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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

Svaram Group, Inc.;  
Svaram Global, LLC;  
Murali K. Kuppa,

Respondents.

Order No.: S-18-2565-20-CO01

CONSENT ORDER

**INTRODUCTION**

On August 31, 2020, the Securities Administrator of the Securities Division of the Department of Financial Institutions (Securities Division) issued a Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines, and Charge Costs (Statement of Charges), Order Number S-18-2565-20-SC01, against the Respondents Svaram Group, Inc., Svaram Global, LLC, and Murali K. Kuppa. Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Division and the Respondents Svaram Group, Inc., Svaram Global, LLC, and Murali K. Kuppa do hereby enter into this Consent Order in settlement of the matters alleged herein. The Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

**FINDINGS OF FACT**

**Respondents**

1. Svaram Group, Inc. (Svaram Group) was incorporated in Nevada in April 2017. Svaram Group's principal place of business was in Mukilteo, Washington. Svaram Group was a start-up private equity fund.

1 2. Svaram Global, LLC (Svaram Global) was a Delaware limited liability company formed in  
2 June 2017. In June 2020, the Delaware Division of Corporations cancelled Svaram Global's registration for  
3 failure to pay taxes. Svaram Global was to be the manager of Svaram Group.

4 3. Murali K. Kuppa (Kuppa) is a resident of California. Kuppa previously resided in Washington  
5 between approximately 2017 and 2019. Kuppa was the founder of Svaram Group and Svaram Global, and  
6 the President of Svaram Group. Kuppa has never been registered with the Securities Division in any capacity.

### 7 **Related Parties**

8 4. Svaram Foundation was established in approximately 2015. Kuppa is the Director of the  
9 Svaram Foundation, which he created to hold the stock that he owns in a company where he was previously  
10 employed.

11 5. Svaram Trust was established in approximately September 2017. Kuppa and his family are the  
12 beneficiaries of the Svaram Trust.

### 13 **Introduction**

14 6. Svaram Group was a start-up private equity fund operating from the greater Seattle area. In  
15 2017, Kuppa solicited two Washington residents to invest with him. The two residents invested a total of  
16 \$150,000 in the organization and formation stage of the fund, in return for equity positions in Svaram Group  
17 and Svaram Global (the investors were not partners in the fund). Kuppa misrepresented his background to  
18 one of the investors and misused part of the investment funds received from the investors. As of the date of  
19 this order, neither investor has received any return on their investment or the return of their principal.  
20

### 21 **Background**

22 7. In 2017, Kuppa founded Svaram Group and Svaram Global. Svaram Group was a start-up  
23 private equity fund with a strategy to invest in technology companies and real estate. Svaram Group claimed

1 to be a “Private Equity Cum Investment Services Firm” that invests in opportunities globally. Svaram Group  
2 claimed to be different from other private equity funds because it provides guidance and support to the start-  
3 up companies that it invests in. Svaram Global was to be the manager of Svaram Group, although there was  
4 no management fee yet in place (and Svaram Global has not received any compensation for managing the  
5 fund).

6 8. Between 2017 and 2019, Svaram Group acquired only one holding for its private equity fund.  
7 In April 2017, Svaram Group entered into a convertible promissory note in the amount of \$100,000 with a  
8 Chicago-based technology company. Svaram Group used \$100,000 of the investor funds raised in 2017 to  
9 make this investment. The convertible promissory note had a 10% annual interest rate and a three year  
10 maturity date (in April 2020). The note was convertible to stock in the company’s next round of financing at  
11 a 20% discount. The Chicago-based technology company defaulted on payment when the note matured in  
12 April 2020.

13 9. Between approximately 2018 and 2019, after Kuppa had raised funds from the two Washington  
14 residents, Svaram Group created a website that advertised investments in its private equity fund. This website  
15 at <https://svaramgroup.com> was available to the general public, including to Washington residents. On its  
16 website, Svaram Group claimed to “deliver strong returns on our investment portfolio.” Svaram Group further  
17 claimed on its website that “[w]e had a great foundational 2018! Our outlook for 2019 and beyond is even  
18 greater!” Prospective investors were invited to contact Svaram Group for additional information.

19 10. Svaram Group has not had any investors that invested in partnership interests in its fund.  
20 However, beginning in 2018, Svaram Group represented that its fund was active with investments. Svaram  
21 Group stated on its website that it makes investments in all stages of companies except seed round funding,  
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1 and that it is the most active in the United States, India, South East Asia, Africa and South America. Svaram  
2 Group further claimed that until the end of 2018 its typical initial investment ranges up to \$10 million dollars.

3 11. Beginning in 2018, Kuppa misrepresented his background on the Svaram Group website. The  
4 description of Kuppa’s background on the Svaram Group website stated that at his previous employment at a  
5 certain financial services company he “led all regulatory, compliance, finance and operations and also played  
6 a key role in strategy and Fund growth.” In fact, Kuppa’s positions at this financial services company were  
7 as a software engineer and developer (including some management roles in these positions). Further, Kuppa’s  
8 description of his background on the website states that he previously co-founded two partnerships. In fact,  
9 Kuppa has never been a founder or co-founder of any partnership or other business entity prior to founding  
10 Svaram Group.

11  
12 **Sales in Washington**

13 12. Between 2016 and 2017, Kuppa solicited two Washington residents to invest in the  
14 organization and formation stage of the fund, in return for equity positions in Svaram Group and Svaram  
15 Global. In approximately October 2016, Kuppa solicited a Washington resident, “Investor A” that he met at  
16 an entertainment event. Kuppa represented to Investor A that he was looking for capital for his start-up  
17 company. Several months later, in approximately August 2017, Kuppa solicited another Washington resident,  
18 “Investor B” that he met through mutual family friends.

19  
20 13. Kuppa represented to Investor A that Svaram Group was interested in investing in the Chicago-  
21 based technology company. Kuppa explained to Investor A that in addition to technology companies, Svaram  
22 Group also planned to invest in agriculture and real estate. Kuppa represented to Investor A that if he made a  
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1 \$125,000 investment, \$100,000 of his funds would be used for Svaram Group's investment in the Chicago-  
2 based technology company and \$25,000 would be used for operation expenses.

3 14. Kuppa represented to Investor B that Svaram Group provides support to start-up companies  
4 and benefits from their growth. Kuppa told Investor B that Svaram Group made an investment in the Chicago-  
5 based technology company. Kuppa told Investor B that if he made a \$25,000 investment, his funds would be  
6 used for formation and legal expenses.

7 15. Kuppa made positive claims to the residents about projected returns on an equity investment.  
8 Kuppa represented to Investor A that he could expect a 10-15% return on his investment every year. Kuppa  
9 failed to provide a reasonable basis for this profit projection. Kuppa also represented to Investor B that by  
10 next year Investor B should start to see a return on his investment.

11 16. Kuppa misrepresented his background to Investor A. Kuppa represented to Investor A that at  
12 his previous employment at the financial services company he had great success managing millions of dollars  
13 of investments for clients. In fact, as previously stated, Kuppa was a software engineer and developer at this  
14 financial services company, and did not manage money for clients. Kuppa further represented to Investor A  
15 that he had previous experience as a co-founder of a prior startup business. In fact, as previously stated, Kuppa  
16 was never a founder or co-founder of a business prior to founding Svaram Group.

17 17. Kuppa represented to the Washington investors that he owned valuable stock in a company  
18 where he was previously employed. The Svaram Foundation (with Kuppa as the Director) was the owner of  
19 446,840 shares of common stock in this company, which is publicly listed and traded on the over-the counter  
20 (OTC) market. When Kuppa solicited the investors in 2017, his common stock fluctuated between a value of  
21 approximately \$2 and \$4 million dollars (at a share price between approximately \$5 and \$10). Kuppa  
22 represented to Investor A that the value of the stock was approximately \$3 million dollars and that it would  
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1 increase to approximately \$10 million dollars in a few years after upcoming deals that would increase the  
2 company's value. Kuppa represented to Investor B that his stock value would increase and that he could use  
3 the money to build the Svaram Group.

4 18. Kuppa represented that Investor A would receive an interest in the legal entity that held the  
5 shares of common stock. Although the Svaram Foundation was the owner of the stock, Kuppa represented  
6 that he was transferring the stock to the Svaram Trust, and that Investor A would receive an interest in the  
7 Svaram Trust (it is unclear if Investor A would be named as a beneficiary of the trust). Kuppa represented to  
8 Investor A that if anything went wrong with Investor A's investment, Kuppa could sell the stock, or sell his  
9 house, and use the proceeds to repay him.

10 19. Kuppa did not provide the investors with any disclosure documents prior to their investments.  
11 Kuppa failed to provide the investors with material information regarding Svaram Group and Svaram Global,  
12 including the operational history, litigation history, and financial statements. Kuppa also failed to disclose  
13 the general and specific risks of the investment, including the risk of inadequate capitalization of the fund and  
14 regulatory risks.

15 20. In 2017, the two Washington residents invested a total of \$150,000 in the start-up costs of the  
16 fund in return for equity positions. Between April and May 2017, Investor A made a \$125,000 investment.  
17 Investor A sent a total of approximately \$75,000 by wire transfer to Kuppa's personal bank account, and  
18 approximately \$50,000 directly to the Chicago-based technology company for an investment on behalf of  
19 Svaram Group. In September 2017, Investor B made a \$25,000 investment. Investor B gave a \$25,000  
20 cashier's check to Kuppa, which Kuppa deposited into a business bank account in the name of Svaram Global.

21 21. Kuppa provided both investors with written documentation to evidence their investment  
22 (despite Investor A's requests, Kuppa did not provide Investor A with documentation to evidence his  
23

1 investment until approximately three months after his investment). In July 2017, Kuppa provided Investor A  
2 with a document stating that Investor A held a 20% equity position in Svaram Global. In September 2017,  
3 Kuppa provided Investor B with a document stating that Investor B held a 4% equity position in Svaram  
4 Group.

5 22. Investor A asked Kuppa why the document stated that his ownership position was in Svaram  
6 Global, instead of in the Svaram Trust. Kuppa represented that Investor A's ownership position would be  
7 transferred from Svaram Global to the Svaram Trust following the transfer of the stock to the Svaram Trust.  
8 However, Kuppa has failed to provide Investor A with an interest in the Svaram Trust or other legal entity  
9 that holds the stock. To date, the shares are still held by the Svaram Foundation as Kuppa has not made the  
10 transfer. Kuppa failed to disclose to Investor A the risk that Investor A might not receive an interest in the  
11 legal entity that held the stock.

12 23. Kuppa misused part of the funds that he raised from both investors. Instead of using Investor  
13 B's entire \$25,000 on formation and legal expenses, between October 2017 and January 2018, two payments  
14 totaling \$5,000 from the Svaram Global business checking account (which was funded solely by the deposit  
15 of Investor B's funds), were sent to the Chicago-based technology company to complete funding of the  
16 \$100,000 convertible promissory note. As this note was supposed to be funded solely by Investor A's funds,  
17 \$5,000 of Investor A's investment funds were also not used as represented to the investor.

18 24. In approximately March 2018, Investor A requested that Kuppa return his investment funds  
19 because he had not received an interest in the entity that held the common stock. Kuppa represented to  
20 Investor A that he was raising additional funds and would be able to return Investor A's funds in approximately  
21 two to three months, but then failed to repay him. In June 2018, Kuppa, on behalf of Svaram Global, provided  
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1 Investor A with a Promissory Note that stated that Investor A would be repaid his principal in full by  
2 September 2018. Kuppa defaulted on repayment pursuant to this note.

3 25. To date, neither investor has received any return on their investment or the return of their  
4 principal. For most of 2018 and 2019, the price of Kuppa's stock in his prior company dropped significantly  
5 to approximately \$0.60 per share. To date in 2020, the price of Kuppa's stock has recovered with a value that  
6 has fluctuated between approximately \$900,000 and \$10 million dollars (at a share price between  
7 approximately \$2 and \$24). However, Kупpa has not used the value to repay either investor.

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9 Based upon the above Findings of Fact, the following Conclusions of Law are made:

10 **CONCLUSIONS OF LAW**

11 1. The offer and/or sale of the equity positions in Svaram Group and Svaram Global, as described  
12 above, constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

13 2. Svaram Group, Inc., Svaram Global, LLC, and Murali K. Kuppa have each violated RCW  
14 21.20.010 because, as set forth in the Tentative Findings of Fact, they each made misstatements of material  
15 fact or omitted to state material facts necessary in order to make the statements made, in light of the  
16 circumstances under which they were made, not misleading.

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19 **CONSENT ORDER**

20 Based upon the foregoing and finding it in the public interest:

21 IT IS AGREED AND ORDERED that the Respondents Svaram Group, Inc., Svaram Global, LLC,  
22 and Murali K. Kuppa shall cease and desist from violation of RCW 21.20.010, the anti-fraud provision of the  
23 Securities Act of Washington.



1 IT IS FURTHER AGREED AND ORDERED that the Respondents Svaram Group, Inc., Svaram  
2 Global, LLC, and Murali K. Kuppa shall be liable for and shall pay a fine of \$3,000 and investigative costs of  
3 \$3,000. The Respondents shall pay \$3,000 before the entry date of this Consent Order, and shall make  
4 payments of \$250 per month for twelve (12) consecutive months. Each payment shall be due by the last day  
5 of the month. The first payment shall be due by April 30, 2021.

6 IT IS FURTHER AGREED that the Respondents Svaram Group, Inc., Svaram Global, LLC, and  
7 Murali K. Kuppa enter into this Consent Order freely and voluntarily and with a full understanding of its  
8 terms and significance.

9 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this order.

10 IT IS FURTHER AGREED that in consideration of the foregoing, the Respondents waive their right  
11 to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

12 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE

13 SIGNED this 25th day of March, 2021.

14 Signed by:

15 \_\_\_\_\_  
16 /s/  
17 Murali K. Kuppa, individually

18 Signed by:

19 Svaram Group, Inc.

20 \_\_\_\_\_  
21 /s/  
22 Murali K. Kuppa, President

1 Signed by:

2 Svaram Global, LLC

3 /s/ \_\_\_\_\_

4 Murali K. KUPPA, President

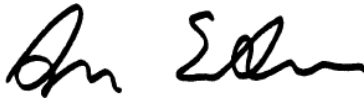
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7 DATED AND ENTERED this 5th day of April, 2021.

9 By:

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11 \_\_\_\_\_  
12 William M. Beatty  
13 Securities Administrator

13 Approved by:

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15 \_\_\_\_\_  
16 Suzanne Sarason  
17 Chief of Enforcement

13 Presented by:

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15 \_\_\_\_\_  
16 Bridgett Fisher  
17 Financial Legal Examiner

18 Reviewed by:

19 

20 \_\_\_\_\_  
21 Jack McClellan  
22 Financial Legal Examiner Supervisor