

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 11(1), 11(4), and 11B (1) of the Securities and Exchange Board of India Act, 1992

In respect of:

Noticee No.	Name of the Noticee	PAN
1	M/s 4W Wealth Management Pvt. Ltd.	AAACZ6378D (CIN U67120GJ2013PTC073241)
2	Mr. Bhavesh P. Bhensdadia	ARDPB0217G
3	Rinkalkumar Mohanbhai Chopda	AJJPC0634J
4	Vivek Laxmanbhai Patel	BCXPP6594E
5	Nileshbhai Chandubhai Patel	CJTPP9131M
6	Parth Kanubhai Patel	CGZPP5636C

In the matter of unregistered Investment Advisory activities by M/s 4W Wealth Management Pvt. Ltd.

BACKGROUND:

- Securities and Exchange Board of India (“**SEBI**”) had received a SCORES complaint (Reference No. SEBIE/MP16/0000179/1) dated March 31, 2016 from one Mr. Yogesh Kumar (“**complainant**”) against M/s. 4W Investment Adviser Pvt. Ltd. (“**Noticee No. 1**”), which is a company registered with RoC-Ahmedabad, with CIN U67120GJ2013PTC073241. As per information

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available on record the said company was incorporated on January 03, 2013 and the details pertaining to present and past directors of the company are given in the following table:

Table 1

S. No.	Name of the Director	PAN
1	Mr. Bhavesh P. Bhensdadia	ARDPB0217G
2	Rinkalkumar Mohanbhai Chopda	AJJPC0634J
3	Vivek Laxmanbhai Patel	BCXPP6594E
4	Nileshbhai Chandubhai Patel	CJTPP9131M
5	Parth Kanubhai Patel	CGZPP5636C

2. The company M/s 4W Wealth Management Pvt. Ltd and its directors as mentioned in Table 1 are collectively, being referred to as “**Noticees**”.
3. The complainant, through his SCORES Complaint No. SEBIE/MP16/0000179/1, referred at para 1 above, had submitted that he received a call from mobile number 09227XXXX55, allegedly belonging to Noticee No. 1, wherein he was asked to do equity trading on trial basis for two days. Post acceptance of the said proposal, the complainant received three tips, out of which, with respect to two tips he made profits while with respect to one he made no loss no gain. Thereafter, the complainant was regularly contacted by the representative of Noticee No. 1 and was forced to take subscription. However, post subscription, the tips never resulted into profit and the complainant suffered a loss of INR 15,000/-.
4. The complainant had further attached a receipt of INR 5,000/- issued by the Noticee No.1, for a payment made by him on January 29, 2016 to the account belonging to the Noticee No. 1.

5. Pursuant to the receipt of the said complaint, SEBI conducted examination into the activities of Noticee No.1 to ascertain whether there has been any violation of provisions of Securities and Exchange Board of India, 1992 ("**SEBI Act**") and Regulations made thereunder.
6. During the course of the examination, SEBI found that Noticee No.1 was maintaining bank accounts with Axis Bank, ICICI Bank, HDFC Bank and State Bank of India. Accordingly, SEBI sought details such as KYC, Account opening Form (AOF) and bank account statements from said banks with respect to the bank accounts of Noticee No. 1.
7. As the bank accounts of Noticee No.1 with Axis Bank (91302002569326) and ICICI Bank (136705000466) contained credit entries from Avenues (India) Pvt. Ltd. (henceforth being referred as "**Avenues**") which provided payment gateway/ platform services to Noticee No. 1, SEBI sought from Avenues information such as KYC document, copy of agreement, transaction statement, etc. in respect of account maintained by Noticee No. 1 with Avenues.

TRANSFER OF CASE FROM PREVIOUS AUTHORITY

8. Pursuant to an internal re allocation of cases, the present matter was assigned to me on June 22, 2023.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING:

9. On the basis of findings of the examination, SEBI issued a Show Cause Notice dated September 17, 2021 ("**SCN**") to the Noticees which, inter-alia, stated as follows: -

9.1. *Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received a complaint on March 31, 2016 through SCORES from Shri Yogesh Kumar (hereinafter referred to as "complainant"), against M/s 4W Wealth Management Private Ltd. (PAN: AAACZ63 781)) (hereinafter referred to as "4W Wealth"). In the complaint it was, inter alia, alleged that the complainant received a call from 4W Wealth and he received three tips. With respect to two tips received, the complainant earned profit and on the basis of one tip, he sold shares on cost. Subsequently, the complainant received several calls from 4W Wealth with respect to subscription. However, after subscription, the tips never resulted into profit, instead he suffered a loss of Rs. 15,000. The complainant has also provided a copy of the receipt issued by 4W Wealth dated January 29, 2016. A copy of the complaint is placed at Annexure-A (Hereinafter 4W Wealth and its Directors Shri Bhavesh P. Bhensdadia (PAN: ARDPB0217G), Shri Rinkalkumar Mohanbhai Chopda (PAN: AJJPC0634J), Shri Vivek Laxmanbhai Patel (PAN: BCXPP6594E), Shri Nileshbhal Chandubhai Patel and Shri Parth Kanubhai Patel collectively referred to as the 'Noticee').*

9.2. *Further, it has been observed that the website of 4W Wealth i.e. www.4wealthmanagement.com is not active. The archive pages of the website were downloaded from web.archive.org, the copy of which is placed at Annexure B. It was observed that 4W Wealth had, inter alia, disclosed the following in the website:*

- a. *About us: The company was established in the year 2013. It mentioned in the website that they are providing 'leads from client database 'for various industries, business houses and also provides 'Stock Market Client Database'.*

- b. Home Page of the website inter-alia, mentions that 'the best stock trader database for telecallers in Advisory & Broker Companies'.
- c. Product pricing: The details are as follows:
- a. Rs. 2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%.
 - b. Rs.2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%. Minimum purchases IS of Rs. 1,000/-, i.e. 500 leads.
 - c. Rs.10/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%. Minimum purchases is of Rs. 1,000/-, i.e. 100 leads. Guaranteed leads, Replacement available.
 - d. Rs.30/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy (accuracy) around 30%. Minimum purchases is of Rs. 1,000/-, i.e. 3500 leads.

9.3. 4W Wealth had also disclosed the following bank accounts in its website:

Axis Bank Limited A/C. No: 913020025669326	HDFC Bank Limited A/C. No: 50200004993340	ICICI Bank Limited A/C. No: 624605501839	State Bank of India A/C. No: 33536471217
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Further, as observed in the KYC of the Avenue India Pvt. Ltd., 4W Wealth was having another bank account with ICICI Bank Limited (A/c. no. 136705000466).

9.4. *The examination of the aforesaid bank accounts of 4W Wealth revealed the following:*

- a. *The account no. 913020025669326 was a current account in the name of 4W Wealth Management Private Limited wherein authorised Signatory was Shri Vivek Laxmanbhai Patel, director of the company. Total amount credited in the Axis Bank account from May 31, 2013 to April 12, 2018 was Rs. 2,33,78,991.93.*
- b. *The account no. 50200004993340 was a current account in the name of 4W Wealth Management Private Limited wherein authorized Signatory was Shri Vivek Laxmanbhai Patel, director of the company. Total amount credited in the HDFC Bank Limited from April 02, 2014 to August 06, 2016 was Rs. 1,43,13,549.75.*
- c. *The account no. 624605501839 was a current account in the name of 4W Wealth Management Private Limited wherein authorised signatories were Shri Vivek Laxmanbhai Patel and Shri Rinkalkumar M. Chopda, directors of the company. Total amount credited in the ICICI Bank account from February 19, 2014 to April 18, 2017 was Rs. 5,86,67,741.11.*
- d. *The account no. 136705000466 was a current account in the name of 4W Wealth Management Private Limited wherein authorised signatories were Shri Vivek Laxmanbhai Patel and Shri Rinkalkumar M. Chopda, directors of the company. Total amount credited in the*

ICICI Bank account from January 29, 2014 to March 18, 2015 was Rs. 3,20,28,886.53, of which Rs.20,09,749 credit have been received through Avenue India Pvt. Ltd. payment gateway.

e. In the State Bank of India (33536471217) account no transaction has been observed during January 01, 2013 to July 28, 2020.

f. Avenues (India) Private Limited (Avenues) provided payment gateway to 4W Wealth Management Private Limited (4W Wealth). As mentioned in the KYC, agreement between Avenues and 4W Wealth with respect to service was entered on April 12, 2014 and key contact person's name was Shri Nilesh Chandubhal Patel and authorised signatory was Shri Vivek Laxmanbahi Patel, directors of the company. As per KYC, for settlement of the transactions the designated bank was ICICI Bank Limited A/c no. 136705000466, however, it was observed that Avenues made settlement of transactions in both the banks i.e. ICICI Bank A/c no. 136705000466 and Axis Bank A/c no. 913020025669326 held by 4W Wealth. Further, as per the point 'h' of the agreement, the description of the product [services stated as 'Service Provider for Stock Market Advisory'. Copy of the agreement between Avenues and 4W Wealth is placed at Annexure C.

g. Further, as per the KYC of 4W Wealth, as provided by ICICI Bank, the type of Industry has been mentioned as "Share Advisory Firm". Copy of the KYC document is enclosed at Annexure D,

9.5. It is observed that the amount paid by complainant in the bank account of 4W Wealth is consideration paid for availing investment advisory products and services as depicted by the Noticee in its website www.4wealthmanagement.com. Further, based on examination of

bank account statements of the Noticee, it is observed that there are large number of credits from several other individual investors which are also paid towards availing various investment advisory products and services as depicted in the aforementioned website.

10. Based on the facts stated in the said SCN, it was alleged that the Noticees were engaged in the activities of providing investment advisory services without obtaining the requisite registration from SEBI, as required in terms of Section 12(1) of the SEBI Act, read with Regulation 3(1) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (“**IA Regulations**”). Further, it was alleged that the amounts credited in the bank accounts of Noticee No.1 were received as fees towards the services rendered as an investment advisor. The Noticees were called 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 them for alleged violations.
11. As per information available on record, I note that the **SCN** was served on the Noticee No. 3 to 6 through speed post whereas on the Noticee No. 1 and 2 through public notice in the leading newspapers.
12. Further, an opportunity of personal hearing was granted by the erstwhile quasi-judicial authority to the Noticees on December 20, 2022. Vide an email dated December 20, 2022, the Noticee No. 5 and Noticee No. 6 requested for 15 days’ time to reply to the SCN and also sought an adjournment of the personal hearing. In view of the said request, the hearing was adjourned and rescheduled for March 29, 2023 (03:00 pm). Later on the hearing was rescheduled to May 24, 2023 (02:30 pm). Pursuant to re allocation of the matter, opportunity of hearing was granted on July 13, 2023 however due to non-completion of due service of the notice a final hearing was scheduled on September 12, 2023 (02:30 pm).

13. From records I note that, hearing notice dated August 10, 2023 was served on Noticee No.1 and Noticee No. 2 by way of public notice in Newspapers, on Noticee No. 3 to 5 through SPAD, on Noticee 6 by hand delivery, additionally on all the Noticees by way of public notice in leading newspapers. On the day of the scheduled hearing, i.e. September 12, 2023, neither the Noticees nor any of their representatives appeared before me for hearing. Further, the Noticees did not seek any adjournment by way of any written/ oral communication.
14. I note that keeping the principle of natural justice in mind, sufficient opportunities of filing reply to the SCN and hearing have been given to the Noticees, however, the Noticees have failed to file any reply or appear before me for hearing.
15. In this regard, I rely upon the proposition of the Hon'ble Securities Appellate Tribunal ('SAT') in the matter of Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) *inter alia* held that – “...*the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them*”.
16. The Hon'ble SAT also made such proposition in case of Sanjay Kumar Tayal & Ors. Vs. SEBI (in appeal No. 68/2013) decided on February 11, 2014 viz. “.....*appellants have neither filed reply to show cause notices issued to them nor 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*”.

17. Accordingly, the matter is proceeded *ex-parte* on the basis of the documents and information available on record.

CONSIDERATION OF ISSUES AND FINDINGS

18. I note that the main allegation against the Noticees is that the Noticees provided investment advisory services without obtaining certificate of registration from SEBI, thereby violating Section 12(1) of the SEBI Act and Regulation 3 (1) of the IA Regulations. Therefore, I note that the following issues(s) arise for consideration in the present case: -
- a. Whether the Noticees acted as unregistered investment advisors in contravention of Section 12(1) of the SEBI Act and Regulation 3 (1) of the IA Regulations?
 - b. If answer to issue no. a is in the affirmative, what directions should be issued against the Noticees?
19. Before proceeding further, it is pertinent to refer to the relevant provisions of the SEBI Act and the IA Regulations which are reproduced hereunder: -

SEBI Act

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

Section 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."

IA Regulations Regulation 2(1)(g)

"consideration" means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice;

Regulation 2(1)(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 Provided that investment advice given 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 2(1)(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;”

Regulation 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:”

20. I note that Regulation 2 (1)(m) of the IA Regulations defines the term ‘investment adviser’. As per Regulation 2(1)(m) of the IA Regulations, investment adviser means any person, who is engaged in the business of providing investment advice to clients or other person or group of persons for consideration. Further, it includes any person who holds himself out as an ‘investment adviser’. Regulation 2(1)(m) of the IA Regulations refer to terms ‘consideration’ and ‘Investment advice’. As per Regulation 2(1)(g) of the IA Regulations, consideration means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice. As per Regulation 2(1)(l) of the IA Regulations, ‘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. However, advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public, shall not be an investment advice within the meaning of Regulation 2(1)(l) of the IA Regulations.

21. I note from the observations of SEBI that the website www.4wealthmanagement.com belongs to Noticee No.1. I also note from records that the said website has been inactive. From the archived pages of the said website, downloaded from web.archive.org, it was observed that: -

21.1. The company was established in the year 2013 and it was into providing leads from client database for various industries, business houses and also provides 'Stock Market Client Database.

21.2. The Home Page of the website *inter-alia*, mentions that Noticee No.1 provides 'the best stock trader database for telecallers in Advisory & Broker Companies'.

21.3. the details of products offered by Noticee No.1, as advertised on the website are as follows:

- a. Rs. 2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%,
- b. Rs.2/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%. Minimum purchases IS of Rs.1,000/-, I.e. 500 leads,

- c. Rs.10/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%. Minimum purchases is of Rs.1,000/-, I.e. 100 leads. Guaranteed leads, Replacement available.
- d. Rs.30/- per lead (Name, Phone and Email will be available for Stock & MCX Segments). Accuracy around 30%. Minimum purchases is of Rs. 1,000/-, i.e. 3500 leads.

22. From the contents of the website referred above, I note that the website projects the Noticee No.1 to be *“the best stock trader database for tele-callers in advisory and broker companies”*. The website further states that it provides *“leads from client database for various industries, business houses and also provides stock market client database”*. At the same time, I also note that the section on *“product pricing”* as available on the said website, carries details of charges to be levied for providing leads. The said section carries words such as *“Stock, MCX Segment”* which indicate that the services rendered by Noticee No.1 are in the nature of investment advisory. It also advertises the minimum amount of purchases to be made by clients depending upon the type of package chosen by the clients. Also, the said section carries the terms *“Guaranteed leads”*. The above makes it clear that the nature of operations of the Noticee No. 1 is not just restricted to supply of database and is something more and includes stock market advisory also.

23. Apart from the website as referred to above, I also note that there were five bank accounts held in the name of Noticee No. 1, out of which the bank account maintained with SBI had nil transactions. The details of remaining four bank account is being given in the following table:

Table 2

	A	B	C	D
Bank Account Number	91302002569326	50200004993340	624605501839	136705000466
Bank Name	Axis Bank Ltd.	HDFC Bank Ltd.	ICICI Bank Ltd.	ICICI Bank Ltd.
Type of Account	Current Account	Current Account	Current Account	Current Account
Signatories	Mr. Vivek Laxmanbhai Patel	Mr. Vivek Laxmanbhai Patel	Mr. Vivek Laxmanbhai Patel and Mr. Rinkalkumar Mohanbhai Chopda	Mr. Vivek Laxmanbhai Patel and Mr. Rinkalkumar Mohanbhai Chopda
Total amount credited (INR)	2,33,78,991.93	1,43,13,549.75	5,86,67,741.11	3,20,28,886.53
Payment Received through Avenues (INR)	88,61,084.00	NA	NA	20,09,749.00

24. From the above table, I note that the Noticee No. 1 had received total credit of **INR 12,83,89,169.32** in its bank accounts, during the period from May 31, 2013 to April 12, 2018 out of which **INR 1,08,70,833/-** was received through Avenues (India) Pvt. Ltd., the payment gateway provider to the Noticee No.1. I further note that the bank accounts mentioned at column A, B and C were also advertised on the website www.4wealthmanagement.com of Noticee No.1.

25. On perusal of the statements of the bank accounts (belonging to Noticee No.1), I note that there were many credit entries with narrations like "*Tips, Trading Tips, Trading Call, Trading Advisory, Stock Tips, advisory fee, trade subscription, future calls, shares, commodity calls, nifty tips, stock purchase, option pack, MCX, crude tips, Equity Cash, Share Advise, Future Tips, Premium calls etc*" (hereinafter referred to as "Narrations"). Following are a few examples of such transactions: -

25.1. A/c No. 913020025669326, Axis Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
10/07/2013	ICONN/25616888/910010045791463/100713/tips	5000
22/07/2013	ICONN/25831101/910010045791463/220713/tips	20000

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09/12/2013	ICONN/29085887/913010019725990/091213/advisory a	4500
26/07/2014	INB/IFT/AMARESHWAR CHAURASIA/4 trading call	3500
09/08/2014	INB/IFT/THAVIDISETTI VENKATA/For advisory service	5000
25/09/2014	INB/IFT/THAVIDISETTI VENKATA/Advisory services Fe	10000
10/10/2014	INB/IFT/K SUDARSAN/TRADING	15000
21/10/2014	INB/IFT/THAVIDISETTI VENKATA/for Advisory Service	2500
09/12/2014	INB/IFT/SWAPNIL RAMESH RANE/Intraday Tips	5005
16/01/2015	INB/IFT/AMIT ASHOK TAMHANE/Pay for Trading Tips	3000
12/03/2015	INB/IFT/KOYEL GUHATHAKURTA/trading	4000

25.2. A/c No. 136705000466, ICICI Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
01-03-2014	BIL/000556636033/tips/NSP	3000.00
01-03-2014	BIL/000556684178/Tips Payment/NSP	7000.00
04-03-2014	BIL/000558460657/TRADING TIPS/NSP	10000.00
14-03-2014	BIL/000563519791/SHARES/NSP	100.00
14-03-2014	BIL/000563526665/SHARES MONTHLY FEE/NSP	9900.00
26-04-2014	BIL/000581654604/For stock broker/NSP	7000.00
08-05-2014	BIL/000587957360/Subscription fee Pra/NSP	2900.00
17-05-2014	BIL/000591629612/fee/NSP	33333.00
20-05-2014	NEFT-140519i42069579-DORESWAMY A D-INTRAY DAY TIPS	10000.00
09-06-2014	BIL/000601721723/For premium calls sh/NSP	5000.00
03-07-2014	BIL/000613033642/advisory fee/NSP	25000.00
25-07-2014	BIL/000622894733/share tips/NSP	2500.00
06-08-2014	BIL/000629086025/NIFTY/NSP	5000.00
04-09-2014	BIL/000642748458/SUBSCRIPTION FEE/NSP	10000.00
24-09-2014	BIL/000651806760/mcxtips/NSP	5000.00
26-09-2014	BIL/000652979640/future tips/NSP	5000.00
09-10-2014	BIL/000660112185/CASHTIPS/NSP	1000.00
10-10-2014	BIL/000660579761/WEALTHFEE/NSP	10000.00
13-10-2014	BIL/000661861066/subscription fees/NSP	4000.00
14-10-2014	BIL/000662337078/FEES/NSP	4000.00
05-11-2014	BIL/000672761498/subscription fee rit/NSP	3000.00
01-12-2014	BIL/000685168403/for advisory/NSP	5000.00
10-12-2014	BIL/000690333550/For One Month Tips/NSP	4000.00
15-12-2014	BIL/000692604833/ADVISOR FEES/NSP	4000.00
16-12-2014	BIL/000692821248/advisor fees/NSP	3000.00
19-12-2014	BIL/000694109704/fees/NSP	4000.00
23-12-2014	BIL/000695898868/consultant fees/NSP	5000.00

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TRANSACTION DATE	PARTICULARS	Credit (INR)
29-01-2015	BIL/000713789007/Stock Advisory Servi/NSP	2500.00
02-02-2015	BIL/000716134213/SHARES/NSP	3000.00

25.3. A/c. No. 624605501839, ICICI Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
09-04-2015	BIL/000750097975/share advice/NSP	5000.00
30-04-2015	BIL/000759807289/tips29/4/NSP	3900.00
06-05-2015	BIL/000763924653/FUTURE OPTION CALLS/NSP	11000.00
16-05-2015	BIL/000769318622/Share Advice Fees/NSP	5000.00
27-05-2015	BIL/000774158799/tips pay may 2015/NSP	5000.00
30-05-2015	BIL/000775871363/MCX/NSP	5000.00
01-06-2015	BIL/000777291794/mcx/NSP	5000.00
03-06-2015	BIL/000778817333/mcx/NSP	5500.00
04-06-2015	BIL/000779284877/trade/NSP	4000.00
05-06-2015	BIL/000779879289/mcx/NSP	20000.00
08-06-2015	BIL/000781049363/trade/NSP	4000.00
10-06-2015	BIL/000782602165/trade/NSP	2001.00
11-06-2015	BIL/000782907303/mcx/NSP	5000.00
11-06-2015	BIL/000782968683/trade/NSP	4500.00
11-06-2015	BIL/000783152595/trades/NSP	5500.00
13-06-2015	BIL/000783995095/mcx/NSP	5000.00
07-07-2015	BIL/000796635202/Payment to trader 4W/NSP	11000.00
13-07-2015	BIL/000800011393/Stock Advisery charg/NSP	4000.00
21-07-2015	BIL/000803809532/For Trading Tips/NSP	5000.00
20-08-2015	BIL/000819829122/Pay for trade option/NSP	3000.00
07-09-2015	BIL/000829889787/4w crude tips/NSP	3000.00
08-09-2015	BIL/000830455197/Crude sarvabg/NSP	2000.00
21-09-2015	BIL/000836622093/tradershare/NSP	2000.00
10-11-2015	BIL/000864420925/4WStock/NSP	1500.00
30-11-2015	BIL/000872664857/for trade service/NSP	3000.00
02-12-2015	BIL/000875630361/Tips/NSP	3000.00
17-12-2015	BIL/000884323788/trading share/NSP	2021.00
18-12-2015	BIL/000884856561/45 Days Tips payment/NSP	5000.00
21-12-2015	BIL/000886097154/trading share/NSP	2021.00
22-12-2015	BIL/000886554218/Aruna share/NSP	5000.00
11-01-2016	BIL/000898598130/subscription/NSP	10000.00
29-02-2016	BIL/000924876590/mcx/NSP	2000.00
16-03-2016	BIL/000935299926/advisory/NSP	2500.00

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TRANSACTION DATE	PARTICULARS	Credit (INR)
16-04-2016	BIL/000952555085/Subscription fee/NSP	5000.00
29-04-2016	BIL/000958854213/trade/NSP	5000.00
27-05-2016	BIL/000975513811/FOR EQUITY TIPS/NSP	10000.00
21-07-2016	BIL/001008140885/stock tip/NSP	10000.00

25.4. A/c. No. 50200004993340, HDFC Bank Ltd.:

TRANSACTION DATE	PARTICULARS	Credit (INR)
25/04/2014	50200002815882 -TPT-SHARE TIPS	6,000.00
09/05/2014	00901050024045 -TPT-CHARGE FOR TIPS	5,000.00
30/05/2014	03551870000330 -TPT-SHARE	5,000.00
09/06/2014	03591050109190 -TPT-COMMODITY CALLS	10,000.00
25/06/2014	09981610005239 -TPT-TO 4WM ADVISORY	1,500.00
01/08/2014	09901000005110 -TPT-OPTION SER PAYMENT	4,000.00
02/08/2014	07461050038366 -TPT-TIPS	4,000.00
18/08/2014	06211930000230 -TPT-FOR NIFTY TIPS	10,000.00
28/08/2014	08111130004765 -TPT-FEE FOR TIPS	25,000.00
03/09/2014	00081330027933 -TPT-STOCK TIPS	6,000.00
16/10/2014	08111130004765 -TPT-STOCK SUGGESTION	10,000.00
20/11/2014	50100002000710 -TPT-SHARE ADVISORY	3,000.00
27/11/2014	02121000032274 -TPT-ADVISORY	5,000.00
28/11/2014	02121000032274 -TPT-ADVISORY	5,000.00
23/12/2014	01831070022782 -TPT-FUTURE CALLS 6	15,000.00
30/12/2014	02121000032274 -TPT-ADVISORY	2,500.00
11/03/2015	02911140009328 -TPT-ADVISORY FEES	1,000.00
29/04/2015	01691000004373 -TPT-SERVICE TIPS	4,000.00
14/05/2015	07041070017560 -TPT-STOCK MARKET	11,000.00
14/05/2015	13291050020696 -TPT-TIPS CHARGES	3,000.00
19/05/2015	05191570000770 -TPT-ADVISORY FEE	5,000.00
23/05/2015	50100049348879 -TPT-STOCK ADVICE FEES	3,000.00
14/07/2015	50100037094479 -TPT-EQUITY SERVICE	3,000.00
22/09/2015	03681000002044 -TPT-STOCK ADVISORY	5,000.00
28/09/2015	03681000002044 -TPT-STOCK ADVISORY	5,000.00
05/10/2015	00421050286524 -TPT-ADVISORY FEE	1,500.00
08/10/2015	00571000172122 -TPT-ADVISORY CHARGES	5,000.00
12/10/2015	00571000172122 -TPT-ADVISORY CHARGES	5,400.00
19/10/2015	00571000172122 -TPT-ADVISORY CHARGES	3,225.00
02/11/2015	25141000002067 -TPT-FOR EQUITY TRADING	1,500.00
25/11/2015	03681000002044 -TPT-STOCK ADVISORY	3,600.00

Order in the matter of unregistered investment advisory activities by 4W Wealth Management Pvt. Ltd.

TRANSACTION DATE	PARTICULARS	Credit (INR)
30/11/2015	03681000002044 -TPT-STOCK ADVISE	2,000.00
02/12/2015	50100051001791 -TPT-COMMODITY	6,001.00
19/12/2015	50100055540919 -TPT-RAJESH OPTION	5,000.00
07/01/2016	50100042363462 -TPT-ADVISORY SERVICES	5,000.00
10/02/2016	50100078805390 -TPT-OPTION PACK	5,000.00
14/03/2016	IMPS-P2A-607415381831-919832053156-SHARE	2,500.00

26. The above said transactions carrying type of narrations stated above further stand to buttress the allegation that the nature of services rendered by the Noticee No.1 is nothing but investment advisory.
27. Further, I note from the KYC documents provided by ICICI Bank for account no. 624605501839, in the name of Noticee No.1, that the type of Industry has been mentioned as “**Share Advisory Firm**”.
28. Further, I note that Avenues (India) Pvt. Ltd. (**Avenues**) which provided payment gateway/ platform services to Noticee No.1 had shared with SEBI, the KYC documents, transaction statements and copy of agreement dated April 12, 2014, signed between the Noticee No.1, and Avenues. Observations with respect to the said documents provided by Avenues are as below: -
- 28.1. The address of Noticee No. 1 is mentioned to be 321, Third Floor, Supermall, Near Lal Bunglow, C.G.Road, Ahmedabad – 380009.
- 28.2. at para (a), Mr. Nilesh Chandubhai Patel (Noticee No. 5) and Mr. Vivek Laxmanbhai Patel (Noticee No. 4) are mentioned as the Key Contact person and authorised signatory of Noticee No.1, respectively.
- 28.3. at para (h), *the description of product/ services/ for which the payment gateway will be used*, is mentioned as “**Service provided for Stock Market Advisory**”.

- 28.4. at para (g), the details with respect to the current account number is stated to be 136705000466, which account belongs to Noticee No.1.
29. I further note from the complaint of Mr Yogesh Kumar that Noticee No.1 had issued a signed receipt No. 425 dated January 29, 2016 for an amount of INR 5,000/-. The said amount was credited by the Avenues to the Axis Bank A/C No. 91302002569326 belonging to Noticee No.1.
30. From the above discussions, I find that the Noticee1 was acting as an Investment Advisor. However, I note that the Noticee 1 is not registered as an IA.
31. 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 the IA Regulations:
- 31.1. 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 nonrefundable application fee;
- 31.2. 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.

31.3. 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.

- 32. The IA Regulations provides for the minimum professional qualification and prescribes mandatory net-worth requirement. Further, it inter-alia provides for disclosures of any conflict of interest, risk profiling of clients, maintenance of records related to client assessments and the suitability of advice. The prescriptions in the IA Regulations are intended to safeguard the interest of

investors and curb the perpetration of unregistered entities entering the field of investment advisory services and indulging in unscrupulous market practices.

33. In view of the totality of the matter, I conclude that the Noticee No.1 and its directors viz., Noticees No. 2 to 6 have violated the provisions of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations by acting as “investment advisers” within the meaning of the term as defined in the IA Regulations without obtaining mandatory registration from SEBI.
34. As per information available on record, I note that the Noticees were charged with violations of provisions of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations during FY 2021-22. In this regard, I note from the website of the Ministry of Corporate Affairs (MCA) the status of Noticee No. 1, which is a company registered with RoC – Ahmedabad, as “strike-off”. I further note that Noticee No.1 has also been dissolved vide Notice No. ROC/AHMD/248(5)STK-7/PUB/1/2018 dated August 14, 2018, issued by the RoC-Gujarat, Dadra & Nagar Haveli at Ahmedabad in terms of sub-section (5) of Section 248 of the Companies Act, 2013, with effect from August 06, 2018. As Noticee No.1 was dissolved even prior to initiation of proceedings in the current matter, it would not be appropriate to determine liability against Noticee No.1.
35. In this context, I would also like to draw reference to a judgment of the Hon'ble Delhi High Court in the case of Commissioner of Income Tax (CIT) vs Vived Marketing Services (P) Ltd., ITA NO. 273/2009 dated September 17, 2009 in which it was held that – *“When the Assessing Officer passed the order of assessment against the respondent company, it had already been dissolved and struck off the register of the Registrar of companies under Section 560 of the Companies Act. In these circumstances, the Tribunal rightly held that there could not have been any assessment order passed against the company which*

was not in existence as on that date in the eyes of law it had already been dissolved. We are of the opinion that the view taken by the Tribunal is perfectly valid and in accordance with law.”

Thus, I dispose of the SCN issued in respect of Noticee No.1 only.

36. In connection with the foregoing discussion, I find it trite to note that any company being an artificial person and an inanimate legal entity cannot act by itself. It acts through its individual directors, who are expected to discharge their responsibilities on behalf of the company with utmost care, skill and diligence. As has been mentioned at the beginning of the order, I find that Noticees No. 2 to 6 were directors of Noticee No.1. As directors they are responsible for the non-compliances committed by the artificial judicial person. Also as per section 179 of the Companies Act, 2013 (corresponding to section 291/292 of the Companies Act, 1956), the Board of a company is entitled to exercise all such powers and do all such acts and things which the company is legally authorized. The duty expected from an individual as a director of a company, has been succinctly expounded by the Hon'ble Supreme Court of India in the following findings made in the matter of N Narayanan vs Adjudicating Officer, SEBI (Order dated 26 April, 2013): -

“33. Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602 that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provide

against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially.”

Therefore, Noticee No.2 to Noticee No.6 are liable for action owing to the principles of vicarious liability and are also none but officers in default.

37. From available records, I also note that the Noticee No.1 was receiving certain credits into its bank accounts from clients for rendering unregistered investment advisory services and thus calling for a direction to refund the same to investors. In this regard, suitable direction(s) are contained in the section on “Directions”.

DIRECTIONS

38. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4), and 11B (1) of the SEBI Act, do hereby issue the following directions:

38.1. The Noticee No. 2 to 6 shall refund the advisory fee (called by whatever name) received by Noticee 1 to clients of Noticee No.1 in the manner as detailed hereinafter;

38.2. The Noticee No. 2 to 6 shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, about this Order and shall give details of modalities for refund, including the details of contact person such as name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of receipt of this order;

- 38.3. The Noticee No. 2 to 6 shall accept refund claims/ requests for a period of 3 months from the date of public notice, as directed under para 38.2 above;
- 38.4. The Noticee No. 2 to 6 shall within a period of four months from the date of public notice, as directed under para 38.2 above, carry out and complete the refund exercise;
- 38.5. Upon expiry of four months from the date of public notice, any balance of such advisory fee that remains with the Noticee 2 to 6, due to their inability to contact the client or otherwise, as directed in para 38.2 above, shall be deposited in a dedicated escrow account, to be opened and maintained by the Noticee No. 2 to 6 for a period of one year and utilized only for the purpose of refund to the clients. Thereafter, the amount lying in the said escrow account shall be transferred to the Investors Protection and Education Fund maintained by SEBI;
- 38.6. The repayments to the claimants or clients shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channel, which ensures audit trail to identify the beneficiaries of repayments;
- 38.7. The Noticee No. 2 to 6 are hereby prohibited from selling assets, properties including mutual funds/ shares/ securities in demat and physical form except for the purpose of effecting refunds, as directed above. Further, the banks are directed to allow debit from the bank accounts of the Noticees, only for the purpose of making refunds to the clients who were availing the investment advisory services from the Noticee No. 1;
- 38.8. After completing the aforesaid repayments, the Noticee No. 2 to 6 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 expiry of four months from the date of public notice, as directed above, duly certified by an independent Chartered Accountant and the direction at para 38.7 above shall cease to operate upon filing of such report. In case of disbursal of any amount from the said escrow account, the Noticee No. 2 to 6 shall also file a report of such disbursal with SEBI, within a period of 15 days, after expiry of one year, as directed in para 38.5 above, duly certified by an independent Chartered Accountant;

- 38.9. The Noticee No. 2 to 6 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 two years from the date of this order or till the date of filing of report, as directed in para 38.8 above, whichever is later;
- 38.10. The Noticee No. 2 to 6 are also restrained from associating, as a director or key managerial personnel, with any listed public company or any public company which intends to raise money from the public or any intermediary registered with SEBI, for a period of two years from the date of this order;
- 38.11. The Noticee No. 2 to 6 shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in para 38.9 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;

39. In case of failure of Noticee No. 2 to 6 to comply with any of the aforesaid directions mentioned in para 38, SEBI, on the expiry of the stipulated time period therein, may recover such amounts, from the Noticee No. 2 to 6, in accordance with Section 28A of the SEBI Act including such other provisions contained in securities laws.
40. The direction for refund, as given in Para 38 above, shall not preclude the clients/ investors to pursue other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
41. This order shall come into force with immediate effect.
42. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar, Transfer Agents of Mutual Funds and BSE Administration and Supervision Ltd.

Date: September 15, 2023
Place: Mumbai

K SARAVANAN
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA