

SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

UNDER SECTION 11(1), 11(4) AND 11B(1) OF THE SECURITIES AND
EXCHANGE BOARD OF INDIA ACT, 1992

In respect of

Sl. No.	Name of the Noticee	PAN
1.	Mr. Krishnamurthy G.	BSFPK6683P

Background

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') received a complaint dated January 07, 2020 wherein it was alleged that the complainant was approached by one firm called 'NIFM Research' which gave him two trading tips for free and thereafter directed him to pay subscription fee into the bank account of one Mr. Krishnamurthy G. (hereinafter referred to as '**Krishnamurthy**'). Subsequently, the complainant transferred an amount of INR 2,500/- on December 03, 2018 and INR 5,000/- on December 17, 2018 to the bank account of *Krishnamurthy*. The complainant alleged that he lost money while acting upon the recommendations given by them and his request for refund of investment advisory fees paid by him was not acceded to.
2. On the basis of such complaint, SEBI carried out a preliminary examination to ascertain as to whether unregistered investment advisory activities are being carried out by *Krishnamurthy* during which, SEBI found no records in its registered Intermediary database against the name 'NIFM Research' or 'Krishnamurthy G'. It was also noticed that the details of bank accounts of *Krishnamurthy* were given

in one of the web pages of the website viz., www.tragroups.com. Upon finding out the same, the website and particulars of bank accounts of *Krishnamurthy* were perused to gather further information. The above website was found active during the course of examination/investigation.

3. The preliminary examination by SEBI resulted in revealing the following facts:
 - 3.1. NIFM Research or Krishnamurthy G is not registered with SEBI.
 - 3.2. The website viz., www.tragroups.com was offering various investment advisory packages in different segments of securities market such as Stock Cash, Stock Futures, Nifty Future, Combo Equity, Options, Bullion, Base metals, Energy and commodity Combo, etc.
 - 3.3. Bank accounts displayed on the website for clients who wish to subscribe to its 'advisory services' are the Bank Accounts with two different banks viz., South Indian Bank and Punjab and Maharashtra Co-operative Bank (hereinafter referred to '**PMC Bank**'), both of which are in the name of *Krishnamurthy*.
 - 3.4. As per the information obtained from South Indian Bank with respect to the bank account No. 073XXXXXXXXXXXX73 mentioned on the website, it is noted that the account is in the name of *Krishnamurthy*.
 - 3.5. As per the website hosting information, the aforementioned website was created on August 01, 2018 and was found active at the time of preliminary examination.
4. It was observed from website of TRA groups that two separate accounts one with South Indian Bank bearing account number 073XXXXXXXXXXXX73 and another with PMC Bank bearing account number 32XXXXXXXXXXXX07, both in the name of *Krishnamurthy*, were mentioned under the head Bank Information.

5. It was further observed during examination that *Krishnamurthy* was not registered with SEBI to act as an Investment Adviser in the securities markets.
6. A further scrutiny of the aforesaid website showed that *Krishnamurthy*, at the time of inviting the investors to invest in securities market as per various investment advisory services rendered to the clients, was also making the following tall and misleading claims before the public through his website:

*"TRA Groups is a leading **Stocks and Commodity Advisory Company**, having a strong hold in providing most accurate Equity Tips as well as Commodity Tips. TRA Groups since its inception has grown in leaps & bounds providing quality services to Stock Brokers and Customers, Full time traders and HNI. We maintain well qualified analysts supported by dynamic team who are skilled and impeccable in their analysis. **TRA Groups is an Investment Advisory Company** that produces and delivers tips and recommendations for..."*

TRA Group is the best research and analysis house for providing tips on MCX Commodity with high accuracy. At TRA Groups, Our ultimate aim is creating true value for your investment, through the essential technical analysis of our company – our advisory. In today's unpredictable volatile market, these analyst, using their experience and latest software tools, are able to predict the movements in share market on time and with high accuracy. As a result, using our tips, our clients gain the most out of the share market. We try to provide you with firsthand information and advice, which can prove to be profitable.

We provide recommendations through SMS and Phone Call based on customer options. Our SMS facility is a very efficient system ensuring the instant delivery of Message without any loss of time with proper details. So, the clients get adequate time to enter into the trade and fetch the profit. It enables us to maintain a large clientele base as compared to any other Advisory Services. We assure you and take the responsibility of providing you with an immediate alternative, if in case you are stuck up in any position in market." (emphasis supplied)

7. It is noted in the course of the said preliminary examination that the website www.tragroups.com was also containing information that it was offering packages in equity segment, futures segment (both stock and Indices), options, bullions, base metals Energy and other commodities to its clients as part of its advisory activity. I note from the material available on record that the pricing for various investments advisory products being offered by *Krishnamurthy* as mentioned on the aforesaid website were as following:

Table 1: Subscription plans:

Sl. no	Product Package	One month (Rs.)	Three Months (Rs.)	Six Months (Rs.)	One Year (Rs.)
1	Stock Cash	10,000/-	20,000/-	40,000/-	65,000/-
2	Stock Future	12,000/-	24,000/-	40,000/-	70,000/-
3	Nifty Future	8,000/-	16,000/-	30,000/-	45,000/-
4	Combo Equity	30,000/-	60,000/-	95,000/-	1,30,000/-
5	Options	8,000/-	16,000/-	28,000/-	40,000/-

8. A thorough examination of the South Indian Bank Account no. 073XXXXXXXXXXXX73 *prima-facie* showed that *Krishnamurthy* has collected a total sum of INR 12,58,780/- during the period of operations of the aforesaid bank account viz. December 2018 to May 28, 2020, using which *Krishnamurthy* apparently conducted his advisory activities.

9. In the light of the fact that *Krishnamurthy* was continuously luring gullible investor by offering investment advisory tips through the aforesaid website operated by him and was continuously collecting monies from the investors by offering them various investment packages in an unauthorized manner, it was deemed fit to take urgent proactive and preventive action in this matter to stop *Krishnamurthy*, acting through his website www.tragroups.com, from collecting any more fees from the public and from indulging in such unauthorized investment advisory activities. Therefore, an *ex-parte ad Interim Order* dated September 07, 2020

(hereinafter referred to as “**Interim Order**”) under Sections 11, 11(4), 11B(1) and 11D of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) was passed wherein the above activities of *Krishnamurthy* were *prime facie* found to be in violation of the provisions 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 (hereinafter referred to as “**IA Regulations, 2013**”).

10. On the basis of the aforesaid findings from the preliminary examination, the evidence gathered during examination and considering the sensitive nature of the alleged illegal investment advisory activities being undertaken by *Krishnamurthy*, in order to protect the interest of investors in securities market and, as a preventive measures, *Interim Order* was passed to prevent him from carrying on those illegal investment advisory services, which were *prima-facie* found to be being undertaken in violation of the provisions of SEBI Act and IA Regulations, 2013. Consequently, the following directions were issued against *Krishnamurthy* in the aforesaid *Interim Order*:-

“a) *Krishnamurthy G. is directed to:*

- i. Cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.*
- ii. Not to divert any funds raised from investors, kept in bank account(s) and/ or in their custody until further orders.*
- iii. Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.*
- iv. Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., in relation to their*

investment advisory activity or any other unregistered activity in the securities market until further orders.

- v. Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
- vi. If Krishnamurthy has any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. Krishnamurthy is permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.*
- vii. To provide a full inventory of all assets held in his name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.*
- viii. South Indian Bank and PMC Bank wherein Krishnamurthy (SIB Account No. 073XXXXXXXXXXXX73 and PMC Bank account number 32XXXXXXXXXXXX28) is holding bank accounts, are directed not to allow any debits/withdrawals from and credits to the said accounts, without the permission of SEBI. The Banks are directed to ensure that all the above directions are strictly enforced.*
- ix. The Depositories are directed to ensure that till further directions no debits are made in the demat accounts of Krishnamurthy.*
- x. The Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including Mutual Fund units, held in the name of Krishnamurthy is not transferred or redeemed.*

11. The aforementioned *Interim Order* issued to *Krishnamurthy* was based on certain *prima facie* observations which were made on the basis of the material available on record and the *Interim Order* was based on the above narrated *prima facie* case and keeping in view of the balance of convenience in the interest of investors. In this context, it is noted that the *Interim Order* contains a provision affording 21 days'

time to *Krishnamurthy* to file his objections, if any, and to avail an opportunity of personal hearing before SEBI, on a date and time to be fixed in that regard.

12. I note from the records available before me that the *Interim Order* was delivered to *Krishnamurthy* at his address through SPAD on September 28, 2020 the proof of such delivery is available on record. However, no reply on behalf of *Krishnamurthy* has been received in this regard. Subsequently, a letter dated July 06, 2021 was again sent to *Krishnamurthy* advising him to submit his reply to the allegations and *prima-facie* observations made in the *Interim Order*. The said letter was again delivered to *Krishnamurthy* but no reply was received from his end.
13. Subsequently, in the interest of Principles of Natural Justice, an opportunity of personal hearing was granted to *Krishnamurthy* on December 08, 2021. The said hearing notice dated July 26, 2021 was also delivered to him vide SPAD as well as email dated July 26, 2021. However, no one appeared on behalf of *Krishnamurthy* on the scheduled date.
14. In this regard, I find that the facts at this stage are clear to make a *prima-facie* view that *Krishnamurthy* was running an investment advisory service through his website www.tragroups.com wherein he was providing various packages to the gullible investors in equity, futures, options as well as commodities segment of Securities market. In fact, it was clearly mentioned on the aforementioned website that 'TRA Groups is an investment advisory company'. At the same time, the name of *Krishnamurthy* was not found in the list of Registered Investment Advisors with SEBI.
15. On the other hand, I find that *Krishnamurthy* has failed to avail various opportunities provided to him to present his case. Further, no material has been found by SEBI since passing of the *Interim Order* which would warrant any change in the directions passed in the *Interim Order*.
16. In view of the above, I find no reason to deviate from the *prima-facie* findings recorded in the *Interim Order* that *Krishnamurthy* was running an unregistered investment advisory service through his website www.tragroups.com. By running such activity in proscribed manner, *Krishnamurthy* has appeared to have deceived

a number of gullible investors, one of which filed a complaint dated January 07, 2019 before SEBI. By running such activity, *Krishnamurthy prima-facie* collected INR 12,58,780 in his bank account with South Indian Bank. Further, detailed investigation in respect to his collection of funds in his bank account with PMC Bank as well as in other bank accounts, if any, is being conducted simultaneously. Pending examination/investigation, I find no reason to modify the directions issued under the *Interim Order* and consequently, hereby confirm the directions made with respect to *Krishnamurthy* in the *Interim Order*.

17. This Order shall come into force with immediate effect.

18. A copy of this Order shall be served upon Krishnamurthy G, all the recognized Stock Exchanges, Depositories, registrar and transfer agents and Banks for necessary compliance with the above directions.

DATE: January 12, 2022

PLACE: Mumbai

Sd/-

S. K. MOHANTY

WHOLE TIME MEMBER