profit assurance and advised clients to earn more money in short time. In view of the same, I find that Fastmoney has represented to the public at large that it is an experienced investment adviser and has engaged in the business of providing investment advisory for consideration or fees.
14. As noted above, the Fastmoney Website had disclosed three bank accounts for collecting advisory fees. I observe the following on the basis of the material available on record regarding these three bank accounts:
- Noticee No. 1 is the holder of the three bank accounts mentioned in Table No. 2 above. As per KYC documents provided by the Banks, Noticee Nos. 2 and 3 were authorized signatories for the said bank accounts.
 - The narration of the credit transactions in the ICICI Bank account such as '*for advisory service*', '*option payment charge*', '*option trading share*', '*option trading profit*', '*option trading payment*', '*advisory investment*' indicate that the bank account was used to receive fees towards advisory service. The list of transactions with such narrations in the bank account statement is as under:

Table No. - 4

Sl. No.	Date	Description	Amount Collected in ₹
1	08.06.2016	BIL/000983482412/For advisory service/NSP	3500
2	22.08.2016	BIL/001027489376/option payment charg/NSP	6000
3	26.08.2016	BIL/001029519472/OPTIONS/NSP	4000
4	26.08.2016	BIL/001029526903/option trading charg/NSP	5000
5	31.08.2016	BIL/001032360135/option trading share/NSP	10500

6	12.09.2016	BIL/001039698902/OPTION TRADING PROFI/NSP	7440
7	16.09.2016	BIL/001043260382/OPTIONTRADINGPAYMENT/NSP	20139
8	29.09.2016	BIL/001050091099/ADV PYMT OPTION TRD/NSP	10000
9	09.01.2017	BIL/001123092641/Option intraday/NSP	8050
10	28.03.2017	BIL/001176513527/advisory services pr/NSP	200000
11	17.04.2017	BIL/001191896020/Advisory investment/NSP	57500
		Total	3,32,129

- c) Similarly, the credit transactions in the HDFC Bank account of Fastmoney had narrations like '*for advisory service*', '*option monthly fee*', '*platinum pack*' which indicates that the said account was also used to receive fees towards advisory services. The list of transactions with such narrations in the bank account statement is as under:

Table No. - 5

Sl. No.	Date	Description	Amount Collected in ₹
1	21.10.2016	01791000002495 -TPT-FOR ADVISORY SERVICE	10000
2	12.06.2017	IMPS-716313309159-SANJUKTA SAHOO-HDFC-XXXXXXXXXX8181-OPTION MONTHLY FEE	8050
3	16.11.2017	IMPS-732016756321-ROSHIN GEORGE V-HDFC-XXXXXXXXXX3909-FIRST PART OF PLATINIUM PACK M	10000
4	17.11.2017	IMPS-732110796777-ROSHIN GEORGE V-HDFC-XXXXXXXXXX3909-2ND INSTALLMENT MISCELLANEOUS	10000
5	17.11.2017	IMPS-732110798401-ROSHIN GEORGE V-HDFC-XXXXXXXXXX3909-LAST MISCELLANEOUS	600
		Total	38,650

- d) No credit transactions were observed in the Axis Bank account having narrations such as those noted in the ICICI and HDFC bank accounts.

15. I also note from the transaction statements provided by the payment gateways viz. PayUmoney and CCAvenue that the advisory fee was also received by Fastmoney through these gateways, which was subsequently credited to its ICICI Bank account.

16. From the above, I find that 717 credit transactions for a total sum of ₹67,20,200.85 were made into the ICICI and HDFC Bank accounts during the period December

30, 2015 to February 08, 2019 towards the advisory services. The summary of these credit transactions is tabulated below:

Table No. - 6

Transaction Period	Account number and Bank/payment gateway	No. of identified transactions	Identified Amount in ₹
30.12.2015 to 08.02.2019	Through PayUmoney in the ICICI Bank A/c. 232xxxxxx105	677	58,35,294.85
01.06.2016 to 16.02.2018	Through CCAvenue in the ICICI Bank A/c.232xxxxxx105	24	5,14,127.00
08.06.2016 to 17.04.2017	Direct Credits to ICICI Bank a/c no. 232xxxxxx105	11	3,32,129.00
21.10.2016 to 17.11.2017	Direct Credits to HDFC Bank a/c no. 50200016707450	5	38,650.00
	Total	717	67,20,200.85

17. From the above, I note that a sum of ₹67,20,200.85 was received in the aforesaid bank accounts through 717 credit transactions during the period December 30, 2015 to February 08, 2019 towards advisory services rendered by Noticees.
18. With respect to the submission of Noticees regarding closure of business and bank accounts, I note that the bank accounts with Axis Bank, ICICI Bank and HDFC Bank have been closed on January 30, 2019, January 03, 2019 and December 17, 2018, respectively. However, I find that Noticees have not submitted any supporting document in respect of the claim of closure of business of Fastmoney. Further, I find from the website of www.mca.gov.in, that the status of 'Fastmoney Advisory Services LLP' is shown as active.
19. I note that the Noticees have admitted that they were unaware of SEBI rules and regulations regarding registration as Investment Adviser and Fastmoney engaged in the business of investment advisory services, under the name and style "Fastmoney Advisory Services LLP" and the aforementioned bank accounts were used for the purpose of receiving consideration/fees. It is also admitted that ₹61,28,818.85 were collected as advisory fees for the year 2016-17 and 2017-18.

20. I note that Regulation 2(1)(m) of the IA Regulations provides that an '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. Further, it also provides that any person who holds out himself to be an 'investment adviser', by whatever name called, shall also be included in the definition of investment adviser.
21. It is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct their activities in accordance with the provisions of SEBI Act and Regulations framed thereunder. Section 12(1) of the SEBI Act reads as under:

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 regulations made under this Act.

22. As per regulation 3(1) of IA Regulations, the registration of the investment advisers is mandatory. It provides that, *"On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations"*. The IA Regulation had come into force with effect from January 21, 2013 onwards and Noticees commenced their business in the year 2015.
23. I note that the registration criteria for an investment advisor as laid down in the IA Regulations inter-alia provides for minimum professional qualifications, previous experience of at least five years in advisory activity and mandatory net worth requirement. Further, the IA Regulations also provide for disclosures of any

conflict of interest, risk profiling of clients, maintenance of records related to client-assessments and the suitability of advice.

24. These requirements in the IA Regulations are aimed at ensuring that the interest of investors is protected and the entity granted with the registration undergoes a scrutiny by the regulator, before commencing the regulated activity.
25. No entity can be heard to contend that he was ignorant about the regulatory requirements stipulated in law. With respect to the plea of the Noticees that they were unaware of the legal requirements regarding registration of their investment advisory business, it is relevant for me to quote "*ignorantia juris non excusat*". In other words, ignorance of law cannot be an excuse for justifying non-registration with the regulator and carrying out a prohibited activity without obtaining authorization per-se amounts to illegality.
26. I note that the Noticees have received 'consideration' from the clients while conducting business of investment advisory and has also misrepresented to the public/investors that they are into the business of investment advisory through the statements published on the Fastmoney Website.
27. From the aforesaid facts, I find that the Noticees were involved in rendering investment advice using the website medium of Fastmoney, without holding the requisite certificate of registration, as mandated by law. Therefore, I hold that the Noticees acted as "investment adviser" within the meaning of Regulation 2(1)(m) of the IA Regulations and were rendering 'investment advice' in terms of Regulation 2(1)(l) of the IA Regulations. Thus, it is established that Noticee Nos.1, 2 and 3 have violated the provisions of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations. I am, therefore, inclined to pass suitable directions against the Noticees under section 11B(1), 11D and 11(4) and impose penalty under Section 11B(2) and 11(4A) of the SEBI Act.
28. I note that Hon'ble Securities Appellate Tribunal in its order dated August 25, 2022 in the matter of Eprofitzone Fincap Consultant Private Limited upheld the direction of refund of amount, collected as consideration, to the clients by an unregistered

investment advisor. The said order is applicable to the facts in the instant case and I hold that the Noticees are liable to refund the amounts received from investors.

29. As regards monetary penalty, the relevant provision reads as below:

Penalty for contravention where no separate penalty has been provided

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

30. In this regard, I note that the Noticees conducted their unauthorized business for a period of around 3 years and had upto 35 clients. I also note that the Noticees have cooperated in the instant proceedings; admitted to the violations; closed the bank accounts connected with Fastmoney; and stopped investment advisory activity. Thus, considering the factors mentioned under Section 15J of SEBI Act such as illegal gains/ loss caused to investors, I find that the Noticees are liable for imposition of commensurate monetary penalty under section 15HB of the SEBI Act.

31. At this juncture, I note from the SCN that the partners of Fastmoney i.e. Arvind Kumar and Bibha Kumari have also formed another partnership namely, Financialleader Advisory Services and it is registered with SEBI in the capacity of 'Research Analyst' since July 03, 2019. The present enforcement action is limited to their investment advisory activities, carried out between December 30, 2015 to February 08, 2019. I am thus of the view that while passing directions against the Noticees, the above facts also need to be borne in mind.

DIRECTIONS

32. In order to protect the interest of the investors and secure market integrity, in terms of the powers delegated upon me under Section 19 of the SEBI Act, 1992 and

Sections 11(4), 11B(1), 11D, 11B(2) and 11(4A) read with section 15HB of the SEBI Act, I, do hereby issue the following directions:

- a. Noticee Nos. 2 and 3 shall prominently display the contents of this order on all websites and other media, through which the research analyst business is being conducted, for a period of 6 (six) months from the date of this order.
- b. Noticee Nos. 1-3 shall refund the money received as consideration from investors/clients, in respect of their unauthorized investment advisory activities, as detailed hereinafter;
- c. The Noticees shall issue a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation in the area of operation of Noticee No. 1, about the contents of this Order and give details of modalities for refund, including the details of contact person such as names, addresses and contact details of person to be approached for refund, within 15 days from the date of this Order;
- d. The Noticees shall accept refund claims / requests for a period of 6 (six) months from the date of public notice, as directed under sub-para (c) above;
- e. The Noticees shall within a period of 7 (seven) months from the date of public notice, as directed under sub-para (c) above, carry out and complete the refund exercise;
- f. The repayments to the claimants 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;

- g. The Noticees are hereby prohibited from selling their assets, properties including mutual funds/shares/securities held by them in demat and physical form except for the purpose of effecting refunds as directed above;
- h. After completing the repayments to the claimants, the Noticees 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, SEBI Bhavan II, Plot No. C7,G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051, within a period of 15 days, after completion of expiry of 7 (seven) months from the date of public notice, as directed above, duly certified by an Independent Chartered Accountant and the direction at sub-para (g) above shall cease to operate upon filing of such report on completion of refunds to claimants;
- i. The Noticees are restrained 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 1(one) year from the date of this order or till the date of filing of report, as directed in sub-para (h) above, whichever is later, except for the purpose of conducting their business as a 'research analyst' registered with SEBI;
- j. The Noticees shall, with immediate effect, cease and desist from carrying on unauthorized investment advisory activity;
- k. The Noticees are, jointly and severally, imposed with monetary penalty of ₹15,00,000 (Rupees Fifteen Lakh);
- l. The Noticees shall remit / pay the said amount of penalties within forty-five (45) days from the date of receipt of this order. The Noticees shall remit / pay the said amount of penalties through either by way of Demand Draft in favour of "SEBI -Penalties Remittable to Government

of India”, payable at Mumbai, or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of Chairman/ Members > PAY NOW. In case of any difficulties in online payment of penalties, the Noticees may contact support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to “The Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, 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 e-mail 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 : (like penalties/disgorgement/recovery/settlement amount/legal charges along with order details)	

33. This order shall come into force with immediate effect.

34. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the banks, Depositories and Registrar and Transfer Agents of Mutual Funds.

Date: December 20, 2022

Place: Mumbai

Sd/-

GEETHA G

CHIEF GENERAL MANAGER

SECURITIES AND EXCHANGE BOARD OF INDIA