

## BEFORE SECURITIES AND EXCHANGE BOARD OF INDIA

## FINAL ORDER

UNDER SECTIONS 11(1), 11(4), 11B (1), 11(4A) and 11B (2) OF SECURITIES  
AND EXCHANGE BOARD OF INDIA ACT, 1992

## In respect of:

Sl. No.	Noticee's Name	PAN
1	Ms. Gunjan Verma	BFUPV7506N

In the matter of Unregistered Investment Advisory by Gunjan Verma

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## BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had received a complaint dated March 08, 2021 from one Ms. Megha Jain (hereinafter referred to as "**Complainant**") against Ms. Gunjan Verma (hereinafter referred to as "**Ms. Gunjan/ Noticee**"). The Complainant had *inter alia* stated that the Noticee opened her demat account in Goodwill Wealth Management Private Limited and promised commitment of profits and received ₹2,50,000 from her through Google Pay in its State Bank of India (hereinafter referred to as "**SBI**") Bank account. It was also stated that the Noticee made false commitments and mentally harassed the complainant, when she tried to get the refund. The Complainant vide her email dated June 21, 2022 further narrated that the Noticee took money for investing in the Stock market and assured profits and claimed to be an investment advisor.
2. Pursuant to receipt of the complaint, SEBI vide its letter dated August 06, 2021, *inter alia* sought the details from the Noticee of all the investors who had availed investment advisory services and had paid the fees in her SBI account. In response to the same, Noticee vide her undated letter, received on August 10,

2021 provided the details of amount credited in its account from only the complainant, amounting to ₹2,50,175. It was further stated by the Noticee that she had refunded an amount of ₹1,27,004 to the google pay account of the complainant. Since the Noticee had provided only the details of complainant, SEBI vide its letter dated August 16, 2021, advised the Noticee to provide information pertaining to amounts collected from all other investors/clients. In response to the aforesaid letter, the Noticee vide an undated letter, received on September 01, 2021, stated that she had received amount from the complainant and further informed that she had also received money from one Ms. Swati Gupta. It was claimed by the Noticee that ₹1,90,000 was received from Ms. Swati Gupta, out of which ₹37,841 had been returned to her in the same account. Further, SEBI vide its letter dated August 18, 2021, advised the Noticee to provide details with regard to certain credit entries appearing in its bank account. In response thereto, the Noticee vide another undated letter received by SEBI on September 13, 2021, while providing the details of the credit entries, claimed that such credit entries were from various individuals whom the Noticee claimed to be her friends and relatives. The Noticee claimed that the last two entries mentioned in SEBI's letter dated August 18, 2021 were from one Mr. Vinay Goyal.

### **SHOW CAUSE NOTICE:**

3. Pursuant to the examination, a show cause notice dated March 06, 2023 (hereinafter referred to as "**the SCN**") was issued to the Noticee calling upon her to show cause as to why suitable directions under sections 11 (1), 11 (4), 11B(1) be not issued against her and/or penalty as deemed fit under Section 11(4A) and 11B(2) read with Section 15EB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") be not imposed upon her for the alleged violation of Section 12(1) of SEBI Act read with Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 ("**IA Regulations**").
4. The SCN contained, *inter alia*, the following observations and allegations against the *Noticee* with regard to SEBI's examination of its activities:

- 4.1. The Complainant had *inter alia* alleged that the Noticee opened her demat account in Goodwill Wealth Management Private Limited. and promised commitment of profits and received ₹2,50,000 from her.
- 4.2. The Complainant had also alleged that the Noticee took money for investing in the Stock market and assured profits and claimed to be an investment advisor.
- 4.3. From the Bank account details (SBI account no. 39190566488) of the Noticee provided by the Complainant, the KYC and account opening form of the Noticee was sought from SBI. From the information provided by SBI, the following was observed:
- i. As per the KYC document provided by SBI, it is observed that Ms. Gunjan Verma i.e. the Noticee, is the beneficiary of the account. The account was opened at Y.N. Road branch, Indore.
  - ii. The account was opened on March 04, 2020 and first transaction was recorded on March 11, 2020.
  - iii. Vide its email dated July 17, 2021, SBI informed that the Bank account was put on stop/hold due to cyber/police complaint on June 25, 2021.
  - iv. On perusal of the Bank account statement, a total of 238 credit entries amounting to ₹ 7,72,779 were observed during the period of examination (March 04, 2020 to June 25, 2021).
  - v. From the bank statement an amount of ₹ 2,50,175 was also traced which was allegedly paid by the complainant to the Noticee in multiple tranches.
- 4.4. The Noticee, vide her letter received by SEBI on August 10, 2021, claimed to have refunded ₹ 1,27,004 to the complainant, however, the complainant, vide her e-mail dated June 21, 2022 denied that she has received any refund from the Noticee. Further, the Noticee had claimed to have refunded ₹ 37,841 to Ms. Swati Gupta and ₹ 46,468 to Mr. Vinay Goyal.

4.5. Upon perusal of the bank account of the complainant, it was observed that there were multiple credit entries in the bank account from the Noticee. SEBI, vide email dated November 04, 2022, sought information from the complainant on the credit of funds from the Noticee. The complainant vide her email dated November 07, 2022 informed that the Noticee had promised to give a fixed profit but also asked for 50% share in profits also. The complainant further stated that the Noticee was returning money to prove that she was earning money from the complainant's capital and this was being done for the purpose of building confidence, however, the Noticee then took all the money from the complainant. Further, upon perusal of the bank account statement of the complainant, it was observed that there were multiple entries in her bank account with the narration like 'shares', 'crude oil', 'profit tue', 'week profi' etc. to and from the UPI address of the Noticee.

4.6. Since the Noticee had stated that she had received money from Mr. Vinay Goyal, SEBI vide email dated November 24, 2022 sought details from Mr. Vinay Goyal. Mr. Vinay Goyal vide email dated November 24, 2022 *inter alia* informed that the money was given to the Noticee for investment in share market and also provided WhatsApp chats and screenshots of his conversation with the Noticee. Further, vide email dated November 27, 2022, it was informed by Mr. Vinay Goyal that he had paid ₹ 50,000/- in his demat account as investment and ₹ 25,000/- on two occasions to the Noticee as investment advisory fees.

5. The SCN in the said matter was issued to the *Noticee* by Speed Post Acknowledgement Due on her address and the same was served upon her. However, the Noticee neither filed any reply/objections to the SCN nor did she seek any personal hearing. Nevertheless, in conformity with the principles of natural justice, an opportunity of personal hearing was provided to the Noticee by scheduling the personal hearing on May 16, 2023. I note that the hearing notice was also served upon the Noticee. However, the Noticee neither appeared

nor sought any adjournment. Accordingly, in this context, I find it apt to refer to and rely on the observation of the Hon'ble Securities Appellate Tribunal ("SAT") in the case of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013-Order dated February 11, 2014), wherein the Hon'ble SAT has observed that–  
“.....appellants have neither filed reply to show cause notices issued to them nor have availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices...” Under the circumstances, even though the Noticee has remained *ex parte*, I observe that the principles of natural justice have been adequately complied with in the present matter, and as the Noticee has preferred not to participate in the present proceedings before me, I am constrained to deal with the matter on merits based on the material available on record.

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

6. I have considered the allegations levelled in the SCN and the materials available on record. I note that the SCN has alleged that the Noticee was engaged in the activities of an 'investment adviser' as defined under Regulation 2 (m) of the IA Regulations, 2013, by providing 'investment advice' as defined under Regulation 2(l) of IA Regulations, 2013 in violation of the provisions of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations. The aforementioned provisions read as under:

##### ***Provisions of the SEBI Act:***

***“Section 12 of the SEBI Act – 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:*

*Provided that a person buying or selling securities or otherwise dealing with the securities market as a 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 immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:*

*Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.”*

### **Provisions of the Investment Advisers Regulations:**

#### **Regulation 2(m)**

*“investment adviser means any person who for consideration, is engaged in the business of providing 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”.*

#### **Regulation 2(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;*

***“Regulation 3– Application for grant of certificate.***

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

7. From the material available on record, the following is observed:

7.1. The Noticee is not registered with SEBI as an intermediary.

7.2. The complainant’s grievance against the Noticee was that she had opened her demat account in Goodwill Wealth Management Private Limited and promised false commitment of profits and received ₹ 2,50,000 from her. It was further alleged that the money was taken from her for investing in stock market and profits were assured. The complainant also alleged that the Noticee claimed to be an investment adviser.

7.3. On further examination of the complaint, it was noted that the bank account in which the complainant had sent the money was in the name of the Noticee. On perusal of the bank statement, it was also noted that an amount of ₹ 2,50,175 in multiple tranches, which the complainant had claimed to have given to Noticee, was traced in the bank account of the

Noticee. Moreover, the Noticee, herself had agreed to have received the money from the complainant. Thus, there is not an iota of doubt that the money was received from the complainant. However, the Noticee has claimed that it had also refunded an amount of ₹1,27,004 to the google pay account of complainant, the fact which was earlier denied by the complainant. To ascertain the veracity of the claim made by the Noticee, bank account of the complainant was perused and it was observed that there were multiple credit entries from the Noticee in the bank account of the complainant. On being asked to provide the details of such credit entries appearing in her bank account, the complainant informed that the Noticee had promised to give a fixed profit but also asked for 50% share in profits also. The complainant further stated that the Noticee was returning money to prove that it was earning money from the complainant's capital and this was being done for the purpose of building confidence. It was further observed from the bank statement of the complainant that there were multiple entries in her bank account with the narration like 'shares', 'crude oil', 'profit tue', 'week profi' etc. to and from the UPI address of the Noticee. Thus, it is also clear that some money was returned by the Noticee to the complainant, however from the material available on record, it cannot be ascertained as to whether the same is in form of refund as claimed by the Noticee or whether it is part of the profit share as claimed by the complainant.

- 7.4. Noticee had also claimed to have received money from one Mr. Vinay Goyal and Ms. Swati Gupta and to have refunded ₹ 37, 841 to Ms. Swati Gupta and ₹ 46,468 to Mr. Vinay Goyal also. On being asked about the details of such transactions, Mr. Vinay Goyal stated that the money was given to the Noticee for investment in share market and also provided WhatsApp chats and screenshots of his conversation with the Noticee. It was also informed by Mr. Vinay Goyal that he had paid ₹ 50,000/- in his demat account as investment and ₹ 25,000/- on two occasions to the Noticee as investment advisor fees. The screenshots of WhatsApp chats



provided by Mr. Vinay Goyal was also perused and it indicated towards managing of the demat account by the Noticee. From the WhatsApp chat of Mr. Vinay Goyal, it was also noted that he had shared his demat account credentials multiple times with the Noticee. It is also observed that there was a discussion on fund transfers between the Noticee and Mr. Vinay Goyal and loss of ₹ 46,000 in his angel account (demat) by the Noticee. Further, Mr. Vinay Goyal in one of the chat had asked '*Madam kya update raha aaj ki trading ka*' and in response the Noticee had responded by saying '*holding rakhi hai*'. It was also noted from one of chats that the Noticee had asked Mr. Vinay Goyal to fill 'Power of Attorney'(POA) Form' which apparently he filled and shared with the Noticee. The reasoning given by the Noticee for 'POA form' was seemingly increasing in limit of cash segment. Chats also indicate updating of bank account details of Mr. Vinay Goyal by the Noticee. Thus, the claims made by Mr. Vinay Goyal and on perusal of the WhatsApp chats, indicates that the Noticee was doing trading in the demat account of Mr. Vinay Goyal and had received money from him, which has also been agreed to by the Noticee also. Ms. Swati Gupta did not respond back to SEBI, so the veracity of claims made by the Noticee as far as Ms. Swati Gupta is concerned could not be ascertained.

- 7.5. In the instant proceedings, it is reiterated that the Noticee has not submitted any reply nor appeared for the hearing in response to the allegations contained in the SCN. It is pertinent to note that there is ample evidence to show that the Noticee collected money from the complainant and Mr. Vinay Goyal along with others. The Bank account in which the money was credited was also in the name of the Noticee. Thus, it is clear that the Noticee had received consideration in lieu of services provided by it. The bank statement indicates that the Noticee had credit entries amounting to ₹ 7,72,779 in her bank account (SBI account no. 39190566488). However, considering the divergent statements made by the Noticee, complainant and Mr. Vinay Goyal, the amount which was in the nature of consideration for providing unregistered services is difficult to be ascertained.

8. I note that 'investment advice' as defined under Regulation 2(l) of the IA Regulations, 2013 provides that 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.* Further, in terms of Regulation 2(m) of the IA Regulations, 2013, "investment adviser means any person who for consideration, is engaged in the business of providing 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. Thus, while there is ample evidence of the Noticee of having received money in the form of consideration from the complainant and Mr. Vinay Goyal, the nature of services which was being provided by the Noticee to them could not be ascertained. The evidence available on record does not appear to suggest if the Noticee was engaged in providing 'investment advice' relating to purchasing, selling or otherwise dealing in securities or investment products in lieu of consideration in terms of the IA Regulations. I note that except for the complaint from the complainant and the information provided by Mr. Vinay Goyal, the material available on record does not suggest that whether the Noticee was indeed engaged in the activities of *investment adviser*" as defined under Regulation 2(1)(m) of the IA Regulations. I note that SCN does not bring out any material evidence in the form of any website, publication, pamphlet, SMS, e-mail, etc. which may suggest that the Noticee was engaged in providing investment advice to its clients. Thus, in absence of any material evidence, I am inclined to give the benefit of doubt to the Noticee.
9. I note that the SCN has alleged that the Noticee has acted as an investment advisor without obtaining certificate of registration from SEBI and thus violated Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of IA Regulations, 2013. In this regard, as observed in aforesaid paragraph no. 8, since the evidence available on record is insufficient to conclusively hold that the Noticee

was engaged in the business of providing investment advice to her clients for consideration, and acted as “*investment adviser*”, I am of the view that violation of Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations has not been established and accordingly SCN is liable to be disposed of against the Noticee.

10. Having noted that in the present matter, the evidence in terms of engagement of Noticee in providing investment advice is insufficient, I find it appropriate to caution the Noticee to refrain from engaging in transactions in securities on behalf of others and also to abstain from indulging in any unregistered activity which may be in violation of the securities laws, and can only be carried out after compliance of Regulations framed by SEBI in that regard.

11. In view of the above, SCN dated March 06, 2023 issued against the Noticee is disposed off.

**Sd/-**

**Place: Mumbai**

**G.P. GARG**

**Date: May 26, 2023**

**EXECUTIVE DIRECTOR**

**SECURITIES AND EXCHANGE BOARD OF INDIA**