

CGM/QJC-1/AA/IMD/IMD-II CIS/21586/2022-23
SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER

UNDER SECTION 12 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 27 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

In respect of:

NOTICEE	REGISTRATION NO.
Mr. Chetan Yashwant Shukla (Research Analyst) PAN: ABBPS2467H 701, Kamla Vihar, Parekh Nagar, S V Road, Near Jain Temple, Kandivali (West), Mumbai – 400067	INH000001402

BACKGROUND OF THE CASE

1. Mr. Chetan Yashwant Shukla (hereinafter referred to as “the Noticee”) is registered as a Research Analyst (hereinafter referred to as “RA”) under the SEBI (Research Analyst) Regulations, 2014 (hereinafter referred to as “RA Regulations, 2014”) in his individual capacity and having SEBI Registration No. INH000001402 from August 14, 2015.
2. The Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received several complaints against the Noticee through the SEBI Complaints Redress System web portal (hereinafter referred to as “SCORES”). It was observed from the said SCORES complaints that they were in the nature of investment advisory related grievances, involvement in fraud by taking money in lieu of opening Demat account etc. In view of the same, SEBI decided to carry out an inspection to *inter alia* examine whether adequate steps for redressal of grievances of the investors are being taken and that the conditions for registration are being complied with. The Noticee neither provided the documents sought for the purpose of inspection nor was he available at the registered address while conducting site visit of his office.

3. In view thereof, SEBI initiated Enquiry Proceedings in respect of the Noticee for the alleged violations of Regulations 3(a), (b), (c), and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations, 2003”) read with Section 12A (c) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act, 1992”).

ENQUIRY BY THE DESIGNATED AUTHORITY

4. A Show Cause Notice dated November 29, 2021 (hereinafter referred to as “Enquiry SCN”) was issued to the Noticee by the Designated Authority (hereinafter referred to as “DA”) stating as under:

- (i) SEBI had received several complaints against the Noticee through the SCORES web portal. As on November 28, 2019, there were a total of 14 complaints pending against the Noticee, of which 9 investor complaints were pending for redressal for over 6 months. The details of such complaints are as under:

Table No. 1

Sr. No.	Complainant Name	Status	Date of Receipt	Date of Forwarding to Noticee	Last communication received from Noticee	Last Reminder Sent to Noticee
1	Hariharan	Pending	17/02/2018	13/04/2018	27/04/2019	17/09/2019
2	Hrushikesh Mahanta	Pending	30/06/2018	06/07/2018	31/08/2019	17/09/2019
3	Rajwinder Singh	Pending	18/11/2018	27/11/2018	26/03/2019	24/08/2019
4	Anil Kumar	Pending	30/11/2018	10/12/2018	21/08/2019	28/11/2019
5	Miteshkumar Bharatbhai Patel	Pending	26/12/2018	31/12/2018	21/08/2019	26/06/2019
6	Vikash Gupta	Pending	14/02/2019	25/02/2019	21/08/2019	26/06/2019
7	Prakhar Rajput	Pending	05/05/2019	12/06/2019	None	26/06/2019
8	Jayesh Joshi	Pending	17/05/2019	12/06/2019	21/08/2019	26/06/2019
9	Sanjaykumar Bhagvanbhai Sudani	Pending	09/07/2019	24/09/2019	None	24/09/2019

10	Vishal Sanjay Salunkhe	Pending	13/08/2019	13/09/2019	None	24/09/2019
11	Prakash Bhanushali	Pending	27/08/2019	13/09/2019	None	24/09/2019
12	Manish Kumar	Pending	09/09/2019	13/09/2019	None	24/09/2019
13	Ankur Gupta	Pending	20/10/2019	28/11/2019	None	None
14	Praveen Kumar	Pending	24/10/2019	28/11/2019	None	None

- (ii) In view of the number of pending investor complaints against the Noticee, a notice dated February 15, 2019, was sent by SEBI on the registered address and email id of the Noticee, advising the Noticee to submit certain documents/information for the purpose of conducting its inspection. With regard to the same, pursuant to several reminders, the Noticee had responded seeking additional time to submit all the documents, which ultimately the Noticee failed to submit.
- (iii) As the Noticee did not submit the documents requested by SEBI, subsequently, a site visit was conducted on June 18, 2019 at the Noticee's registered address viz., "A- 601, Bhoumik Apartment, Ram Lane, Kandivali (West), Mumbai – 400067" as well as the correspondence address i.e., "126, Xth Central Mall, Mahavir Nagar, Kandivali (West), Mumbai". From the said site visit, it was found out that the Noticee had shifted from the said premises more than two years ago and did not have any operations in the above mentioned addresses.
- (iv) Further, site visits were also conducted at the below mentioned two addresses of the Noticee, in Indore on August 08, 2019;
- (a) As given on his website ways2star.in i.e. Plot No. 17, PU-4, Near Indo Thai, Vijay Nagar, Indore – 452010".
- (b) As per the Noticee's earlier request for a change in address and principal place of business to Indore, viz., "Plot No.56, PU-4, Near Hotel Clif, Vijay Nagar".

- (v) However, upon visiting the above mentioned two addresses, it was observed that a restaurant named 'Loca Mocha Lounge' was operating in the first address and construction of a new building was taking place in the second address.
 - (vi) The SCN alleged that although the Noticee is registered as a Research Analyst in his individual capacity, however, from his website i.e. ways2star.in, it appeared that the Noticee was offering investment advisory services, without obtaining approval for the same.
 - (vii) Based on the above observations, it was alleged that the Noticee was providing advisory without getting registered as an Investment Advisor with SEBI and is alleged to have violated Regulations 3(a), (b), (c), and (d) of the PFUTP Regulations, 2003 read with Section 12A (c) of the SEBI Act, 1992.
 - (viii) The Noticee was called upon to show cause as to why suitable action as provided under Regulation 23 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (hereinafter referred to as "Intermediaries Regulations, 2008") read with Regulation 32 of the RA Regulation, 2014 should not be recommended against the Noticee for the aforementioned violations alleged to have been committed by him.
5. The SCN was issued at the last known address of the Noticee, i.e. "A-601, Bhoomik Apartment, Ram Lane, Kandivali (West), Mumbai – 400067", through Speed Post Acknowledgement Due (SPAD) on November 29, 2021, which returned undelivered by the Postal Department with the remark 'Left'. Accordingly, the said SCN was issued to the Noticee on the email ids - ways2star@gmail.com and chetanshukla_05@yahoo.co.in on March 10, 2022 and the same was duly delivered.
6. The Noticee was granted an opportunity of personal hearing on April 11, 2022, through video conferencing on the Webex platform, vide e-mail dated April 05, 2022, which was duly delivered. However, the Noticee neither attended the said hearing nor submitted his reply to the SCN, despite the SCN and the hearing notice being served upon the Noticee through his email.

7. In view of the above, the Designated Authority noted that sufficient opportunities have been granted to the Noticee to reply to the SCN and appear for the personal hearing. Thereafter, Enquiry Report (hereinafter referred to as “ER”) dated April 21, 2022 was submitted by the Designated Authority recommending that the certificate of registration of the Noticee, i.e. Mr. Chetan Yashwant Shukla, as a Research Analyst be cancelled in the interest of the securities market.

POST ENQUIRY PROCEEDINGS BY THE COMPETENT AUTHORITY

Show Cause Notice, Reply and Personal Hearing

8. A post-enquiry Show Cause Notice dated May 10, 2022 (hereinafter referred to as “SCN”), was issued to the Noticee enclosing a copy of the Enquiry Report submitted by the DA and calling upon it to show cause as to why action as recommended by the DA or any other action including passing of appropriate directions as deemed fit by the Competent Authority should not be taken against the Noticee in terms of the Intermediaries Regulations.
9. The SCN dated May 10, 2022, was sent to the Noticee through SPAD which has returned undelivered. The SCN was also forwarded through emails dated May 13, 2022. Thereafter, the SCN was served on the Noticee vide digitally signed email dated June 27, 2022 on the Noticee’s email ids available on record viz. chetanshaukla_05@yahoo.co.in and ways2star@gmail.com. It is noted that the said email has not bounced back.
10. An opportunity of hearing was granted to the Noticee on November 02, 2022 which was communicated vide letter dated October 06, 2022 along with copy of SCN at the Noticee’s alternate address at “701, Kamla Vihar, Parekh Nagar, S V Road, Near Jain Temple, Kandivali (West), Mumbai – 400067” which was traced by SEBI in the course of recovery proceedings initiated against the Noticee for non – payment of penalty of Rs. 3 lakhs imposed by an Adjudication Officer of SEBI vide order dated April 12, 2022. As per the India Post tracking report, I note that the hearing notice was delivered on the aforesaid address on October 08, 2022.

11. The Noticee appeared for hearing on November 02, 2022 and submitted his reply of the same date stating as under:
- A. The Noticee started the advisory service at Indore as a research analyst to educate investors and to assist them in taking informed investment decisions,
 - B. For carrying out the day to day activities, the Noticee appointed one, Mr. Nishant Chaturvedi. According to the Noticee, Mr. Nishant Chaturvedi started taking money in his own bank account from investors using the Noticee's Research Analyst registration number without his knowledge.
 - C. According to him, Mr. Nishant Chaturvedi hacked his email ID registered with SEBI and changed the SCORES portal password, and therefore, he was not able to communicate with SEBI.
12. During the hearing, the Noticee reiterated the submissions made in his reply dated November 02, 2022 and *inter alia* also submitted as under:
- A. Mr. Nishant Chaturvedi was arrested and kept in custody at the Arthur Road jail, for misleading investors and accepting money from them. At the time of applying for bail, he admitted the fraud committed by him and undertook to repay the investors. The Noticee has undertaken to provide a copy of the order of the Court granting him bail.
 - B. When asked as to why he did not respond to the letters issued at his registered address, the Noticee submitted that the said apartment was under redevelopment.
 - C. He has not received any money in his own bank accounts.

CONSIDERATION OF ISSUES AND FINDINGS

13. I have considered the material available on record i.e., Enquiry Report along with the SCN, oral and written submissions including the Noticee's replies dated November 02, 2022 and November 16, 2022, and I note that the issue for consideration before me is whether the Noticee has violated the provisions of Regulations 3(a), (b), (c), and (d) of the PFUTP Regulations, 2003 read with Section 12A (c) of the SEBI Act, 1992.
14. At the outset, I note that the Noticee vide notice dated February 15, 2019 was informed that an inspection of his books of accounts, records and other documents pertaining to his registration would be carried and the Noticee was advised to send the information sought

in the format enclosed therein latest by February 23, 2019. The said notice was sent at the Noticee's registered address which returned undelivered with the remark "Consignee Shifted". Pursuant to several reminders, SEBI received email dated February 21, 2019 from the following email id - "ways2star@gmail.com" requesting SEBI to grant time of 10 -15 days for arranging all the documents. Accordingly, time was granted till February 28, 2019 to provide the information sought by SEBI. The Noticee ultimately failed to submit the requisite information.

15. As the notice failed to provide the information sought, a site visit was conducted at the Noticee's correspondence address available with SEBI i.e., "126, Xth Central Mall, Mahavir Nagar, Kandivali (West), Mumbai" based on which it was gathered that the Noticee had shifted from the said premises more than two years ago and did not have any operations based at the above mentioned addresses. A site visit was also conducted at the below mentioned two addresses of the Noticee, in Indore: (i) as given on his website ways2star.in i.e. "Plot No. 17, PU-4, Near Indo Thai, Vijay Nagar, Indore – 452010" and (ii) as per the Noticee's earlier request for a change in address and principal place of business to Indore, viz., "Plot No.56, PU-4, Near Hotel Clif, Vijay Nagar". However, upon visiting the aforesaid two addresses, it was observed that a restaurant named 'Loca Mocha Lounge' was operating on the first address and construction of a new building was taking place in the second address.
16. I note that only when recovery proceedings were initiated against the Noticee for non – payment of penalty of Rs. 3 lakhs imposed by an Adjudication Officer of SEBI vide order dated April 12, 2022, SEBI was able to trace an alternate address of the Noticee, and when the notice dated October 06, 2022 along with copy of SCN, granting the Noticee an opportunity of hearing was served at the Noticee's alternate address at "701, Kamla Vihar, Parekh Nagar, S V Road, Near Jain Temple, Kandivali (West), Mumbai – 400067" that the Noticee appeared for hearing and submitted his reply. Regulation 13 (ii) of the RA Regulations titled "Conditions of Certificate" states that the research analyst shall forthwith inform the Board in writing, if there is any material change in the information already submitted by him. As stated earlier, the Noticee was not traceable at the registered address, correspondence address and even the Indore address (based on the letter for request in change of address) and failed to communicate the change in address to the new

address traced by SEBI. I note that during the hearing, when the Noticee was asked as to why he did not respond to the letters issued at his registered address, the Noticee submitted that the said apartment was under redevelopment. I note that the SPAD Card pertaining to notice dated February 15, 2019 came undelivered with the remark “Consignee Shifted” and when the officers of SEBI visited the registered address they were informed that the Noticee had shifted and was not carrying out his business from the said premises for the past two years. Furthermore, I note from the bank account statement of the Noticee’s account bearing no. 053901511826 held with ICICI Bank that the Noticee has updated his current address therein to “701, Kamla Vihar, Parekh Nagar, S V Road, Near Jain Temple, Kandivali (West), Mumbai – 400067”. However, he failed to similarly inform SEBI of the change of address when he is bound by the RA Regulations to do so. Based on the aforesaid facts, I find that the Noticee has deliberately been dodging service of notices and letters issued by SEBI.

17. I note that the Noticee, Mr. Chetan Yashwant Shukla is a SEBI registered Research Analyst having registration number INH000001402. The ER notes that the Noticee was having a website with the address *ways2star.in*. I note that as on date, the website is not active, however, the print outs of the webpages are available and the same are taken on record. I note that under the “About Our Company” section of the website, the following is stated:

“Ways2star Financial Services is a leading market research company in India, we can advice to your future. Our main focus is on consistently delivering high quality financial products and services to our customers. We have legal entity SEBI Reg. No. INH000001402.”

18. It is pertinent to note that the said registration number has been granted to the Noticee, Mr. Chetan Yashwant Shukla in his capacity as a Research Analyst.
19. I note that under the “Our Services” section of the website, the firm Ways2star was providing the following services:
- A. Equity Premium Tips – Signature Plan (Combo)
 - B. Premium MCX Combo Services
 - C. Basic MCX Services and MCX Base Metal Services.

20. SEBI has received 14 complaints against the Noticee through the SCORES portal which indicate that the Noticee was providing stock tips, advisory related grievances, indulging in fraud by taking money in lieu of opening Demat Account etc. Table 1 provides the details of the said complaints which is reproduced under for ease of reference:

Table No. 1

Sr. No.	Complainant Name	Status	Date of Receipt	Date of Forwarding to the Noticee	Last communication received from the Noticee	Last Reminder Sent to the Noticee
1	Hariharan	Pending	17/02/2018	13/04/2018	27/04/2019	17/09/2019
2	Hrushikesh Mahanta	Pending	30/06/2018	06/07/2018	31/08/2019	17/09/2019
3	Rajwinder Singh	Pending	18/11/2018	27/11/2018	26/03/2019	24/08/2019
4	Anil Kumar	Pending	30/11/2018	10/12/2018	21/08/2019	28/11/2019
5	Miteshkumar Bharatbhai Patel	Pending	26/12/2018	31/12/2018	21/08/2019	26/06/2019
6	Vikash Gupta	Pending	14/02/2019	25/02/2019	21/08/2019	26/06/2019
7	Prakhar Rajput	Pending	05/05/2019	12/06/2019	None	26/06/2019
8	Jayesh Joshi	Pending	17/05/2019	12/06/2019	21/08/2019	26/06/2019
9	Sanjaykumar Bhagvanbhai Sudani	Pending	09/07/2019	24/09/2019	None	24/09/2019
10	Vishal Sanjay Salunkhe	Pending	13/08/2019	13/09/2019	None	24/09/2019
11	Prakash Bhanushali	Pending	27/08/2019	13/09/2019	None	24/09/2019
12	Manish Kumar	Pending	09/09/2019	13/09/2019	None	24/09/2019
13	Ankur Gupta	Pending	20/10/2019	28/11/2019	None	None
14	Praveen Kumar	Pending	24/10/2019	28/11/2019	None	None

21. I note from the complaint filed by Mr. Hrushikesh Mahanta (Sr. no. 2, Table No. 1) that the services provided by the Noticee were in the nature of advisory services. The details of the complaint are being reproduced as under:

“.... I had taken only Equity Signature Plan of duration of two months after few days they converted it to Stock Cash HNI Plan forcefully because the above Equity Signature Plan is not suitable for your profile they told which was duration 6 months as plan description (sic).... There was no communication with us. They directly accessed my Demat Account and trade till June 2018. I think from August 2018 onwards they are sending SMS and I am not using it.”

22. The term “Research Analyst” is defined under Regulation 2 (1) (u) of the RA Regulations, 2014 as one who is primarily responsible for-

- (i) preparation or publication of the content of the research report; or
- (ii) providing research report; or
- (iii) making 'buy/sell/hold' recommendation; or
- (iv) giving price target; or
- (v) offering an opinion concerning public offer, with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.

23. I also note that Regulation 2 (1) (l) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as “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.”* From the aforesaid, I note that even though, RAs can *inter alia* make buy/ sell/ hold recommendation, the same is in connection with specific securities as opposed to investor specific advice that may be provided by an Investment Advisor.

24. I also note that the website ways2star.in of the Noticee hosts a risk profiling form for the clients who subscribe to its services. I note that a Research Analyst is not mandated by the RA Regulations to carry out risk profiling of its clients as the recommendations of an RA

are not investor specific. On the other hand, in terms of Regulation 16 of the IA Regulations titled “Risk Profile”, an Investment Adviser shall *inter alia* ensure that it obtains from its client information including risk appetite/ tolerance and has a process for assessing the risk a client is willing and able to take.

25. In view of the above discussion at paragraphs 17 to 24, more specifically, from the services mentioned by the Noticee on his website, risk profiling form available on the Noticee’s website and the complaints received by SEBI which stated that they had received investment advisory services from the Noticee, I find that the Noticee was providing investment advisory services as opposed to providing Research Analyst Services without registration as an “investment advisor”.

26. In order to ensure that the investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Act, 1992. Section 12(1) of the SEBI Act, 1992 reads as under:

“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.”

27. Further, as per Regulation 3(1) of the IA Regulations, 2013 the registration of the investment advisers is mandatory. Regulation 3(1) 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”*.

28. The activities of the Noticee, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that the Noticee is holding itself out and acting as an investment adviser without complying with the requirements of IA Regulations, 2013 and SEBI Act including seeking of registration with SEBI.

29. I note that without seeking of registration as “Investment Adviser” with SEBI, the Noticee and has knowingly misrepresented on its website his SEBI Registration for Research Analyst services for doing investment advisory services. The same can be inferred from the fact that the website shows that risk profiling is mandatory for availing the services. This clearly shows that the Noticee is aware of the requirements of IA Regulations. It appears that the Noticee has misled the investors, as discussed above, giving an impression that it is registered with SEBI, as an investment advisor thereby luring and inducing investors to deal in securities by availing its services. These acts of the Noticee are misleading in the sense that the public are effectively made to believe that the Noticee is registered with SEBI and therefore, authorized to deal in securities market while, in fact, he does not have the certificate of registration and is defrauding the public by luring/ inducing them to avail its services to deal in securities. Furthermore, the Noticee has claimed “97% increase in revenue” and “100% profit increment” through his website. I note that investments in securities market are subject to market risk and the act of the Noticee to assure returns/ profits is misleading and made with an intent to influence clients to avail its advisory services.
30. Therefore, by making the aforesaid claims through the website, the Noticee has been inducing investors to deal in securities by availing its investment advisory services for which the Noticee does not have a registration certificate from SEBI as is required under Section 12 (1) of the SEBI Act read with Regulation 3 (1) of the IA Regulations.
31. The Noticee in his reply dated November 02, 2022 has stated that for carrying out the day to day activities, the Noticee appointed one, Mr. Nishant Chaturvedi and that Mr. Nishant Chaturvedi started taking money in his own bank account from investors using his research analyst registration number without the Noticee’s knowledge. The Noticee during the hearing held on November 02, 2022 undertook to submit his bank account statements and documents showing that Mr. Nishant Chaturvedi was operating the fraud. I note that the Noticee vide letter dated November 16, 2022 has stated that he is thereby submitting the bank account statements of the following accounts:

Table No. 2

Name of the Bank	Bank Account Number
ICICI Bank	053901511826
Axis Bank	912010022630556
IndusInd Bank	258169846047

32. However, on perusal of the said letter, I note that although the Noticee has stated that he is submitting the account statements of the aforesaid bank accounts, he has, however, enclosed the copy of only one bank account statement pertaining to his ICICI Bank account. As regards the Axis Bank account statement, I note that the Noticee has enclosed the bank account statement of account number 917020079462896 which is held by one, RST Technologies Private Limited having address at 412-413, B-Wing, Kanara Business Centre, Laxmi Nagar Off Ghatkopar Andheri Link Road, Near Everest Garden, Ghatkopar (East), Mumbai, Maharashtra 400075, which clearly does not belong to the Noticee. Furthermore, I note that the Noticee has failed to enclose the bank account statements of his IndusInd Bank account.
33. I note from SEBI's interim order dated August 04, 2020 against the Noticee *inter alia* directing him to cease and desist from acting as an investment advisor, that the following amounts were received by during the existence of the said bank accounts (the status of the account currently is "Closed"):

Table No. 3

Account no.	Total amount credited (Rs.)	Actual amount credited (in Rs.)
053901511826 (from 31/10/2017 to 09/07/2019)	1,43,18,762.51	1,43,18,762.51
Total		Rs. 1,43,18,762.51

34. I note that the Noticee has provided a copy of the said ICICI bank account statement only for the period from June 30, 2018 to April 20, 2019 whereas as per the interim order the date of first transaction is June 09, 2017. Nevertheless, on perusal of the account statement, I find the following credit entries in the bank account (as the date of entries are not clearly legible, only the description of the entries and amounts credited are being mentioned):

Table No. 3

Sr. No.	Description	Amount (in Rs)
1	MMT/IMPS/818713065588/WAYS2STA/AXIS BANK LTD.	7,000
2	MMT/IMPS/818717146688/ WAYS2STA/AXIS BANK LTD.	1,000
3	MMT/IMPS/818720212118/ WAYS2STA/AXIS BANK LTD.	7,000
4	MMT/IMPS/819215518676/ WAYS2STA/AXIS BANK LTD.	30,000
5	MMT/IMPS/820012427816/ WAYS2STA/AXIS BANK LTD.	1,500
6	MMT/IMPS/825518934004/ WAYS2STA/AXIS BANK LTD.	4,000
7	MMT/IMPS/825710468097/ WAYS2STA/AXIS BANK LTD.	9,000
8	MMT/IMPS/826310880158/ WAYS2STA/AXIS BANK LTD.	25,000
9	MMT/IMPS/826311887751/ WAYS2STA/AXIS BANK LTD.	1,000
10	MMT/IMPS/828218941248/ WAYS2STA/AXIS BANK LTD.	8,000
11	MMT/IMPS/828216943376/ WAYS2STA/AXIS BANK LTD.	2,000
12	MMT/IMPS/828712506813/ WAYS2STA/AXIS BANK LTD.	1,000
13	MMT/IMPS/820012052827/ WAYS2STA/AXIS BANK LTD.	2,000
14	MMT/IMPS/...12057168/WAYS2STA/AXIS BANK LTD. (Numbers are not clearly readable)	900
15	MMT/IMPS/831118311808/ WAYS2STA/AXIS BANK LTD.	5,000
16	MMT/IMPS/...019412878/ WAYS2STA/AXIS BANK LTD. (Numbers are not clearly readable)	2,000
TOTAL		1,06,400

35. I note from the aforesaid Table that there have been credits to the extent of Rs. 1,06,400/- from Ways2Star into the Noticee's bank account bearing number 053901511826 for the period from June 30, 2018 to April 20, 2019. Therefore, the Noticee's argument that Mr. Nishant Chaturvedi was running this fraudulent scheme using the Noticee's research analyst registration number without his knowledge is not acceptable. The aforesaid credit entries clearly show that the unregistered investment advisory business was known to the Noticee.
36. The Noticee has also contended that Mr. Nishant Chaturvedi hacked his email ID registered with SEBI and changed the SCORES portal password, and therefore, he was not able to communicate with SEBI. I find it difficult to believe that the Noticee's email, which he used while conducting his activities as a Research Analyst and which was registered with SEBI, was hacked by the said Mr. Nishant Chaturvedi, and the Noticee failed to notice the same. I also do not agree with the Noticee's submission that his SCORES portal password was changed by Mr. Nishant Chaturvedi without his knowledge.

At the very least, it shows negligence and recklessness on the part of the Noticee. Furthermore, if the entire fraudulent scheme was carried on by Mr. Nishant Chaturvedi by using the Noticee's SEBI Research Analyst registration number, any prudent SEBI registered intermediary would have taken action against such person for using their identity for the purpose of misrepresenting and defrauding investors. I note that the Noticee has not adduced any document to show any step taken by him to correct the alleged wrong done to him.

37. During the course of the hearing on November 02, 2022, the Noticee also submitted that Mr. Nishant Chaturvedi was arrested and kept in custody at the Arthur Road jail, for misleading investors and accepting money from them. At the time of applying for bail, he admitted the fraud committed by him and undertook to repay the investors. The Noticee has undertaken to provide a copy of the order of the Court granting him bail. I note that the Noticee vide letter dated November 16, 2022 has provided a copy of the order dated February 13, 2020 (hereinafter referred to as "Bail Order") of the Hon'ble Bombay High Court in the matter of *Nishant Bhupesh Chaturvedi v. The State of Maharashtra* (Anticipatory Bail Application no. 382 of 2020) and the relevant portion of the said order is reproduced as under:

"...

3. *Prima-facie, it appears that the complainant had deposited the amount only in the Account of Shashi Arya who is a franchisee holder of applicant's company in terms of the agreement dated 10th March, 2018, wherein the said Company allegedly, on the pretext of high returns on the deposit, had cheated the complainant.*
4. *In view of this fact, in the event of arrest of the applicant in C.R. No. I-377/2018 registered with Rabale MIDC Police Station, he shall be released on bail on furnishing P.R. Bond of Rs. 50,000/- (Rs. Fifty Thousand only) with one or two sureties in the like sum.*
5. *The applicant shall report to the Investigating Officer on 20th, 25th February and 5th March, 2020 between 11 to 1:00 p.m.*
6. *The applicant shall furnish the particulars of his place of residence and contact details to the Investigating Officer of the Police Station concerned within seven days from today.*
7. *The applicant shall not tamper with the evidence or attempt to influence or contact the complainant, witnesses or any person concerned with the case.*
8. **It is made clear that observations made hereinabove shall be constructed as expression of opinion only for the purpose of granting bail and the same shall not in any way influence the trial in the proceedings.**"

38. I have perused the contents of the aforesaid Bail Order and I note that based on the contents of the Bail order, it is difficult to conclude the involvement of Mr. Nishant Chaturvedi in the fraud perpetrated by the Noticee.¹ Furthermore, it is pertinent to refer to para 8 of the said order wherein the Hon'ble Bombay High Court has clearly stated that the observations made by the Court in the order shall not influence the trial in the proceedings. Therefore, I note that the reliance of the Noticee on the said order of the Hon'ble Bombay High Court dated February 13, 2020 is misplaced.
39. At this stage, it is pertinent to refer to the doctrine of clean hands which entails that those seeking Equity, must do Equity. The principle also entails that he, who comes to the Court with false claims, cannot plead equity. I note that the Noticee was getting credits in his ICICI Bank from his unregistered investment advisory firm and therefore, at this stage he cannot plead ignorance of the same and shift the blame on Mr. Nishant Chaturvedi.
40. I note that SEBI has also passed interim order dated August 04, 2020 *inter alia* directing the Noticee to cease and desist from acting as an investment advisor and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever until further orders, and not to dispose of or alienate any assets, whether movable or immovable, including moneys lying in any bank accounts except with the prior permission of SEBI. Further, vide order dated February 26, 2021, the Noticee was directed to refund the money received from the complainants or investors, as fees/profit sharing/compensation or in any other form, if any, in respect of their unregistered investment advisory activities. Further, the banks have been directed to allow debit only for the purpose of making refunds to the clients/investors who were availing the investment advisory services from the Noticee, from the bank accounts of the Noticee, wherein debit has been frozen by virtue of interim order dated August 04, 2020.
41. Despite the Noticees' bank accounts being frozen since August 04, 2020, the Noticee has made the representation to unfreeze his bank accounts for the very first time vide his reply dated November 02, 2022. As noted in paragraph nos. 10 and 16 of this order, it is clear

¹ The said observation pertains to the facts of the present matter, and the same shall not be construed to exonerate or affect other proceedings, if any, against Mr. Nishant Chaturvedi, initiated by SEBI or any other authority, as the case may be.

that only after SEBI was able to track the Noticee in the recovery proceedings, that the Noticee has come forward and submitted his reply.

42. The relevant provisions of law attracted in the present case are reproduced as under:

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

...

...

...

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations:

“Definitions

2. (1) In these regulations, unless the context otherwise requires, —

...

...

...

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent,

(7) deceptive behaviour by a person depriving another of informed consent or full participation,

(8) a false statement made without reasonable ground for believing it to be true.

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even

though they did not rely on the statement itself or anything derived from it other than the market price.

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

43. I feel it is pertinent to note the observations of the Hon'ble Supreme Court in **SEBI v. Kanaiyalal Baldevbhai Patel** (2017) 15 SCC 1, which are as under-

“The definition of ‘fraud’, which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a ‘fraudulent act’ or a conduct amounting to ‘fraud’. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word “induce” ...

... ..

A person can be said to have induced another person to act in a particular way or not to act in a particular way if on the basis of facts and statements made by the first person the second person commits an act or omits to perform any particular act. The test to determine whether the second person had been induced to act in the manner he did or not to act in the manner that he proposed, is whether but for the representation of the facts made by the first person, the latter would not have acted in the manner he did. This is also how the word inducement is understood in criminal law. The difference between inducement in criminal law and the wider meaning thereof as in the present case, is that to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient.”

44. I note that without seeking of registration as “Investment Adviser” with SEBI, the Noticee has knowingly misrepresented on its website his SEBI Registration for Research Analyst services for doing investment advisory services. I note that the Noticee has misled the investors, as discussed above, giving an impression that it is registered with SEBI, as an investment advisor thereby luring and inducing investors to deal in securities by availing its services. These acts of the Noticee are misleading as the public are effectively made to believe that the Noticee is registered with SEBI and therefore, authorized to deal in securities market. However, he does not have the certificate of registration and is defrauding the public by luring/ inducing them to avail its services to deal in securities thereby engaging in acts, practices, course of businesses which operated as ‘fraud’ as defined under Regulation 2(1)(c) of the PFUTP Regulations. In view of the aforesaid, I find that the Noticee has violated Section 12A (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), and (d) of the PFUTP Regulations, 2003.

CONCLUSION:

45. I note that the DA vide Enquiry Report dated April 21, 2022 has observed the following:

“23. ... all the complaints against the RA indicate, stock tips, advisory related grievances, frauds by taking money in lieu of opening Demat Account etc, are in the nature of being deceptive, fraudulent or possibly cause injury to a consumer by giving advice which falls outside of the ambit of a research analyst. Thus, the Noticee has engaged in a course of business which operates as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the RA Regulations, 2014.

24. Considering the above facts and in the absence of any reply submitted in the matter, in his defence, I hold that the Noticee has violated the provisions of Regulations 3(a), (b), (c), and (d) of the PFUTP Regulations, 2003 read with Section 12A (c) of the SEBI Act, 1992.

...

26. I find it pertinent to mention here that registration is with the objective of protecting the interests of the investors, as it casts accountability and responsibility upon the registered Research Analyst to comply with all regulatory requirements applicable to the conduct of its business activity, so as to promote the best interests of clients and the integrity of the market. I consider that the act of the Noticee of not resolving investor grievances, not providing the relevant information to SEBI, and acting beyond his capacity as a Research Analyst, without making an application for registration, etc., is in reckless disregard to the regulatory requirement of a Research Analyst. The misconduct of the Noticee as brought out

in the preceding paragraphs clearly shows that he has failed in his fiduciary duties owed to his clients.”

46. In view of the aforesaid observations, the DA has recommended cancellation of the certificate of registration of the Noticee as a Research Analyst in terms of regulations 23 and 26 of the Intermediaries Regulations read with regulation 32 of the RA Regulations.
47. I note that for the reasons mentioned in the preceding paragraphs, I find myself in agreement with the findings and the recommendation of the DA that the certificate of registration of the Noticee be cancelled.

ORDER:

48. I, in exercise of the powers conferred upon me under Section 19 read with Section 12(3) of the Securities and Exchange Board of India Act, 1992 and Regulation 27 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, hereby direct as under:
- A. The Certificate of Registration granted to the Noticee, Mr. Chetan Yashwant Shukla as a Research Analyst having SEBI Registration No. INH000001402 shall be cancelled forthwith.
 - B. The direction for cancellation of certificate of registration of the Noticee, Mr. Chetan Yashwant Shukla as a Research Analyst at paragraph 48 (A) hereinabove, shall not preclude it from redressing the grievances of its clients, or refund monies to such clients, as the case may be.
49. The above directions shall come into force with immediate effect.
50. A copy of this Order shall be served on the Noticee and on all recognized Stock Exchanges and Depositories.

November 29, 2022
Mumbai

Sd/-
DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
QUASI JUDICIAL CELL 1
SECURITIES AND EXCHANGE BOARD OF INDIA