

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

ORDER

Under Sections 11(1), 11(4), 11B and 11D of the Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 in respect of:

- 1. Operator Tips Global and its Proprietor, Mr. Mrinal Chadha (PAN: AVLPC5388F)**
- 2. Saanjh Advisory (OPC) Private Limited (PAN: AAWCS4633A) and its Director, Mr. Mrinal Chadha (DIN: 06362003; PAN: AVLPC5388F)**

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1. Securities and Exchange Board of India (“SEBI”) received a complaint against Operator Tips Global wherein it was alleged that the entity was offering the services of a research analyst. The complainant had also attached the snapshots of the website of Operator Tips Global (<http://operatortips.com>).
 2. In this context, SEBI conducted a preliminary examination into the activities of Operator Tips Global to ascertain whether any of the provisions of Securities and Exchange Board of India, 1992 (“SEBI Act”) or Rules and Regulations made thereunder have been violated. The preliminary examination, *inter alia*, revealed the following:
 - i. Operator Tips Global is a proprietorship firm with Mr. Mrinal Chadha as its sole proprietor.
 - ii. The registered address of Operator Tips Global (as per the website) is “210, 211, 212 Niladri Vihar, Chandrashekharpur, Sector-4, Bhubaneswar, Odisha – 751001”. The branch address of Operator Tips Global is mentioned in the website as “210, 211, Near Big Bazaar, Sai Complex, Patia, Chandrashekharpur, Bhubaneswar, Odisha – 751003.” However, in the Account Opening Form of Operator Tips Global provided by Axis Bank, the address is given as “S. No. 270/3/1/1/ ShegdeWasti, Opp. Water Tank, Wakad, Pune – 411057”. Further, the address of the proprietor, Mr. Mrinal Chadha, is provided as “29, Anupam Nagar Extension, Gwalior – 474011”.
 - iii. Saanjh Advisory (OPC) Private Ltd. (“Saanjh Advisory”) is a One Person Company incorporated on December 04, 2015 with its registered address (as per MCA’s database) at “174/4, 174/5, 174/5/1, Apostrophe, E-903, Wakad Thergaon Road, Datta Mandir, Pune – 411057”. However, the address of Saanjh Advisory mentioned on its website is “Near Yug Honda Showroom, MandarChowk, Wakad, Pune – 411057”.

- iv. Mr. Mrinal Chadha, the proprietor of Operator Tips Global, is also the sole director of Saanjh Advisory.
 - v. As per the website of Operator Tips Global, it is a research house and an Investment Advisory Firm which is carrying out operations in the commodity market since 2012. It also claimed that it provided most authentic and accurate intraday as well as delivery calls.
 - vi. It is claimed on the website that the client would get intraday trading calls as well holding calls in MCX Products like Silver, Gold, Crude, Lead, Zinc, Natural Gas, etc.
 - vii. The website of Operator Tips Global also contained a pricing schedule for the monthly packages offered by it in the market such as Super HNI Commodity Service, Super HNI Equity Service, Super HNI Monthly Crude Service, Normal Equity Service, etc.
 - viii. The website of Saanjh Advisory projected it as a leading financial and investment service provider in India. It also claimed to be India's best advisory company, providing market research solutions of almost all commodities like that Gold, Silver, Copper, Lead, Zinc, Aluminium, Crude Oil, Natural Gas and Equity and Forex market. It further claimed to be an expert in Equity, F&O and Commodities Market Technical & Fundamental Analysis.
 - ix. Just like Operator tips Global, Saanjh Advisory also claimed to offer services to its clients and had different pricing packages for different services.
 - x. The bank account statements of Operator Tips Global, Saanjh Advisory and their sole Proprietor/Director, viz. Mr. Mrinal Chadha were analysed. The bank account statements of Operator Tips Global indicated that the entity was collecting money from multiple clients/investors and the same was being transferred to the bank account of Mr. Mrinal Chadha.
3. Based on the findings of the preliminary examination, SEBI vide an interim order dated November 28, 2016 (*"interim order"*) issued the following directions against Operator Tips Global, Saanjh Advisory (OPC) Private Limited and Mr. Mrinal Chadha (hereinafter collectively referred to as "the Noticees" and individually by their respective names):

"i. Operator Tips Global (PAN: AVLPC5388F) and M/s. Saanjh Advisory (OPC) Private Limited (PAN:AAWCS4633A) and their proprietor/director, Mr. Mrinal Chadha (PAN: AVLPC5388F andDIN:06362003) are directed to:-

a. cease and desist from acting as an investment advisor and cease to solicit or undertake such activity or any other unregistered activities in the securities market, directly or indirectly, in any matter whatsoever;

b. not to solicit or undertake investment advisory activities or any other unregistered activities in the securities market through any companies/proprietorship firms/entities;

- c. not to float any new companies/proprietorship firms/entities to solicit or undertake unregistered investment advisory activities or any other unregistered activities in the securities market;
- d. not to divert any funds raised from investors, kept in bank account(s) and/or in their custody;
- e. immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to their investment advisory and research analyst activity or any unregistered activity in the securities market.
- f. furnish the complete details, information, documents, etc, sought by SEBI vide its letters/emails dated March 18, 2016, May 10, 2016 (e-mail), July 15, 2016, July 28, 2016, etc. from Operator Tips Global and Saanjh Advisory and their proprietor/director, Mr. Mrinal Chadha.”

4. It is alleged in the *interim order* that Mr. Mrinal Chadha was carrying out the "Investment Advisory Services" through his Proprietorship firm, Operator Tips Global and his company, Saanjh Advisory. It was alleged that the activities of the Noticees such as giving trading tips, stock specific recommendations etc. to investors on payment of fees, *prima facie* fall under the definition of "investment adviser" as defined by Regulation 2(m) of the SEBI Investment Advisers Regulations, 2013 ("Investment Advisers Regulations"). Further, it is noted that Mr. Mrinal Chadha, Operator Tips Global and Saanjh Advisory were not registered with SEBI in any capacity. In view of the above, it was alleged in the *interim order* that the Noticees were engaged in unregistered investment advisory activities contravening the provisions of section 12(1) of the SEBI Act and regulation 3(1) of the Investment Advisers Regulations.
5. In the interim order it was stated that all the entities against whom interim order was passed would be afforded 21 days, from the date of receipt of the interim order, to file their replies, if any and to seek an opportunity of personal hearing, if so desired. The Order further called upon them to show cause as why appropriate directions under Section 11 and 11B of the SEBI Act, 1992 and relevant SEBI Rules/Regulations including directions, prohibiting them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period should not be issued against them for the alleged violations.
6. ***Service of interim order and hearing notice:*** The interim order dated November 28, 2016 was served on the Noticee vide letter dated November 29, 2016. The same was delivered to the noticees. Vide public notification dated July 10, 2017, in the newspapers *The Times*

of India and Dharitri and Dainik Bhaskar, the Noticees were informed of the opportunity of personal hearing would be granted to them on August 23, 2017 at the time and venue mentioned therein

Noticees' submissions and hearing

7. In response to the *interim order*, vide letter dated December 16, 2016, Mr. Mrinal Chadha submitted the reply on behalf of all the Noticees. Mr. Mrinal Chadha appeared and made submissions for all Noticees i.e. himself, Operator Tips Global and Saanjh Advisory at the time of hearing on August 23, 2017. During the hearing, Mr. Mrinal Chadha was given two weeks' time to file his written submissions in the matter along with his Income tax returns for 2013-14, 2015-16 and 2016-17. Thereafter, vide letter dated September 6, 2017, Mr. Mrinal Chadha submitted the written submissions on behalf of all the Noticees. The written and oral submissions made by Mr. Mrinal Chadha are, *inter alia*, as under:
- i) Operator Tips Global is a proprietorship firm with Mr. Mrinal Chadha as its sole proprietor. He is a single man working from home and there is no staff employed. There are no branches of Operator Tips Global.
 - ii) Saanjh Advisory (OPC) Private Ltd. is a one person company incorporated on December 04, 2015 in Pune and Mr. Mrinal Chadha is its sole director. Mr. Mrinal Chadha did not carry out any activity in the name of the said company.
 - iii) In August 2015, Mr. Mrinal Chadha got "Operator Tips Global" registered under the Maharashtra Shops and Establishment Act 1948.
 - iv) He had provided tips relating to commodities' trading on a 30% profit sharing basis to certain clients (4 or 5 in total) who had approached him after seeing the website of Operator Tips Global.
 - v) He only provided profit sharing tips to his clients. He carried out the said activity during the period August 2015 to February 2016 and earned around 5 lakh Rupees from his clients as a share of their profit.
 - vi) He did not accept any amount towards investment in shares and has not advised on the same.
 - vii) After February 2016, he had completely stopped the said activity and the website of operator tips was closed in September 2016. SEBI order was passed in November 2016 but he had taken down the website/ bank account in September 2016.
 - viii) As on date, he is not active in the securities market in any manner whatsoever.
 - ix) He started another business of bags and cosmetics (i.e. Flemingo Online) and used to take money/charges in the account of the alleged firm till getting registration certificate of online store business. He also used to withdraw money from that account to satisfy the outstanding of dealers for bags and cosmetic products.

- x) He also submitted his income tax return for AY 2015-16, AY 2016-17 Form 26AS, Profit and Loss statement and balance Sheet for year ended 31st March 2015.
- xi) As regards the complaint that has been filed against Operator Tips Global, it is submitted that there is a possibility that a false complaint has been filed by the complainant to take some personal revenge from Mr. Mrinal Chadha.

Consideration of Issues

8. I have considered the allegations levelled against the Noticees in the *interim order*, the replies / submissions made by Mr. Mrinal Chadha on behalf of all the Noticees and other material on record. On consideration of the above, the following issues arise for consideration:

- i) *Whether the Noticees indulged in investment advisory activity as prima facie found in the interim order.*
- ii) *If the issues no.1 is determined in the affirmative, whether the said activity was undertaken without the certificate of registration issued by SEBI and therefore, in violation of regulation 3(1) of the Investment Advisor Regulations and section 12 (1) of the SEBI Act?*
- iii) *If the answer to issue no. 2 is determined in the affirmative who is liable for the violations committed.*

9. I have perused the material available on record, including the details of the website, written and oral submissions, along with supporting documentary evidence, for the aforesaid allegation. I proceed to deal with the issues raised serially.

Issue No. 1: Whether the Noticees indulged in investment advisory activity as prima facie found in the interim order.

- i) It is an undisputed fact that Mr. Mrinal Chadha was the sole proprietor of “Operator Tips Global” and also the sole director of “Saanjh Advisory OPC Pvt. Ltd.” It is also undisputed that neither Mr. Mrinal Chadha nor “operator Tips Global” nor “Saanjh Advisory OPC Pvt. Ltd.” were registered with SEBI in any capacity whatsoever.
- ii) I further find that through the websites of both Operator Tips and Saanjh Advisory, Mr. Mrinal Chadha projected himself as an expert in the financial market and solicited clients for tips on equity / commodity / forex trading.
- iii) The contents published on the website of Operator Tips and Saanjh Advisory have not been disputed by Mr. Mrinal Chadha. I note from the record that the website of Operator Tips Global contained a pricing schedule for the monthly packages offered by it in the market such as Super HNI Commodity Service, Super HNI Equity Service, Super HNI Monthly Crude Service, Normal Equity Service, Profit Sharing Commodity

Service and Profit Sharing Equity Service. The price for these packages ranged from Rs. 34,999 to Rs. 1,14,999. Under the profit sharing packages, Operator Tips required its customers to give 40% of their profit to Operator Tips, which they would make using the tips provided by Operator tips. Similarly, the website of Saanjh Advisory offered tips on equity, commodity and forex under different packages like positional calls, normal pack, jackpot pack and premium pack the price for which ranged from Rs. 7,999 to Rs. 29,999.

- iv) From the print out of the website material in *www.operatortips.com*, I find that Mr. Mrinal Chadha has published the past performance of his earlier advises in respect of equities and commodities. Therefore, the contention that he did not accept any amount towards investment in shares and has not advised on shares but only on commodities cannot be accepted.
- v) On perusal of the bank account of Operator Tips Global, I find that the claim of Mr. Mrinal Chadha that he had around 5 clients (2 of them were his regular clients) to whom he gave tips relating to commodities and that he made a profit of around 5 lakh from those clients also cannot be accepted as he received Rs. 23,49,615/- from August 8, 2015 to June 3, 2016 in the bank account of Operator Tips Global. It does not stand to reason why someone would send money to the bank account of Operator Tips Global but for the purpose of the investment advisory services. None of the payments in this account are reflected in the name of *Flemingo Online*. Therefore, it is reasonable to conclude that the said amount of Rs. 23,49,615/- from August 8, 2015 to June 3, 2016 is the consideration received by him for the investment advisory services.
- vi) In the above context of facts determined, I peruse the definition of “investment advice” and “investment adviser” which are reproduced below:

“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 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;

“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; ...”

- vii) In view of the above, I find that in the instant case Mr. Mrinal Chadha, Operator Tips and Saanjh Advisory have held themselves out as investment adviser and acted as

investment adviser by way of giving investment advisory service for consideration. Therefore, they have acted as investment advisor within the meaning of the term under regulation 2(1) (m) of Investment Adviser Regulations.

Issue No. 2: If the issue no.1 is determined in the affirmative, whether the said activity was undertaken without the certificate of registration issued by SEBI and therefore, in violation of regulation 3(1) of the Investment Advisor Regulations and section 12 (1) of the SEBI Act

- i) Mr. Mrinal Chadha, Operator Tips and Saanjh Advisory were not registered as investment adviser or in any other capacity with SEBI. It is also undisputed that neither Mr. Mrinal Chadha nor “operator Tips Global” nor “Saanjh Advisory OPC Pvt. Ltd.” were registered with SEBI in any capacity whatsoever. Therefore, they have provided investment advisory services in violation of section 12(1) of the SEBI Act and regulation 3(1) of the Investment Adviser Regulations, which provide as under:

REGULATION 3(1) OF THE INVESTMENT ADVISER REGULATIONS:

“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:”

SECTION 12(1) 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 47[regulations] made under this Act:”

- ii) In view for the above, I find that Mr. Mrinal Chadha, Operator Tips and Saanjh Advisory were carrying out activities of investment adviser and being unregistered while acting as such, they violated section 12(1) of the SEBI Act and regulation 3(1) of the Investment Adviser Regulations.

Issue No. 3: If the answer to issue no. 2 is determined in the affirmative who are liable for the violations committed

- i) Since Mr. Mrinal Chadha, Operator Tips and Saanjh Advisory violated section 12(1) of the SEBI Act and regulation 3(1) of the Investment Adviser Regulations while

acting as unregistered investment adviser(s), they are liable for the said violations and therefore, the money collected for investment advisory services is liable to returned to the clients/investors. Further appropriate action in accordance with law needs to be taken against them for their acting as unregistered investment advisors. The interim order had contemplated directions including directions prohibiting the Noticees from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and/or to refund the amount collected from the investors/clients/partners for its existing schemes.

10. In view of the foregoing, I, in exercise of the powers conferred upon me under sections 11(1), 11(4), 11B and 11D read with section 19 of the SEBI Act, 1992, hereby issue the following directions –

- i) Mr. Mrinal Chadha, Operator Tips Global and Saanjh Advisory (OPC) Private Limited shall refund the money received from its clients as fees in respect of its unregistered investment advisory activities and submit a certificate from a peer reviewed Chartered Accountant who is in the panel of any public authority or public institution, within a period of 3 months. For the purpose of this Order, a peer reviewed Chartered Accountant shall mean a Chartered Accountant, who has been categorized so by the Institute of Chartered Accountants of India ("ICAI") holding such certificate.
- ii) The repayments to the clients shall be effected only through Bank Demand Draft or Pay Order both of which should be crossed as "Non-Transferable" or through any other appropriate banking channels with clearly identified beneficiaries.
- iii) Mr. Mrinal Chadha, Operator Tips Global and Saanjh Advisory (OPC) Private Limited are directed to provide a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of mutual funds/shares/securities, if held in physical form and demat form.
- iv) Mr. Mrinal Chadha, Operator Tips Global and Saanjh Advisory (OPC) Private Limited are prevented from selling any of 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 and deposit the proceeds in an Escrow Account opened with a nationalized Bank. Such proceeds shall be utilized for the sole purpose of making refund/repayment to the investors till the full refund/repayment as directed above is made.
- v) Mr. Mrinal Chadha, Operator Tips Global and Saanjh Advisory (OPC) Private Limited are directed not to, directly or indirectly, access the securities market, and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, till the expiry of 4 years from the date of refund of the money as directed in paragraph 10(1) above. Mr. Mrinal Chadha is also restrained from associating with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI till

the expiry of 4 years from the date of refund of the money as directed in paragraph 10(1) above.

- vi) Mr. Mrinal Chadha, Operator Tips Global and Saanjh Advisory (OPC) Private Limited shall not undertake, 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 after the expiry of period of debarment as mentioned in paragraph 10(v) above.

11. The interim order dated November 28, 2016 is disposed of accordingly.

12. This order shall come into force with immediate effect. A copy of the order shall be forwarded to recognized stock exchanges, depositories, registrars and transfer agents for their information and necessary action.

DATE: January 12, 2018
PLACE: MUMBAI

MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA