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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 Number S-18-2565-20-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO ISSUE AN
ORDER TO CEASE AND DESIST,
IMPOSE FINES, AND CHARGE
COSTS

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THE STATE OF WASHINGTON TO:

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

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondents Svaram Group, Inc., Svaram Global, LLC, and Murali K. Kuppa have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator against each to cease and desist from such violations pursuant to RCW 21.20.390, to impose fines pursuant to RCW 21.20.395, and to recover costs pursuant to RCW 21.20.390. The Securities Administrator finds as follows:

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TENTATIVE 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 **Background**

2 7. In 2017, Kuppa founded Svaram Group and Svaram Global. Svaram Group was a start-up
3 private equity fund with a strategy to invest in technology companies and real estate. Svaram Group
4 claimed to be a “Private Equity Cum Investment Services Firm” that invests in opportunities globally.
5 Svaram Group claimed to be different from other private equity funds because it provides guidance and
6 support to the start-up companies that it invests in. Svaram Global was to be the manager of Svaram Group,
7 although there was no management fee yet in place (and Svaram Global has not received any compensation
8 for managing the fund).

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

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

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

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

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

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

21 17. Kuppa represented to the Washington investors that he owned valuable stock in a company
22 where he was previously employed. The Svaram Foundation (with Kuppa as the Director) was the owner
23 of 446,840 shares of common stock in this company, which is publicly listed and traded on the over-the

1 counter (OTC) market. When Kuppa solicited the investors in 2017, his common stock fluctuated between
2 a value of approximately \$2 and \$4 million dollars (at a share price between approximately \$5 and \$10).
3 Kuppa represented to Investor A that the value of the stock was approximately \$3 million dollars and that
4 it would increase to approximately \$10 million dollars in a few years after upcoming deals that would
5 increase the company's value. Kuppa represented to Investor B that his stock value would increase and
6 that he could use the money to build the Svaram Group.

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

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

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

3 21. Kuppa provided both investors with written documentation to evidence their investment
4 (despite Investor A's requests, Kuppa did not provide Investor A with documentation to evidence his
5 investment until approximately three months after his investment). In July 2017, Kuppa provided Investor
6 A with a document stating that Investor A held a 20% equity position in Svaram Global. In September
7 2017, Kuppa provided Investor B with a document stating that Investor B held a 4% equity position in
8 Svaram Group.

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

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

1 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

2 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
3 intends to order that the Respondents Svaram Group, Inc., Svaram Global, LLC, and Murali K. Kuppa shall
4 cease and desist from violations of RCW 21.20.010.

5 **NOTICE OF INTENT TO IMPOSE FINES**

6 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of
7 Law, the Securities Administrator intends to order that:

- 8 1. Respondents Svaram Group, Inc. and Svaram Global, LLC shall each be liable for and shall pay
9 a fine of \$10,000; and
10 2. Respondent Murali K. Kuppa shall be liable for and shall pay a fine of \$20,000.

11 **NOTICE OF INTENT TO CHARGE COSTS**

12 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and Conclusions
13 of Law, the Securities Administrator intends to order that the Respondents Svaram Group, Inc., Svaram
14 Global, LLC, and Murali K. Kuppa shall be liable for and pay the Securities Division the costs, fees and other
15 expenses incurred in the administrative investigation and hearing of this matter in an amount not less than
16 \$5,000.

17 **AUTHORITY AND PROCEDURE**

18 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is
19 subject to the provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a
20 hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order. If a respondent
21 does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the
22 above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease

1 and desist as to that respondent, to impose any fines sought against that respondent, and to charge any costs
2 sought against that respondent.

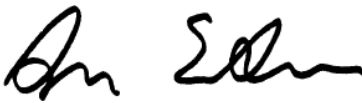
3 Signed and Entered this 31st day of August, 2020.

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7 _____
William M. Beatty
Securities Administrator

8 Approved by:

Presented by:

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12 _____
Suzanne Sarason
Chief of Enforcement

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Bridgett Fisher
Financial Legal Examiner

14 Reviewed by:

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Jack McClellan
Financial Legal Examiner Supervisor