

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, 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 (Portfolio Managers) Regulations, 1993 in respect of Secure Success Plan Private Ltd. (PAN:AAQCS5085E) and its Directors Mr. Shreyas Manjunath (PAN: BOXPS6610G) and Mrs. Annapurna Mathkur Venkatachalaiah (PAN:AIMPA4343C).

- 1.1 Securities and Exchange Board of India (“SEBI”) received a reference from Reserve Bank of India (RBI) vide letter dated August 07, 2015 regarding fund mobilization by Secure Success Plan Pvt. Ltd. (hereinafter referred to as “Secure Success Plan”/the Company) from the public by opening “Risk free Management Account”. RBI also forwarded a complaint (dated July 03, 2015) filed by one Mr. Sanjeev Kumar Tyagi, wherein it was *inter alia* alleged that:
- The complainant deposited an amount of Rs. 20,000 in “Risk Free Management Account” of Secure Success Plan, wherein they offered 5-8% monthly bonus on the investment,
 - Secure Success Plan failed to refund the principal amount and the assured bonus to the complainant, despite repeated requests for refund by the complainant.
- 1.2 RBI vide the aforesaid letter dated August 07, 2015, forwarded Brochures, etc. issued by Secure Success Plan. RBI, vide the said letter also informed that:
- Secure Success Plan is not registered with RBI as an NBFC,
 - On an incognito visit to the office of Secure Success Plan by RBI officials, it was found that the company is in the business of trading in shares and that they are accepting public deposits by opening “Risk Free Management” Account,
 - The entity is promising returns of 5- 8% per month. The company officials informed that an investor would get Rs. 5000/- per month for investment of Rs. 1 lakh,

- Further, the entities, *viz.* M/s. Secureji Broking Pvt. Ltd. and M/s. Secureji Commodities Pvt. Ltd. are having their office at the same premises as that of *Secure Success Plan* and the directors are common among these entities,
- The directors of *Secure Success Plan* are appointed as additional directors of Sri Bheemeswara Securities Pvt. Ltd. (a Member of National Stock exchange).

1.3 Thereafter, SEBI received several other complaints against *Secure Success Plan* *inter alia* alleging that:

- Secure Success Plan along with its sister concerns, i.e. Secureji Commodities Pvt. Ltd. Secureji Broking Pvt. Ltd. and Sri Bheemeswara Securities Pvt. Ltd. cheated more than 400 investors in Bangalore promising returns from investment into stock market through auto trading,*
- Based on the promise made by them (Secure Success Plan and its Director, Mr. Shreyas Manjunath) to offer guaranteed returns from investment plan, large sums were invested by the complainants. However, on request of refund, Secure Success Plan failed to refund even the invested amount.*

2.1 Thereafter, SEBI obtained information regarding *Secure Success Plan*, its directors, group companies, etc. from the Facebook account, websites operated by *Secure Success Plan*, Secureji Commodities Pvt. Ltd., Secureji Broking Pvt. Ltd. and Sri Bheemeswara Securities Pvt. Ltd and also from Registrar of Companies **(RoC)**.

2.2 As part of the preliminary enquiry, SEBI vide letter dated February 24, 2016, advised *Secure Success Plan* to furnish the following information/documents in connection with its various financial products/services in the nature of portfolio management:

- Registered / Corporate addresses of Secure Success Plan along with contact numbers,*
- Name address and contact numbers of all of its promoters/directors,*
- The list of all the securities / investment activities undertaken by Secure Success Plan,*
- Since when the entity is in the business of portfolio management services,*
- Year-wise details in a tabular format of:*
 - *No. of clients to whom they have provided services,*
 - *Total amount of money collected from the aforesaid clients during the year,*
 - *Total asset under Management (AUM) on December 2015,*

- *Total amount of money deployed as on December 2015.*
- f. *Break up of AUMs under various asset classes,*
- g. *List of clients and minimum amount accepted for managing their portfolio,*
- h. *The details of fee charged for various products / services offered ,*
- i. *Details of guaranteed return scheme, if any offered by them,*
- j. *Details of investment advice services, if any offered by them,*
- k. *A copy of the audited annual accounts for last three financial years.*
- l. *Whether Secure Success Plan has sister concerns registered with SEBI as intermediary. If yes, details of the transactions, if any placed through such intermediaries.*

2.3 SEBI, vide the aforesaid letter, also forwarded the copies of the complaints received by SEBI against *Secure Success Plan*. SEBI also advised them to redress the said complaints. The copies of the said letters were also forwarded to Secureji Broking Pvt. Ltd. and Secureji Commodities Pvt. Ltd.. As no reply was received from them, a reminder was issued to the aforesaid entities vide SEBI's letter dated March 15, 2016.

2.4 Thereafter, *Secure Success Plan* vide their letter dated March 12, 2016 (received by SEBI on March 16, 2016) stated:

- a) *“Funds were never collected for portfolio management or to give the returns from stock market, but there were running investments which were collected and used for property purchase, real estate venture, etc.*
- b) *Public funds were never collected in any of our companies name, it was only collected in the personal levels of director's accounts.*
- c) *Secure Success Plan is into the business of providing recruitment and placement, selecting, interviewing and employing all types of executives, middle management staff, Junior Level Staff, Workers, Labourers, Skilled/unskilled required by various industries*
- d) *There were no sister concerns having registered with SEBI and they do not offer any guaranteed return scheme.”*

2.4.1 In respect of the complaint filed by Mr. Sanjeev Kumar Tyagi, mentioned in Paragraph No. 1.1 above, the company provided (vide the aforesaid letter dated March 12, 2016) the statement by one of its directors, viz. Mr. Shreyas Manjunath, wherein he states:

“He [Sanjeev Kumar Tyagi] is not a client to any of our companies, he is known to me personally from online Facebook. And at the being of career as a helping friend, on 20/07/2012 he lend Rs. 20,000/- into my ICICI Account Number:.....name: Shreyas M. Account Type : Savings Account. Latter I tried several times to his cell phone number....but he was not available. Later I deposited Rs. 1430/- on 21/09/2012 and rs. 1395 on 18/10/2012 as part payment to his account No. with PNB Bank, Muzaffarnagar. But meanwhile, Sanjeev Kumar misunderstood and started sending e-mails to me and my staffs damaging my reputation....I paid Rs. 20,000 -full payment to him and apologized for the delay in returning the loan amount. By that time, he gave written complaints to RBI and other agencies. An on my request, he gave a letter to me and to RBI by saying that he was misguided. He requested to withdraw his complaint. It is not true that I received Rs. 20,000 as a deposit for my business”

2.4.2 In respect of complaint filed by one Mr. Safdar Raza Riyaz Ali (forwarded to the company by SEBI vide letter dated February 24, 2016), the aforesaid director, *viz.* Mr. Shreyas Manjunath states: *“We will be settling the dues before April 2016.”*

2.4.3 *Secure Success Plan*, vide the aforesaid letter, also furnished the following information/documents:

- a. Copy of the letter dated September 5, 2015 of Mr. Sanjeev Kumar (Complainant) addressed to RBI, wherein he *inter alia* requested to withdraw his complaint (dated July 3, 2015-mentioned at paragraph No. 1.1 above) against *Secure Success Plan*,
- b. Details of registered/corporate addresses,
- c. Names, addresses and contact numbers of its promoters and directors,
- d. Copies of audited annual accounts for the last three years

2.5 In the meanwhile SEBI again received several complaints against *Secure Success Plan* and Mr. Shreyas Manjunath (one of the directors), alleging that they are not refunding the amounts deposited by the complainants in the plan/scheme offered by the company wherein they promised 5-8% monthly returns. The complainants also forwarded the copies of various letters sent by *Secure Success Plan* to them.

2.6 On analysing the Annual Returns for the period 2011-2012, 2012-2013, 2013-2014 furnished by *Secure Success Plan*, the following entries were observed:

S. No.	Account Head	2011-2012	2012-2013	2013-2014
1	Long term loans and advances	1,50,000	15,50,000	Nil
2	Expenses	3,80,344	55,16,630	25,46,442
2a	Brokerage Charges	30,000	Nil	Nil
2b	Dividend paid to clients	92,175	Nil	Nil
2c	Other expenses	Nil	36,27,388	1,64,000
3	Trade receivables	Nil	Nil	28,50,450

2.6.1 SEBI vide letter dated April 26, 2016, sought comments from *Secure Success Plan* in respect of the following aspects noted in the accounting entries:

- “Details of the long term loans and advances of 15,50,000/- as shown in for the period 2012-2013 along with the proof;*
- List of clients to whom dividends were paid and explain the nature of such dividend paid to the clients as shown for the period 2011-2012;*
- Details of other expenses of Rs.36,27,388/- shown for 2012-2013;*
- The nature of trade receivables and corresponding entries during Financial Years 2011-2012 and 2012-2013.*

2.6.2 Vide the aforesaid letter, *Secure Success Plan* was also advised to provide their comments on Brochures issued by *Secure Success Plan* for “*Risk free Management Account?*”, Certificate issued to complainant, website advertisements, etc.

2.6.3 SEBI also sought the following information/documents from *Secure Success Plan*, vide the said letter:

- Bank account statements of Secure Success Plan and its directors,*
- Relationship between Secure Success Plan and Secureji Broking Private Ltd., Secureji Commodities Pvt. Ltd. and Sri Bheemeswara Securities Pvt. Ltd.*

2.7 Copies of the aforesaid letter dated April 26, 2016 were also forwarded to Secureji Broking Pvt. Ltd. and Secureji Commodities Pvt. Ltd. (group companies of *Secure Success Plan*).

2.8 In response to SEBI's letter dated April 26, 2016, *Secure Success Plan* vide letter dated July 01, 2016 stated:

- a. ***“Long Term Loans and Advances of Rs. 15,00,000/-:*** *The amount has been advanced to a land owner for the purchase of land. However, later this transaction did not happen due to various reasons and amount have been received back from party during the financial year 2013-2014.*
- b. ***Dividend and Brokerage Paid:*** *Those were commission paid to various parties (real estate brokers) for helping in search of lands for the real estate activities and which were wrongly classified under the head brokerage and dividends by the accountant.*
- c. ***Other Expenses:*** *Those were commissions, consultancy, travelling and conveyance and out of pocket expenses paid to various parties in relation to purchase of land.*
- d. ***Trade Receivable:*** *This is a real estate commission receivable from various parties accounted. Corresponding entries are not there during the Financial Year 2011-2012 and 2012-2013 as there was no such income receivable. However this income were denied to have been received due to non-happening of the transaction.*
- e. *Secure Success Plan has not issued any kind of business promotion brochures through any media, if found may be issued by sales person without the knowledge of rules and regulations. And statements for the fund received from customer on friendly basis to my real estate and to hold the transactions details transparently irrespective of funds received on directors name by mistakenly without the proper legal advice the statements were issued.*
- f. *Bank Statements from year 2013 to 2015 are being extracted and the same will be forwarded once the complete list is available.*
- g. *There is no relationship between Secure Success Plan and the intermediaries, viz. M/s. Secureji Broking Pvt. Ltd., M/s. Secureji Commodities Pvt. Ltd. and M/s Sri. Bheemeshwara Securities P. Ltd, as the said entities are independently managed and no relation with the day to day activities of Secure Success Plan.*
- h. *The complaint filed by Mr. J Vinay Kumar was resolved and full payment has been made to him on May 03, 2016 and the same may be treated as closed,*

- i. *The complaint filed by Mr. Safar Raza Riyaz Ali, an amount of Rs. 50,000/- has been transferred to client on May 12, 2016 (IMPS Transaction: 613316054928). The client has accepted for the part payment. Email transcript confirmation of the client is enclosed”.*

2.9 In the meanwhile, SEBI vide email dated February 02, 2016 advised NSE, BSE, MCX, NSDL and CDSL to provide copies of statements in respect of the transactions (for the period October 20, 2011 till date), if any carried out by *Secure Success Plan* through M/s Secureji Broking Pvt. Ltd., M/s. Secureji Commodities Pvt. Ltd. and M/s Sri. Bheemeshwara Securities P. Ltd. (Member NSE).

2.10 In response to this-

- NSE vide e-mail dated February 2, 2016 stated that *Secure Success Plan* and its director, viz. Shreyas Manjunath are not registered with the member, M/s Sri. Bheemeshwara Securities P. Ltd. Further, vide e-mail dated February 25, 2016, NSE stated that *Secure Success Plan* has transacted through the members, viz. Edelweiss Broking Ltd. and Unicon Securities Pvt. Ltd. during 2011 to 2012 (client IDs: EX503506 and I13292). NSE also forwarded the *trade log* details of the transactions executed by *Secure Success Plan* through the said members,
- MCX vide e-mail dated February 2, 2016 and March 28, 2016 stated that *Secure Success Plan* is not registered with M/s Secureji Commodities Pvt. Ltd. However, *Secure Success Plan* is a registered client of Edelweiss Comtrade Ltd. and Unicon Commodities Pvt. Ltd. MCX also forwarded the copies of the details containing the transactions executed by *Secure Success Plan*,
- BSE vide e-mail dated February 3, 2016 stated that *Secure Success Plan* has not dealt in Cash and Derivative Segment of the Exchange, during the period October 20, 2011 till date,
- NSDL vide letter dated February 3, 2016 stated that one demat account is found to be held in the name of *Secure Success Plan*. They forwarded the copies of KYC documents and also the transaction statements for the period October 20, 2011 to February 02, 2016,

- CDSL vide e-mail dated February 3, 2016 stated that 2 demat accounts are registered in the name of *Secure Success Plan*, but the accounts do not hold any shares during the period, October 20, 2011 to February 02, 2016. CDSL also forwarded the copies of KYC documents including the Memorandum of Association (**MoA**) filed by *Secure Success Plan* with them.

2.11 As *Secure Success Plan* failed to submit the bank account statements (sought by SEBI vide letter dated April 26, 2016), SEBI vide e-mail dated July 21, 2016 sought the same from HDFC Bank, Yelahanka Branch (Bangalore). HDFC Bank vide e-mail dated July 22, 2016 provided the copies bank account statements of *Secure Success Plan*.

2.12 SEBI again received several complaints against *Secure Success Plan*, their directors and one of the related entities, viz. M/s Sri. Bheemeshwara Securities P. Ltd. *inter alia* alleging that the said entities failed to refund the amounts deposited by the complainants. It was observed that one of the complainants (Mr. Mujahid Pasha N.A.) deposited an amount of Rs. 1.61 Cr. (Rs. 39.5 lakh through cheque and the remaining amount as cash) with *Secure Success Plan*. The said complainant has furnished copies of bank account statements which indicate various debit entries from the account of the complainant to the accounts of *Secure Success Plan*.

The said complainant also stated: “Mr. Shreyas Manjunath asked me to deposit the capital into his company, *Secure Success Plan* either via Cheque or by cash so that he will transfer the entire amount into my trading account “S123” in Sri Bheemeswara Securities Pvt. Ltd. He also mentioned that he has 7 yrs of trading experience, and he will trade on my behalf and promised return /profit of 5-8% per month of my invested capital.”

3. I have carefully perused the complaints received by SEBI along with the documents contained therein, correspondence exchanged between SEBI and *Secure Success Plan* along with the documents contained therein, information obtained from the website of *Secure Success Plan*, RoC website, etc., documents/details forwarded by NSE, BSE, MCX, NSDL, CDSL and HDFC Bank and other material available on record. On an examination of the aforementioned material/information available on record, i.e. and other information/materials available on record, it is *prima facie* observed as under:

- i. *Secure Success Plan* (Secure Success Plan Pvt. Ltd.) was incorporated on October 20, 2011 (CIN No.U74900KA2011PTC060883). It has the registered office at 27/28, Kamadenu, 1st A Cross, Chikkabommasandra, Yelahanka New Town, Bangalore- 560065, Karnataka. The authorised capital of the company is Rs.1,00,000/-.
- ii. As per the MoA of *Secure Success Plan*, the main objects of the company is “*to provide information on Veda, Vedic Concepts, meditation, Yoga, Reiki Healing Power and affirmation, to provide information on natural doctor, to provide complete information on spiritual activities through websites, computers, sms, newspapers.....*”
- iii. Mr. Shreyas Manjunath and Mrs. Annapurana Mathkur Venkatachalaiah are the directors of *Secure Success Plan*.
- iv. It is relevant to note that the aforementioned directors of *Secure Success Plan*, viz. Mr. Shreyas Manjunath and Mrs. Annapurana Mathkur Venkatachalaiah are also directors of the following companies/entities:
 - a. Secureji Broking Pvt. Ltd.; (incorporated on December 24, 2014),
 - b. Secureji Commodities Pvt. Ltd.; (incorporated on November 25, 2014), and
 - c. Sri Bheemeswara Securities Pvt. Ltd.; (incorporated on November 20, 1997), a trading member NSE.
- v. Both the companies viz. Secureji Broking Pvt. Ltd and Secureji Commodities Pvt. Ltd. share their registered office with *Secure Success Plan*.
- vi. *Secure Success Plan* operates websites in the name and style of <http://securebank.in/>; www.money.securebank.in and <http://secureji.com/> (not operating presently). They also have Facebook account (with web link: <https://www.facebook.com/SecureBank>).
- vii. On examining the Facebook account and websites operated by *Secure Success Plan*, it is observed that they have posted the following details:

“*Secure Success Plan Pvt. Ltd. - Investing Service – Commercial Bank*

A First time in India we have started Automated Trading Platform without any human intervention in NSE /MCX.

SecureBank.in – Trade Daily, Earn Daily

Lowest Brokerage Charges in India

Open Equity or Commodity Trading/ Demat Account with us and Get Free Research-Based Investment Advice on trading- free for Lifetime”

viii. Following are noted from the Brochure issued by *Secure Success Plan* (provided by the complainants):

- *“Secure Bank (Secure Success Plan Pvt. Ltd.) is broking cum Investment Company. Risk free management Account, one of the preferable scheme to maximize returns. It offers returns of 5-8% dividend on monthly basis...*
- ***Our Motto:** We believe that guaranteeing customers satisfaction is the most important part of being successful as a financial organization.....Secure Bank, a unit of Secure Success Plan Pvt/Ltd. has been a distinguished financial organization delivering innovative investment plans...It covers not only trading....*
- ***Services:** Open Equity or Commodity Trading demat account with Fully Automated System (Robotic Trading)*
- ***We offers lowest brokerage charges***
 - *Intraday Equity brokerage 1 paisa (0.01%) Equity Delivery Brokerage 10 paisa (0.1%)*
 - *All futures brokerage 1 paisa*
 - *Nifty/ Stock Options: Rs. 10 per lot one side*
 - *Commodities brokerage 1/2 paisa (0.05%)”*

ix. From a copy of the “Welcome Letter” and other letters issued by *Secure Success Plan* to the investors (forwarded to SEBI by the complainants) following are noted:

- *“We provide recommendations in Stock Cash, Futures, Nifty Futures, Commodities,...We also trade on behalf of customer and disclose the profit/ loss on the fund deposited by customer to trade in market. With our finest stock market tips and professional guidance before and after investment, there will be one step closer to fulfilling your financial goals. Thus our company is one stop shop to find stable and reliable solutions to all your trading problems.....*

- *In case the ECN status is active, you shall not be sent the Contract Notes in Physical Form. The contract notes shall be sent on your registered e-mail ID.*
- *Grow your wealth with Secure PMS (Portfolio Management) through its Risk Free Management Account” (RFMA).*
- *The capital market today have not only become far more complex in terms of compliances, methodologies, effects....The Indian investor has also realized the advantages of seeking professional advice in order to not only manage but also to augment his portfolio.*
- *The portfolio Management Schemes of the Company offer Discretionary Schemes for individuals, Corporate Bodies...etc. We maintain your investment by investing funds to intraday market of NSE Cash segment, F&O and MCX. Please find the in-depth information on Risk Free Management Account”*
- *Minimum investment is Rs.50,000 and maximum is unlimited*
- *You can avail to bonus on your principal Fund without declaration on every month*
- *Once member invest and open account in ____He/ She will be provided with ATM Card to with draw his/ her commission on every month { Only Dividend amount can be withdrawn from ATM card with Rs.60/- charges on every transaction}*
- *Principal fund will be 100% safe irrespective of the market. We give guarantee only on principal fund value.*
- *Principal fund remain in 100% liquidity {Withdrawal of principal fund can be initiated via ticket raising system /email support center}*
- *You can transfer the amount to our any bank accounts via online banking (mentioned in our official website)*
- *Members can receive the bonus every month with TDS deduction*
- *We guarantee only on principal fund value deposited by customer. Returns of 5% to 8% are not guaranteed income. It depends only on market performance,*
- *There by the investments in the Risk Free Management Account are subjected to market and other risks and there can be no assurance that the objectives of the any funds will be achieved.*
- *The dividend we disclose can go up and down depending on the factor and force affecting the financial markets from time to time*
- *The past performance of any funds of the company is not necessarily indicative of the future performance of any of these funds.*

- *Dividend are subjected to be released on the profit achieved by company 1/3 amount will only be disclosed by members."*
- x. On analysing the *trade log* details furnished by NSE vide e-mail dated February 25, 2016, it is observed that:
- *Secure Success Plan* has transacted through Edelweiss Broking Ltd. and Unicon Securities Pvt. Ltd. during the period 2011 to 2012 (client IDs: EX503506 and I13292).
 - *Secure Success Plan* has entered into buy side transactions in the F&O segment on NSE's Platform through the members, *viz.* Unicon Securities Pvt. Ltd. and Edelweiss Broking Ltd. for Rs. 8,02,30,323/- and Rs. 20,74,83,050/- respectively during the said period.
- xi. Similarly, the data furnished by MCX vide e-mail dated March 28, 2016 indicates that *Secure Success Plan* has transacted through Edelweiss Comtrade Ltd. and Unicon Commodities Pvt. Ltd.(client ID:33604450 and I13292) during the period 2012 -2013.
- xii. On perusal of the bank account statements (for the period November 3, 2011 to July 20, 2016) received from HDFC Bank, it is observed that:
- a) The bank account is in the name of "M/s Secure Success Plan Pvt. Ltd." (*Secure Success Plan*),
 - b) *Secure Success Plan* has been receiving funds from various individuals by cash deposits; cheque deposits and NEFT transfers, etc. (of amounts ranging between Rs. 50,000 to Rs. 30,00,000/-)
 - c) The amounts so received from various individuals have been transferred to the accounts of trading members, *viz.* Edelweiss Broking Ltd., Edelweiss Comtrade Ltd., Unicon Securities Pvt. Ltd. and Unicon Commodities Pvt. Ltd..
 - d) Funds were also found to have been transferred from the bank accounts of the aforesaid trading members to the account of *Secure Success Plan*.
 - e) Similarly, various debit entries are also seen from the bank account statements of *Secure Success Plan* indicating that funds/returns so received from the trading members are being transferred to the investors through online transfers.

- xiii. The transaction statements received from NSE and MCX coupled with the bank account statements clearly indicate that that *Secure Success Plan* collects funds from their clients/investors and makes frequent trades on behalf of their clients/investors through their broking accounts (maintained by *Secure Success Plan* with brokers mentioned above) by using the funds collected from the clients/investors.
- xiv. The aforementioned details indicate that *Secure Success Plan* invites deposits from the public in the name of “**Risk Free Management Account**”, through their Facebook Account, websites operated by them and also by circulating brochures. The amounts so deposited by the investors in their bank accounts are in turn invested by the company in the Stock market and Commodities market on behalf of the clients/investors. The transactions were carried out by the company through the brokers, viz. Edelweiss Broking Ltd., Unicon Securities Pvt. Ltd., Edelweiss Comtrade Ltd. and Unicon Commodities Pvt. Ltd..
- xv. It is observed from the complaints and the copies of bank account statements forwarded by the complainants, that the following amounts are invested by the complainants with *Secure Success Plan* (in their *Risk Free Management Account*) and their related/associated entities:

S. No.	Complainant	Amount invested (in Rs.)
1	Mr. Mujahid Pasha N.A.	1,61,00,000
2	Mr. Baban Ganu Keni	47,00,000*
3	Mr. B Manjunath	2,00,000
4	Mr. Safdar Raza	12,10,000
5	Mr. Naseem Khan	50,000
6	Mr. J Vinay Kumar	50,000

*Deposited in the accounts of *Secure Success Plan*, *Secureji Broking Pvt. Ltd.*, *Secureji Commodities Pvt. Ltd.* and Mr. Shreyas Manjunath

- xvi. *Secure Success Plan* in their reply vide their letter dated March 12, 2016 stated that funds were never collected for portfolio management or to give the returns from the stock market and that the funds were collected and used for property purchase, real estate venture etc. It is however noted that apart from merely stating that they are doing real estate business, the entity has not produced any evidence in support of their claim.

- xvii. In respect of the complaints received by SEBI, which have been forwarded to *Secure Success Plan* for their comments, the company vide letters dated March 12, 2016 and July 01, 2016 replied as under:
- The complainant, Mr. Sanjeev Kumar Tyagi is not a client of the Company. He is personally known to the director, Mr. Shreyas Manjunath through Facebook.
 - The amount of Rs. 20,000/- has not been received by Mr. Shreyas Manjunath as a deposit for his business. On July 20, 2012 Mr. Sanjeev Kumar Tyagi lent an amount of Rs. 20,000 into the ICICI Account of Mr. Shreyas Manjunath.
 - Mr. Shreyas Manjunath has repaid an amount of Rs. 1430/- and Rs. 1395/- as part payment. However, the complainant misunderstood him and filed a complaint against him.
 - Later, Mr. Shreyas Manjunath repaid the entire loan amount of Rs. 20,000/- received from the complainant.
- xviii. *Secure Success Plan* forwarded a copy of the letter dated September 5, 2015 from Mr. Sanjeev Kumar Tyagi wherein he stated that he is withdrawing the complaint filed against *Secure Success Plan*.
- xix. In respect of the complaint filed by Mr. Safdar Raza Riyaz, the company in their letter dated July 07, 2016 stated that the complainant has accepted the proposal put forth by the company for the part payment of the deposit made by the complainant. The company in this regard, also enclosed a copy of e-mail sent by Mr. Safdar Raza Riyaz accepting the part payment proposal of the company.
- xx. Even though the company stated to have resolved two of the complaints forwarded to them by SEBI, one cannot ignore the fact that the company has been receiving large amounts of moneys in their account (from investors), which were found to have been invested in stock market and commodities market through certain brokers. It is also relevant to note that SEBI has received several other complaints from investors for non-refund of their moneys deposited in the “*Risk Free Management Account*” operated by *Secure Success Plan*.
4. In the light of the above analysis and examination and the documents obtained from NSE, MCX, NSDL, CDSL and HDFC Bank, the documents provided by RBI, documents forwarded by various

complainants, etc., it is observed that *Secure Success Plan* is soliciting money from investors and investing them in securities with promise to sharing the profits generated. It is evident that the activities of *Secure Success Plan* as discussed in the preceding paragraphs clearly indicate that they are engaged in providing *Portfolio Management Services* to the investors without obtaining registration from SEBI as per law.

- 5.1 In view of above, it is observed that the services offered by *Secure Success Plan* amounts to offering services of a "*portfolio manager*", as defined under Regulation 2(cb) of the SEBI (Portfolio Managers) Regulations, 1993 ("**PMS Regulations**").

Regulation 2(cb) of PMS Regulations defines a Portfolio Manager as:

"portfolio manager" means any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be'.

- 5.2 As per Section 12(1) of the SEBI Act, 1992, " 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."

- 5.3 Regulation 3 of PMS Regulations provides "No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations".

6. In this context, it is noted from its own admissions vide reply dated March 12, 2016 that *Secure Success Plan* is not registered with SEBI in any capacity such as broker, sub-broker, investment advisor or portfolio manager. Further, *Secure Success Plan* is also offering monthly returns of 5-8% to their investors. They also assure 100% guarantee on principal amount deposited by the investors (as noted from the copy of the "Welcome Letter" issued by *Secure Success Plan*). Further, the letter issued by *Secure Success Plan* states: "The Portfolio Management Schemes of the Company offer Discretionary Schemes for

individuals, Corporate Bodies..... We maintain your investment by investing funds to intraday market of NSE Cash Segment, F&O and MCX”.

The characteristics and features of the business activity carried out by *Secure Success Plan* as discussed in the preceding paragraphs *prima facie* leads to the conclusion that *Secure Success Plan* is providing services of a portfolio manager. Thus, the activities of *Secure Success Plan* are *prima facie* in violation of 12(1) of SEBI Act, 1992 read with Regulation 3 of the PMS Regulations.

7. *Secure Success Plan* assures 100% guarantee on principal amount and offers returns of “5-8% per month” to its investors. It can be seen from the bank account statements of *Secure Success Plan*, that amounts ranging between Rs. 50,000/- to Rs. 30,00,000/- were being collected from several investors. This being the factual situation, in case of default by *Secure Success Plan* in meeting of obligations towards his clients/investors, the normal remedies available to investors while dealing with a SEBI registered intermediary such as invoking the grievance redressal mechanisms, referring the matters to appropriate forums such as arbitration etc. are not available in this case.
8. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it deems fit for fulfilling its legislative mandate. Therefore, steps have to be taken in the instant matter to prevent such persons from further misleading investors and prevent them from soliciting and collecting funds from investors and carrying on portfolio management services without registration from SEBI. Therefore, in order to ensure that *Secure Success Plan* do not collect any funds from the public and indulge in unauthorized portfolio management activities until full facts and materials are brought up and a final decision is taken in the matter, it becomes necessary for SEBI to take urgent preventive action. In light of the same, I find there is no other alternative but to take recourse through an ad interim ex-parte order against *Secure Success Plan*, for preventing it from collecting funds and indulging in unauthorized portfolio management services without obtaining registration from SEBI in accordance with the law.
9. 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, by way of this *ad-interim ex-parte* order:

➤ *direct Secure Success Plan Pvt. Ltd. (PAN:AAQCS5085E) and its Directors Mr. Shreyas Manjunath (PAN:BOXPS6610G) and Mrs. Annapurna Mathkur Venkatachalaiah (PAN:AIMPA4343C):-*

- a. to cease and desist from acting as a portfolio manager and not to solicit or undertake such activity or any other unregistered activities in the securities market, directly or indirectly, in any matter whatsoever;*
- b. immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, website, etc. in relation to their portfolio management activities or any unregistered activity in the securities market;*
- c. not to divert any funds raised from the investors; kept in bank account(s) and/or in the custody of the company;*
- d. not to dispose of any of the properties or alienate the assets owned by the company;*
- e. to furnish all the information/details sought by SEBI vide letters dated February 24, 2016 and April 26, 2016 within 21 days from the date of receipt of this order including:*
 - Bank Statements of Secure Success Plan.*
 - present Asset Under Management (AUM) of each of the services offered by Secure Success Plan from the date of initiation,*
 - break up of AUM under various asset classes,*
 - details of clients availing various schemes offered by them, such as names, joining date, name of scheme, end date, KYC particulars etc.,*
 - client-wise details of fund mobilized till date.*

10. The above directions shall take effect immediately and shall be in force until further orders.

11. This Order shall be treated as a show cause notice and Secure Success Plan Pvt. Ltd. and its Directors Mr. Shreyas Manjunath and Mrs. Annapurana Mathkur Venkatachalaiah may show cause as to why appropriate directions, under the SEBI Act, 1992 and relevant SEBI Rules/Regulations including prohibiting them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, should not be issued against them.

12. The *prima facie* observations contained in this Order are made on the basis of the material available on record *i.e.* documents provided by the complainants, information available on the website of

Secure Success Plan, RoC website, etc., documents/details forwarded by NSE, BSE, NSDL, CDSL and HDFC Bank, etc.. In this context, Secure Success Plan Pvt. Ltd and its abovementioned directors may, within 21 days from the date of receipt of this Order, file their reply, if any, to this Order and may also indicate whether any of them desires to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard.

Place: Mumbai
Date: January 19, 2017

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA