WTM/RKA/MIRSD/157/2014

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11, 11B AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

IN RESPECT OF WASANKAR WEALTH MANAGEMENT LIMITED, WASANKAR INVESTMENTS, MR. PRASHANT WASANKAR, MR. VINAY WASANKAR, MS. MITHILA WASANKAR, MR. ABHIJEET CHAUDHARI AND MS. BHAGYASHREE WASANKAR.

Appearances:

For the noticees:
Mr. Prakash Naidu, Advocate

Sl. No.	Name of the person / entity	PAN
1.	Wasankar Wealth Management Ltd.	AAACW8073C
2.	Mr. Prashant Wasankar (Trade Name Wasankar Investments)	AAIPW1864A
3.	Mr. Vinay Wasankar	AALPW3215A
4.	Ms. Mithila Wasankar	ANFPM0123J
5.	Mr. Abhijeet J. Chaudhari	AIUPC8611M
6.	Ms. Bhagyashree Wasankar	AALPW3274H

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1. Vide *ad interim ex-parte order* dated August 27, 2014 (hereinafter referred to as the "*interim order*") Securities and Exchange Board of India (SEBI) *inter alia* directed Wasankar Wealth Management Limited (hereinafter referred to as "WWML"), Mr. Prashant Wasankar having Trade name - Wasankar Investments (hereinafter referred to as "WI"), Mr. Vinay Wasankar, Ms. Mithila Wasankar, Mr. Abhijeet Chaudhari and Ms. Bhagyashree Wasankar (hereinafter collectively referred the "noticees" or individually by their respective names);

   (i) to cease and desist from undertaking the portfolio management activities or any unregistered activity in the securities market, directly or indirectly, in any manner whatsoever;
   (ii) prohibited from mobilizing or pooling funds from its clients, other general investors or public and from offering any portfolio management activities or any other unregistered activity, in whatever form;
   (iii) to immediately withdraw and remove all advertisements, representations, literatures,

brochures, materials, publications, documents, websites, etc. in relation to the portfolio management activities or any unregistered activity in the securities market;

(iv) to refund the monies so collected from their clients and other investors in its various schemes alongwith income, profits or returns promised to them under such schemes or interest at the rate of 10% per annum, whichever is higher, from the date of investment till the date of refund, within a period of seven days from the date of this order (i.e., by September 03, 2014) and submit a repayment report to SEBI in a prescribed format:

(v) prohibited from transferring the funds/deposits mobilised from the clients or other investors or from disposing of or alienating any asset that has been created from the funds/deposits received from their clients or other investors for purposes other than refund as directed hereinabove;

(vi) restrained from buying, selling or dealing in the securities market, either directly or indirectly, in any manner whatsoever, till further directions:

2. The *interim order* was passed on the basis of *prima facie* findings that:

(a) WWML solicited and collected funds/deposits from its clients/other investors for making investments on their behalf even when it was neither registered as a sub-broker nor as any other intermediary and as such acted in contravention of section 12(1) of the Securities and Exchange Board of India Act, 1992 (the SEBI Act) read with regulation 11(1) of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992 (the Stock Brokers Regulations).

(b) The noticees solicited and collected funds/deposits from their clients and other investors to make investment in certain schemes of WWML and WI that were in the nature of portfolio management schemes without obtaining registration as a portfolio management services as required in terms of section 12(1) of the SEBI Act read with regulation 3 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 (the Portfolio Managers Regulations).

(c) WWML, being a registered intermediary indulged in fund based activities involving personal financial liability, which it cannot undertake, being a member of a recognised stock exchange and SEBI registered stock broker, sub-broker and as such contravened rule 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957 (the SCRR).

(d) WWML and WI had dealt with other stock brokers for proprietary trading without obtaining prior permission from the stock exchanges and therefore did not comply with the requirements of the SEBI Circular no. SEBI/MIRSD/Cir-06/2004 dated January 13, 2004.

(e) During the course of inspection, the noticees furnished incorrect information to SEBI regarding their bank accounts and thereby violated the provisions of regulation 21, and clauses A(1), A(2), A(3) and A(5) of the Code of Conduct for Stock Brokers read with regulations 9 and clauses A(1), A(2) and D(4) of the Code of Conduct for Sub-Brokers read with regulation 15 of the Stock Brokers Regulations.

(f) WWML did not maintain proper records regarding the investment advisory services provided to its clients and therefore contravened the provisions of regulation 19 and clauses 1 and 2 of the Code of Conduct specified in Schedule III read with regulation 15(9) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (the Investment Advisers Regulations).

3. The schemes devised/offered and operated by Mr. Prashant Wasankar through his connected/related entities, namely, WWML, WI, Mr. Vinay Wasankar, Ms. Mithila Wasankar and Mr. Abhijeet Chaudhari and his wife, Ms. Bhagyashree Wasankar were with their complete knowledge and as such they were not only responsible for misleading the clients of WWML and WI and other general investors from the public but also for collecting funds from them and promising unrealistic returns and for other contraventions as mentioned hereinabove. The *modus operandi* of the noticees indicates a scheme, plan, device, artifice in addition to the above violations which is 'fraudulent' as defined in regulation 2(1)(c) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "the PFUTP Regulations"). The noticees have also acted in fraudulent and deceitful manner which attracts prohibitions enshrined in section 12A (a) (b) and (c) of the SEBI Act and regulation 3 (b), (c) and (d) and regulation 4(1) and 4(2) (k) of the PFUTP Regulations.

4. Pursuant to the *interim order,* vide letter dated August 30, 2014, Mr. Prakash Naidu (Advocate) filed a common reply on behalf of the noticees as their authorised representative and *inter alia* made the following submissions.

(a) Mr. Prashant Wasankar, Mr. Vinay Wasankar and Mr. Abhijeet Chaudhary were arrested on July 27, 2014 on the basis of false and frivolous complaints and are presently in judicial custody. Criminal cases have also been registered against Ms. Bhagyashree Wasankar and Ms. Mithala Wasankar for the same offence.

(b) The Economic Offences Wing (EoW) registered a case on May 09, 2014 and seized all possible documents, bank accounts and related articles in the custody of his client Mr. Prashant Wasankar.

(c) Ms. Bhagyashree Wasankar resigned as director of WWML in 2010.

(d) Ms. Bhagyashree Wasankar and Ms. Mithila Wasankar were never in charge or responsible for the day to day functioning of the company and never participated physically for discharging any of the duties.

(e) His clients are law abiding citizens and undertake to abide by the directions in the *interim order* except for what is contemplated in clause (iv) of para 14 which forms part and parcel of the *interim order*.

(f) His clients intend to file a detailed reply in the matter. However, his clients are not in a position to reply/file objection within the stipulated time period of 21 days from the date of communication of the *interim order* since his clients and precisely Mr. Prashant Wasankar, who solely has been in charge and responsible for day to day functioning of WWML and was aware about the actual transactions of WWML, is in judicial custody. Further, entire documents, articles, data and other relevant records have been seized by the EoW.

(g) His clients are handicapped on account of seizure by the Crime Department and direction of SEBI and as such are not in a position to liquidate any of their assets and comply with directions as enumerated in para 14 of the *interim order*.

(h) His clients request for time till his client Mr. Prashant Wasankar is released on bail by the Hon'ble Court and all relevant documents, articles and other data seized by the authorities is returned back.

5. Vide letter dated September 15, 2014, Ms. Mithila Wasankar filed additional reply on behalf of her husband Mr. Vinay Wasankar and herself. She has disputed all the observations made in the *interim order* and *inter alia* made the following submissions:-

(a) Mr. Prashant Wasankar is the sole person in charge of WWML who is looking after the day to day affairs and Mr. Vinay Wasankar resigned from the post of director in July 2010, which has been communicated to the Registrar of Companies (RoC).

(b) EoW, Nagpur had seized all the documents, cash and other material.

(c) Though she is holding the post of the director of WWML she has no voice against the wishes of her elder brother-in-law, Mr. Prashant Wasankar.

(d) Neither she nor her husband had signed any post dated cheques, promissory notes or fixed deposit receipts.

(e) They have never dealt with any customer/investor of WWML.

(f) Mr. Prashant Wasankar was solely looking after the affairs of WWML and was dealing with the investors.

6. Pursuant to the *interim order,* the noticees were given an opportunity of personal hearing on October 16, 2014 when Mr. Prakash Naidu, Advocate appeared on behalf of the noticees (except Mr. Vinay Wasankar) and prayed for a short adjournment of at least 15 days in the matter on the ground that he was not fully conversant with the facts of the case as his clients Mr. Prashant Wasankar and Mr. Abhijeet Chaudhuri are in jail and are expected to be released on bail shortly. Mr. Prakash Naidu also undertook to appear on the next date of hearing as and when fixed irrespective of whether Mr. Prashant Wasankar and Mr. Abhijeet Chaudhuri are released on bail or not.

7. Accordingly, another opportunity of personal hearing was granted on November 20, 2014

when none of the noticees appeared. However, vide letter dated November 15, 2014, the authorised representative of the noticees replied that criminal cases for various offences have been registered at Akola and Amaravati against the noticees and bail applications are at various stages of hearing in the courts of Nagpur, Amaravati and Akola. He requested that the matter be adjourned to the mid of December, 2014.

8. I note that during the hearing held on October 16, 2014, the authorised representative of the noticees sought a short adjournment in the matter in view of pending bail application of the noticees and had undertaken to appear on the next date of personal hearing as and when fixed irrespective of whether Mr. Prashant Wasankar and Mr. Abhijeet Chaudhuri are released on bail or not. In view of these facts and circumstances, the request by the authorised representative for adjournment of the personal hearing in the matter is denied. I, therefore, proceed to deal with matter on the basis of material available on record.

9. I have carefully considered the allegations/charges against the noticees, their replies and relevant material available on record. From the material available on record it is noted that the noticees have not complied with the directions issued vide *interim order* dated August 27, 2014 and have not refunded the monies due to the investors.

10. I note that the noticees have 63 bank accounts in their names in various banks. The credits in these 63 bank accounts for the period April 2013 to May 20, 2014 amount to ₹111 crore (approximately). These include 56 instances of cash deposits amounting to ₹1.61 crore in the 10 bank accounts of the noticees. Further, payments have been made from the bank accounts of Ms. Mithila Wasankar as well as Mr. Vinay Wasankar to some clients/investors. In view of these facts, I find that Mr. Vinay Wasankar and Ms. Mithila Wasankar cannot feign ignorance in the matter. I, therefore, am not inclined to accept the contention that only Mr. Prashant Wasankar is involved in the activities alleged in the *interim order*.

11. I find that the noticees have not been able to show sufficient and plausible cause to draw any inference other than those drawn in the *interim order* with regard to their activities in the securities market. Further, the continuance of the noticees in the stock market will adversely affect the interest of the investors and will have long term impact on the integrity of the securities market. In the light of above facts and circumstances, I, therefore, am of the considered view that no intervention is called for, at this stage, in either vacating the *interim* directions or modifying it.

12. Considering the above, I, in exercise of the powers conferred upon me under section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11(1), 11(4) and 11B thereof, hereby confirm the directions issued vide *ad-interim ex-parte* order dated August 27, 2014 in respect of the following noticees:

Sl. No.	Name of the person / entity	PAN
1.	Wasankar Wealth Management Ltd.	AAACW8073C
2.	Mr. Prashant Wasankar (Trade Name - Wasankar Investments)	AAIPW1864A
3.	Mr. Vinay Wasankar	AALPW3215A
4.	Ms. Mithila Wasankar	ANFPM0123J
5.	Mr. Abhijeet J. Chaudhari	AIUPC8611M
6.	Ms. Bhagyashree Wasankar	AALPW3274H

13. This order is without prejudice to any enforcement action that SEBI may deem necessary against the aforesaid noticees on completion of the investigation in the matter. This Order shall continue to be in force till further directions.

DATE: DECEMBER 10TH , 2014 **RAJEEV KUMAR AGARWAL**
PLACE: MUMBAI **WHOLE TIME MEMBER**
SECURITIES AND EXCHANGE BOARD OF INDIA