

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

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

In respect of -

Sr. No.	Name of the Entity	PAN
1.	The J.S.R. A Global Research Center (Proprietor :Mr. Raghunandan Tak)	AWWPT0648M

In the matter of Unregistered Investment Advisory Services

BRIEF BACKGROUND

1. Securities and Exchange Board of India (“**SEBI**”), pursuant to a complaint dated September 18, 2019, had conducted an examination into the activities of J.S.R. A Global Research Center (“**Noticee**”), which is a sole proprietorship of Mr. Raghunandan Tak, to ascertain the veracity of the complaint and to determine whether there has been any violation of the provisions of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act, 1992**”), the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (“**IA Regulations**”) and any other Rules or Regulations made thereunder by the Noticee.
2. From the examination of the aforesaid complaint, KYC documents and the screenshots of the website – <http://jsrglobalresearch.com> available on record, it was, *prima facie*, found that the Noticee engaged in investment advisory services without obtaining a certificate of registration from SEBI.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Consequent to the examination, a Show Cause Notice dated August 10, 2021 (“SCN”) was issued to the Noticee calling upon to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B (1) of the SEBI Act should not be issued against the Noticee for the alleged violation of the provisions of Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations. The following documents were enclosed as annexures to the SCN:

Annexures to SCN	
Annex.No.	Particulars
1.	Complaint dated September 18, 2019 against the Noticee
2.	Archive pages of the Website http://jsrglobalresearch.com
3.	Copy of the Noticee’s Bank Statements from Bank of India and Bandhan Bank
4.	Copy of Noticee’s Account opening form from Bandhan Bank

4. The aforesaid SCN was issued to the Noticee at two addresses by Speed Post. The same returned undelivered from both the addresses. Thereafter, from the documents available on record, it was found that there were three additional addresses of the Noticee. Accordingly, the said SCN was issued to the Noticee on the newly found three addresses by Speed Post and was duly delivered to the Noticee at the address viz. 803, Mahu Nimach Road, Opposite Suzuki Showroom, Ratlam – 457001, Madhya Pradesh on January 21, 2022.

5. I note that the SCN alleges the following:-

- 5.1 SEBI had received a complaint on September 18, 2019 against the Noticee (sole proprietor being Mr. Raghunandan Tak) in which, the complainant had *inter alia* alleged that he had received calls from the Noticee with respect to the advisory services and lured him to pay an amount of Rs. 2,24,200 for giving advisory services by committing high returns on the same. However, the complainant did not receive any invoice in this regard. Subsequently, when the complainant demanded refund of his deposited money, the Noticee stopped

responding to his calls. The Complainant suffered losses as a consequence of the recommendations provided by the Noticee.

5.2 The Noticee was operating a website having domain name www.jsrglobalresearch.com. The website was not operational/ active during the time examination was undertaken by SEBI and consequently archived records of the website were accessed from web.archive.org. It was noted from the archival records that the Noticee has disclosed the following on the website:-

“JSR Global Research provides dedicated financial products which includes high quality signals and excellent customer services. We assess your risk profile and financial needs carefully before, suggesting you a product. We provide trading recommendations based on quality research. Our research team helps you achieve your financial objectives with excellent returns.”

5.3 Further, the following was mentioned in the website of the Noticee, under heading ‘Our Services’:

“Stock Cash (provide tips), Nifty Futures, Stock Futures (provide tips), Options Call & Put, Premium Cash Call, BTST/STBT, Bullions & Energy, Base Metals, Bullion Metals Combo and Agri.

Under the heading ‘Our products, the monthly and quarterly charges are mentioned of said services. Further, each service is also categorized based upon ‘Risk Type’ i.e. Medium, Moderately High and High”.

5.4 The Noticee had advertised the following bank account details on its website:-

Name: J.S.R. A Global Research Center	Name: J.S.R. A Global Research Center
Bank of India account number: 881020110000745	Bandhan bank account number: 10180000986216

5.5 The examination of the aforesaid bank accounts revealed that the total amount credited to the Bank of India account of the Noticee during October 11, 2017

till November 05, 2019 was Rs.42, 35,773.27, of which credit of Rs.7, 03,078.04 was received through Easebuzz payment gateway. Further, during April 01, 2018 to March 31, 2020, it was noted that the Bandhan Bank account of the Noticee had received credit of Rs.3, 43,575.

5.6 It was observed that the amount paid by the complainant is consideration paid for availing investment advisory products and services as depicted on the Noticee's website. Further, based on the examination of the bank accounts, it was noted that there are large number of credits from several other individual investors.

6. Thus, it was alleged in the SCN that the Noticee was offering investment advisory services to its clients against consideration, without obtaining certificate of registration from SEBI, in contravention of the alleged provisions as mentioned in para 3 above. No reply to the SCN was received from the Noticee.
7. An opportunity of personal hearing was granted to the Noticee on August 24, 2022 in compliance with the principles of natural justice. I note that the hearing notice was duly delivered to the Noticee at the address mentioned in para 4 above. Vide email dated August 24, 2022, the Noticee requested for an adjournment of the scheduled hearing. Thereafter, an opportunity of personal hearing was granted to the Noticee on September 20, 2022. However, vide email dated September 08, 2022, while seeking a short adjournment of personal hearing, the Noticee requested for copies of the annexures to the SCN for filing a reply in the matter. Accordingly, vide email dated September 09, 2022, the annexures to the SCN were provided to the Noticee. The Noticee submitted a reply to the SCN vide email dated September 18, 2022. On the scheduled date of hearing i.e. on September 20, 2022, the Authorized Representative (AR) appeared on behalf of the Noticee and sought for an adjournment stating that the AR was not briefed by the Noticee. The request for adjournment of hearing was acceded to and the same was rescheduled on

October 04, 2022. On the scheduled date of hearing, the AR attended the hearing on behalf of the Noticee and reiterated the submissions made by the Noticee in its reply dated September 18, 2022. Also, as requested by the AR, additional time till October 18, 2022 was granted to file further submissions in the matter.

8. I note that, the Noticee, which is a proprietorship firm, vide email dated September 18, 2022, made the following submissions:
- a) The Noticee was unaware of any complaint raised against him.
 - b) He was unaware of the website.
 - c) He was unable to find any information about the ownership of domain of such website, as such domain is available for sale in open market.
 - d) The bank accounts stated in the SCN were opened and used by his employer; i.e Mr. Abhishek Chouhan.
 - e) The employer had asked the Noticee to provide his documents for purpose of verification by the company for hiring him and the Noticee was asked to sign the account opening forms of the bank for purpose of opening salaries account. However, the Noticee used to receive his salary in cash. The said bank accounts were operated by his employer.
 - f) Transactions represented in the Annexures to SCN were carried out by his employer only.
 - g) Account opening forms were signed by him under the assumption that his salary account is being opened and he further stated that unlawful gains made using such accounts were only benefited to his employer.
9. Further, the Noticee vide email dated October 19, 2022 filed its additional submissions and reiterated the submissions made by him vide his earlier reply dated September 18, 2022. The Noticee, in addition, has stated that vide police complaint dated October 04, 2022, he has complained to the local police station regarding the transactions being made in his name which were committed by Mr. Abhishek Chouhan.

CONSIDERATION OF ISSUES AND FINDINGS

10. I have carefully considered the allegations made in the SCN along with the findings of examination by SEBI stated therein, submissions made by the Noticee in its reply to the SCN and the documents available on record.

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

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

12. Further, Regulation 2(1)(l) of the IA Regulations states as follows:

"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;"

13. For ease of reference, the provisions of the SEBI Act and IA Regulations alleged to have been violated by the Noticee are reproduced as under:

SEBI Act, 1992

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

12 (1) No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may

be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act.”

SEBI (INVESTMENT ADVISER) REGULATIONS, 2013

“Application for grant of certificate.

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

Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under sub-regulation (2) within the said period of six months, till the disposal of such application.”

14. During the examination by SEBI, it was observed that the Noticee was a proprietorship firm run by an individual named Mr. Raghunandan Tak. The SEBI website was searched so as to ascertain whether the name of Mr. Raghunandan Tak appears in the list of ‘Registered Intermediaries’ in order to verify the registration details, if any. However, the said name was not found to be appearing in the list of recognized intermediaries registered with SEBI.
15. Further, I note that the Noticee has denied having any knowledge of the website www.jsrglobalresearch.com. However, the archived pages of the said website clearly show that the Noticee had disclosed on its website that it provides dedicated financial products which includes high quality signals and excellent customer services and that the firm assesses the risk profile and financial needs of the clients before suggesting a product. Further, it disclosed that the Noticee firm provides trading recommendations based on quality research and helps in financial objectives with excellent returns. The services which have been mentioned on the website of the Noticee are Stock Cash (provide tips), Nifty

Futures, Stock Futures (provide tips), Options Call & Put, Premium Cash Call, BTST/STBT, Bullions & Energy, Base Metals, Bullion Metals Combo and Agri. Under the heading 'Our products', for each service, monthly and quarterly charges have been mentioned based on the risk type i.e. medium, moderately high and high. These factors further establish that the said services were nothing but investment advisory services for consideration to lure the investors at large to invest their hard earned monies. Further, the details of the bank accounts and payment gateway for transferring the payments for availing the packages were also available on the website.

16. I note from the available records that the bank accounts with Bank of India and Bandhan Bank were opened in the name of the Noticee and credits amounting to Rs. 42,35,773.27 and Rs. 3,43,575, respectively, have been noticed to have been made in the said accounts from several individual investors, one of the means of transfer being through Easebuzz payment gateway, during the periods October 11, 2017 till November 05, 2019 and April 01, 2018 to March 31, 2020. Therefore, it is evident that the aforesaid services were offered by the Noticee in lieu of consideration.

The Noticee in his submissions has stated that the said accounts were opened by his employer for the purposes of crediting his salary. However, it has even been stated by the Noticee that he was being paid only in Cash and therefore, did not get his salary so claimed in these accounts. Also, from the account opening form submitted to Bandhan Bank, it is clear that Mr. Raghunandan Tak was the sole proprietor of the Noticee firm and the nature of business was shown as Consultancy service. Therefore, in the absence of any documentary evidence in support of the said submissions and in the light of the fact that amounts were being credited from various individual investors including the complainant, in the said bank accounts, the said submissions of the Noticee cannot be considered. Further, it appears that the act of the Noticee of filing a police complaint in the local police station as late as on October 04, 2022 regarding the transactions

being made in his name by one Mr. Abhishek Chouhan, during the course of the instant proceeding, appears to be an afterthought as a show cause notice was issued to him on January 20, 2022 itself in the present case.

17. From the aforesaid facts, I find that the Noticee, which is the proprietorship concern of Mr. Raghunanadan Tak, was offering investment advisory services through its website www.jsrglobalresearch.com and was engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products. Therefore, I find that in terms of Regulation 2(1)(l) of IA Regulations, the Noticee was providing “investment advice” through its website.
18. I note that if an entity is engaged in providing advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advise on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client *in lieu* of consideration, including entities which are holding themselves out as investment advisers, will be covered by the definition of “Investment Adviser” as given in Regulation 2(1)(m) of the IA Regulations. As noted above, the Noticee has received Rs. 42,35,773.27 and Rs. 3,43,575 i.e. a total of Rs. 45,79,348.27 in the bank accounts mentioned on its website for the investment advisory services provided by it. Hence, I find that these services were being offered by the Noticee *in lieu* of the consideration.
19. Therefore, I find that the Noticee and its proprietor, Mr. Raghunanadan Tak, were engaged in the business of providing investment advice to its clients, for consideration, and thus, acting as investment adviser/s, as defined under Regulation 2(1)(m) of the IA Regulations.

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

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

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

- 21.** I note that safeguards provided under IA Regulations, 2013 requires continued minimum professional qualification and net-worth requirement for investment adviser, including disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client's objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc. These requirements are aimed at protection of investor's interest.
- 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"*.
- 23.** The activities of the Noticee (prop. Raghunandan Tak), as brought out above, seen in the backdrop of the aforesaid provisions show that it was acting as an investment adviser. However, neither the Noticee nor its proprietor were registered with SEBI in the capacity of an Investment Advisor. Hence, I find that these activities were being carried out by the Noticee firm without holding the certificate of registration as an investment adviser and therefore, has violated the provisions of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations. I note that the Noticee firm has collected an amount of Rs. 45,79,348.27 (appx) as discussed in para 18 above towards consideration for the said investment advisory services provided to various investors. Thus, in the light of findings in the preceding paragraphs, I am of the considered view that the

Noticee is liable to refund the aforementioned amount collected as an unregistered investment adviser.

ORDER AND DIRECTIONS

24. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B(1) read with Section 19 of the SEBI Act, 1992, hereby issue the following directions:

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

- e. After completing the aforesaid repayments, the Noticee firm 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, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051”, within a period of 15 days, after completion of three months from the coming into force of the directions at para 24(a) and (b) above, duly certified by an independent Chartered Accountant and the direction at para 24(d) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;
- f. The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the Noticees. Thereafter, remaining amount if any will be deposited in the Investors Protection and Education Fund maintained by SEBI;
- g. In case of failure of the Noticee to comply with the aforesaid directions in sub-para (a) and (e), SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws;
- h. The Noticee is debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of one (1) year from the date of this order or till the expiry of one (1) year from the date of completion of refunds to complainants/ investors as directed in para 24(b) above, whichever is later;

- i. The Noticee along with its proprietor shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 24(h) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.

25. The direction for refund, as given in para 24(b) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

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

27. A copy of this order shall be sent to the Noticee, recognized Stock Exchanges, the relevant Banks, Depositories and Registrar and Transfer Agents of mutual funds to ensure that the directions given above are strictly complied with.

Sd/-

Date: November 11, 2022

Place: Mumbai

Dr. ANITHA ANOOP

QUASI-JUDICIAL AUTHORITY

SECURITIES AND EXCHANGE BOARD OF INDIA