

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

SAM IKKURTY A/K/A SREENIVAS I RAO,
RAVISHANKAR AVADHANAM,
AND JAFIA LLC

Defendants,

IKKURTY CAPITAL, LLC D/B/A ROSE
CITY INCOME FUND, ROSE CITY
INCOME FUND II LP, AND SENECA
VENTURES, LLC

Relief Defendants.

Civil Action No.: 22-cv-02465

Honorable Mary M. Roland

Magistrate Judge Jeffrey Cummings

**DEFENDANT RAVISHANKAR AVADHANAM'S ANSWER TO COMPLAINT
FOR INJUNCTIVE RELIEF, CIVIL MONETARY PENALTIES
AND OTHER EQUITABLE RELIEF**

Defendant Ravishankar Avadhanam (“Avadhanam”), by and through his undersigned counsel, for his answer to Plaintiff Commodity Futures Trading Commission (“CFTC”), states as follows:

I. INTRODUCTION

1. Between at least January 2021 and the present (“Relevant Period”), Defendants Sam Ikkurty a/k/a Sreenivas I Rao (“Ikkurty”), Ravishankar Avadhanam (“Avadhanam”) and Jafia, LLC (“Jafia”) (collectively the “Defendants”) fraudulently solicited and accepted over forty four million dollars from at least 170 members of the general public to participate in funds named Ikkurty Capital LLC d/b/a Rose City Income Fund, Rose City Income Fund II LP (“the Rose City funds”) and Seneca Ventures LLC (“Seneca”), to purchase, hold and trade digital assets, commodities, derivatives, swaps and commodity futures contracts. The Defendants did not trade digital assets or commodity interests with participants’ funds and return profits as promised; instead they misappropriated participants’ funds.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied. Avadhanam further states that he did not misappropriate funds from anyone, that he did not accept funds on behalf of the Rose City Funds or Jafia, and that he did not make any trading decisions. Avadhanam was an employee of Jafia and minority owner of Seneca. Seneca is an investor in Rose City Fund II.

2. Defendants misappropriated most or all of the participant funds by distributing them to other participants, in a manner akin to a Ponzi scheme, transferring funds to other accounts under the control of and for the benefit of the Defendants, and transferring funds to an off-shore entity that is associated with a cryptocurrency exchange that does not allow US persons.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

3. By engaging in this conduct and the conduct further described herein, the Defendants engaged, are engaging, or are about to engage in violations of the Commodity Exchange Act ("Act"), 7 U.S.C. §§1-26. Specifically, the Defendants have engaged, are engaging, or are about to engage in violations of Section 4o(l)(A) and (B), 7 U.S.C. § 6o(I)(A),(B), which makes it unlawful for any commodity pool operator ("CPO") "by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly" – (A) "to employ any device, scheme, or artifice to defraud any client or participant or prospective client or participant" or (B) "to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant."

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

4. Furthermore, by engaging in a business that is of the nature of a commodity pool and soliciting and accepting funds for the purpose of trading in commodity interests, the Defendants have acted as a CPO without the benefit of registration with the CFTC, thereby escaping regulatory scrutiny into their activities and violating Section 4m(l) of the Act, 7 U.S.C. § 6m(l).

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

5. Through their conduct, Defendants also engaged, are engaging, or are about to engage in manipulative and deceptive acts with respect to contracts of sale of a commodity in interstate commerce, in violation of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1), and Commission Regulation ("Regulation") 180.1(a), 17 C.F.R § 180.1(a)(1)-(3) (2021).

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

6. Unless immediately restrained and enjoined by this Court, the Defendants are likely to continue engaging in the acts and practices alleged in this Complaint and funds they fraudulently obtained are likely to be misappropriated or otherwise dissipated. Accordingly, the CFTC brings this action pursuant to Section 6c of the Act, 7 U.S.C. §13a-1, to enjoin Defendants' unlawful acts and practices and to compel their compliance with the Act. The CFTC also seeks civil monetary penalties and remedial ancillary relief, including restitution to defrauded participants, disgorgement, pre- and post-judgment interest, and such other equitable relief as this Court may deem necessary. The Commission also requests that the Court order Relief Defendants Ikkurty Capital, LLC d/b/a Rose City Income Fund, Rose City Income Fund II LP, and Seneca Ventures, LLC to disgorge funds they received from Defendants' illegal activities and in which they have no legitimate interest.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

II. JURISDICTION AND VENUE

7. This Court has jurisdiction over this action under 28 U.S.C. § 1331 (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (providing that U.S. district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). In addition, Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a), provides that U.S. district courts have jurisdiction to hear actions brought by the Commission for injunctive and other relief or to enforce compliance with the Act whenever it shall appear to the

Commission that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order thereunder.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. This paragraph also characterizes certain federal laws, which speak for themselves. To the extent a response is required, Avadhanam denies that there was reason to believe Avadhanam has violated any CFTC rule.

8. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), because Defendants transacted business in this District, Defendant Avadhanam resides in this District, and certain of the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this District, among other places.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. This paragraph also characterizes certain federal laws, which speak for themselves. To the extent a response is required, Avadhanam admits that venue is proper.

III. PARTIES

9. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with administering and enforcing the Act and CFTC Regulations.

ANSWER: Admitted.

10. Defendant **Sam Ikkurty** ("Ikkurty") a/k/a Sreenivas I Rao resides in Portland, Oregon. Ikkurty has never been registered with the CFTC in any capacity.

ANSWER: Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the allegations in this paragraph and therefore denies them.

11. Defendant **Ravishankar Avadhanam** ("Avadhanam") resides in Aurora, Illinois. Avadhanam has never been registered with the CFTC in any capacity.

ANSWER: Admitted.

12. Defendant **Jafia, LLC** (“Jafia”), is a Florida company that Ikkurty established in 2006. Ikkurty owns Jafia and is the sole officer, president, registered agent and authorized person for the entity. Jafia has never been registered with the CFTC in any capacity.

ANSWER: Avadhanam admits that Jafia is a company that is registered in Florida and was established by Ikkurty. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

13. Relief Defendant **Ikkurty Capital LLC d/b/a Rose City Income Fund** (“Rose City Income Fund I”) is a Florida corporation that was established in 2013. Ikkurty is the Managing Member and registered agent for Rose City Income Fund I, and Jafia is the Manager. Rose City Income Fund I did not perform any legitimate services for Defendants and does not have any legitimate interest in any funds it received from or through Defendants. Rose City Income Fund I has never been registered with the CFTC in any capacity.

ANSWER: Avadhanam admits that Rose City Income Fund I is a Florida company run by Ikkurty for which Jafia is the Manager. Avadhanam denies that Rose City Income Fund I did not perform any legitimate services. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

14. Relief Defendant **Rose City Income Fund II LP** (“Rose City”) is a Delaware entity that was established on December 10, 2020, with its principal place of business in Portland, Oregon. Ikkurty is the Principal, Officer and Managing Partner of Rose City. Jafia is the General Partner of Rose City. Ikkurty and Avadhanam run Rose City. Rose City did not perform any legitimate services for Defendants and does not have any legitimate interest in any funds it received from or through Defendants. Rose City has never been registered with the CFTC in any capacity.

ANSWER: Avadhanam admits that Rose City Income Fund II is a Delaware entity run by Ikkurty and that Jafia is the General Partner. Avadhanam denies that he ran Rose City Income Fund II. Avadhanam denies that Rose City Income Fund II did not perform any legitimate services. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

15. Relief Defendant **Seneca Ventures LLC** (“Seneca Ventures” or “Seneca”) is a Wyoming entity that was established on April 14, 2021. Ikkurty and Avadhanam own Seneca Ventures. Seneca Ventures did not perform any legitimate services for Defendants and does not have any legitimate interest in any funds it received from or through Defendants. Seneca Ventures has never been registered with the CFTC in any capacity.

ANSWER: Avadhanam admits that Seneca is a Wyoming entity established in 2021. Avadhanam admits that he is a minority owner of Seneca. Avadhanam admits that Ikkurty is an owner of Seneca. Avadhanam denies that Seneca did not perform any legitimate services and that it does not have any legitimate interest in the funds it received. Seneca is an investor in Rose City Fund II. Funds collected from investors in Seneca were invested in Rose City Fund II. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

IV. FACTUAL ALLEGATIONS

Background

16. Beginning on or around October 1, 2017, Ikkurty launched Rose City Income Fund I, which also used the name Ikkurty Capital, LLC. Throughout the Relevant Period, the website for the fund has described the business as “a monthly income fund” “suited for income- oriented investors who depend on a steady distribution.”

ANSWER: Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the allegations in this paragraph and therefore denies them. Avadhanam had no role in the launch of Rose City Income Fund I. This paragraph also characterizes certain documents, which speak for themselves.

17. In a September 2018 post on the Rose City Income Fund I website, Ikkurty announced, “[w]e are pleased to announce to the partners that we have a 1-year return for the fund. In a severe bear market that we are currently experiencing in digital currencies, our 1-year return is 61.78%.” The post goes on to encourage investors by stating, “[c]ompounding is a powerful force in investing . . . I feel we have a long runway to achieve growth [as] a digital currency market evolves.”

ANSWER: Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the allegations in this paragraph and therefore denies them. Avadhanam had no role in 2018. This paragraph also characterizes certain documents, which speak for themselves.

18. On or about December 10, 2020, Ikkurty formally established Rose City, with himself as the Managing Member and Jafia as the Executive Officer. Rose City's business model is purportedly to sell limited partnership interests to participants, pool the limited partners' funds, and then "buy, sell and trade digital assets on cryptocurrency exchanges." Rose City represents that its "primary goal is to provide steady 15% per year distribution to our investors." Rose City represents that it "generates these returns via proof-of-stake mining," and by holding exposure to digital assets like Bitcoin and Ethereum. For example, Rose City represents that "Bitcoin is a great hedge against central banks . . . Our portfolio is ideally suited to hedge against money printing."

ANSWER: Avadhanam admits that Ikkurty established Rose City Fund II in late 2020 with Ikkurty as Managing Member and Jafia as Executive Officer. Avadhanam did not form Rose City Fund II. This paragraph also characterizes certain documents, which speak for themselves. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

19. In reality, Defendants pooled the participant funds, and then distributed the majority of those funds as "profits" to other participants in a manner akin to a Ponzi scheme, or transferred funds to accounts controlled by and for the benefit of the Defendants.

ANSWER: Avadhanam denies that he pooled participant funds or distributed them to other participants in a manner akin to a Ponzi Scheme or that he transferred any funds to accounts controlled by himself or for his benefit. Avadhanam further states that the allegations in this paragraph are vague and so are denied on that basis. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them. Avadhanam did not transfer funds on behalf of Rose City Fund I, Rose City Fund II or Jafia. Seneca invested in Rose City Fund II.

20. Of the more than \$44 million Defendants accepted from participants during the Relevant Period, they transferred more than half to other participants and to entities they own and control. Defendants also transferred approximately \$18 million to an off-shore entity that is associated with a cryptocurrency exchange that does not allow US persons. Regardless, Defendants never returned any funds from the exchange to any Rose City or Seneca account for distribution to participants.

ANSWER: Avadhanam admits that Seneca accepted funds from participants and invested in Rose City Fund II. Avadhanam admits that Rose City Fund I and Rose City Fund II accepted funds from investors. Avadhanam denies that he transferred any participant funds to entities that he owned and controlled. Avadhanam denies that he transferred any funds to any off-shore entity or cryptocurrency exchange. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them. Avadhanam further states that the allegations in this paragraph are vague as they conflate different entities and individuals and so therefore denies them.

Defendants' Solicitations

21. Throughout the Relevant Period, the Defendants have solicited participants to invest through a website, www.rosecityfund.com, on YouTube videos and through at least one limited partnership agreement they provide to participants. Rose City's website, operated and authored by Ikkurty, represents that the fund's investment strategy is to invest "70% of the fund's assets into proof-of-stake mining coins, using market-neutral strategies while having 30% of the fund[] exposed to Crypto assets like Bitcoin, Ethereum and other diversified crypto assets." Rose City's website claims that its philosophy is to "earn income with exposure to crypto assets" and the fund's goal is "to provide a steady income to our investors every month, while providing the upside to the crypto markets." Specifically, Rose City states that, "[o]ur number one goal is to provide a steady 15% per year in distribution, payable monthly."

ANSWER: Avadhanam admits that Ikkurty solicited investors, including in Rose City Fund I and Rose City Fund II, and that Avadhanam worked for Jafia, which was the manager or general partner of the funds. This paragraph characterizes documents, websites, and a limited partnership agreement, which speak for themselves so Avadhanam therefore denies those characterizations. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore

denies them. Avadhanam further states that the allegations in this paragraph are vague as they conflate different entities and documents and so therefore denies them.

22. On or about January 1, 2021, Defendants began soliciting participants to join the Rose City income fund by signing the Rose City Income Fund Limited Partnership Agreement as Limited Partners (the “Agreement”).

ANSWER: Avadhanam admits that Ikkurty solicited investors in Rose City Fund II and that investors in Rose City Fund II signed a partnership agreement. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

23. The Agreement identifies Jafia as the “General Partner” to the Agreement and all the participants who sign copies of the Agreement as the “Limited Partners.”

ANSWER: This paragraph characterizes the Limited Partnership Agreement, which speaks for itself, so Avadhanam therefore denies those characterizations.

24. Pursuant to Section 1.03 of the Agreement, the purpose of the partnership is “to serve as a fund through which the assets of its Partners will be utilized to invest, hold and trade in digital currencies, cryptoassets, cryptocurrencies, decentralized application tokens and protocol tokens . . . and other financial instruments of any name and nature which exist now or are hereafter created . . .”

ANSWER: This paragraph characterizes the Limited Partnership Agreement, which speaks for itself, so Avadhanam therefore denies those characterizations.

25. Pursuant to Section 3.02, Powers of the General Partner, the General Partner maintains, in relevant part, the following powers:

- a. To purchase, hold, sell, sell short, cover and otherwise deal in Digital Assets and financial instruments of any sort and rights therein, including restricted and privately issued instruments, on margin or otherwise;
- b. To loan its Digital Assets to other market participants and engage in “staking” of Digital Assets;

- c. Write, purchase, hold, sell and otherwise deal in put and call options of any sort and in any combination thereof;
- d. To purchase, hold, sell, sell short and otherwise deal in commodities, commodity contracts, commodity futures, financial futures (including index futures) and options in respect thereof;
- e. To purchase, hold, sell, sell short and otherwise deal in currencies, options thereon and rights therein, including forward foreign currency exchange contracts;
- f. To purchase, hold, sell and otherwise deal in derivatives, swap contracts, partnership interest, interests in other investment companies or any other financial instruments which exist now or are hereafter created; and
- g. To conduct margin accounts with brokers . . .

ANSWER: This paragraph characterizes the Limited Partnership Agreement, which speaks for itself, so Avadhanam therefore denies those characterizations.

26. Pursuant to Section 4.04 of the Agreement, the General Partner is entitled to a “Management Fee,” to be “calculated at an annual rate of 2.0% of each Capital Account.” Capital Account is defined in the Agreement to include the limited partner’s capital contributions, adjusted for net losses and profits, less withdrawals, taxes and Management Fee payments.

ANSWER: This paragraph characterizes the Limited Partnership Agreement, which speaks for itself, so Avadhanam therefore denies those characterizations.

27. By February 1, 2021, at least one individual signed the Agreement and joined Rose City’s Limited Partnership.

ANSWER: Admitted.

28. Beginning in at least July 2021, Defendants solicited participants through a YouTube video that represented to prospective participants:

- “Rule 1: Pay 18% per year interest on our Crypto Savings Note on a monthly basis”
- “We offer a promissory note enforceable by law in the USA that pays 18% interest per year and returns the original principal at the end of 18 months. This is backed by the full faith and credit of Jafia LLC.”

ANSWER: Avadhanam admits that Ikkurty solicited investors and that Avadhanam worked for Jafia. This paragraph characterizes certain videos, which speaks for themselves, so Avadhanam therefore denies those characterizations. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

29. In the same YouTube video, Defendants solicit participants by touting Rose City’s “proven track record of generating a 48% yield” and go on to assure participants that Rose City “make[s] sure that the money you start with will not be lost.”

ANSWER: Avadhanam admits that Ikkurty solicited investors and that Avadhanam worked for Jafia. This paragraph characterizes certain videos, which speaks for themselves, so Avadhanam therefore denies those characterizations. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

Defendants’ Solicitations Include False and Misleading Statements and Omissions

30. Defendants included false and misleading statements and omissions of material facts intentionally or recklessly in their solicitations.

ANSWER: Avadhanam denies that he intentionally or recklessly made any false or misleading statements or omissions of material facts. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them. Avadhanam further states that the allegations in this paragraph are vague and so therefore denies them.

31. Among other things, Defendants falsely misrepresent that 70% of the fund’s assets are invested in proof-of-stake mining coins and also that the fund “earns” income from these assets. Defendants falsely misrepresent that the fund will “invest, hold and trade in digital currencies,” “purchase, hold, sell, sell short and otherwise deal in commodities, commodity contracts, commodity futures, financial futures . . . options . . . derivatives, swap contracts,” and that participants would earn 15% annual returns on their investment. Also, Defendants falsely

misrepresent that participants' principal investment would not be lost, that Rose City was generating a 48% yield, and that the fund's management fee was 2%.

ANSWER: Avadhanam denies that he intentionally or recklessly made any false or misleading statements or omissions of material facts. This paragraph characterizes certain documents, which speaks for themselves, so Avadhanam therefore denies those characterizations. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them. Avadhanam further states that the allegations in this paragraph are vague and so therefore denies them.

32. Among other things, Defendants omitted that the fund was not earning profits and that Defendants were misappropriating participant funds by transferring them to other participants, to entities the Defendants owned and/or controlled, and also to an off-shore entity.

ANSWER: Avadhanam denies that he intentionally or recklessly made any false or misleading statements or omissions of material facts. Avadhanam further denies that he misappropriated funds and that he transferred any participant funds from one entity to another entity that he owned or controlled or to any off-shore entity. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them. Avadhanam further states that the allegations in this paragraph are vague and so therefore denies them.

33. Defendants made these misrepresentations, false statements and omissions to solicit participants to invest their money with them.

ANSWER: Avadhanam denies that he intentionally or recklessly made any false or misleading statements or omissions of material facts. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining

allegations in this paragraph and therefore denies them. Avadhanam further states that the allegations in this paragraph are vague and so therefore denies them.

The Misappropriation

34. During the Relevant Period, Defendants accepted participant funds into bank accounts in the names of Seneca Ventures and/or Rose City. Neither Seneca Ventures nor Rose City performed any legitimate services for Defendants and neither have any legitimate interest in or entitlement to the funds.

ANSWER: Avadhanam admits that Ikkurty solicited investors and that Avadhanam worked for Jafia. Avadhanam further admits that he is a minority owner of Seneca. Avadhanam denies that Seneca and Rose City did not perform any legitimate services and that they do have any legitimate interest in or entitlement to investor funds. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

35. On April 15, 2021, Defendant Avadhanam opened a business checking account for Seneca Ventures with Bank A. Avadhanam was the only signer for this account.

ANSWER: Avadhanam admits that he opened a bank account on behalf of Seneca in 2021. Avadhanam further states that Ikkurty became or intended to become a signatory on each of Seneca's bank accounts. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

36. Between April 15, 2021 and June 4, 2021, Defendants Ikkurty and Avadhanam accepted deposits of \$1,707,000 from 24 participants into the Seneca Ventures account at Bank A. According to memos on some of the participants' wire deposits, the funds were for, among other things, "investment," "investment Rose City," "Rose City Fund II," and "ATTN: Ravishankar Avadhanam, Sam."

ANSWER: Avadhanam admits that he is a minority owner of Seneca and was an authorized user of Seneca's bank account during certain periods. Avadhanam admits that Seneca accepted deposits from investors. Avadhanam admits that Seneca was an investor in Rose City Fund II. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

37. Between April 15, 2021, and June 4, 2021, Defendants Ikkurty and Avadhanam did not transfer funds from Bank A to buy, sell, or trade digital assets. Rather, during that time period, Defendants Ikkurty and Avadhanam transferred \$1,686,829 of participant funds to other accounts under the control of and for the benefit of the Defendants.

ANSWER: Avadhanam admits that he is a minority owner of Seneca. Avadhanam admits that Seneca accepted deposits from investors. Avadhanam admits that Seneca was an investor in Rose City Fund II and transferred investor funds from Seneca to Rose City Fund II. Avadhanam further states that he understood that Rose City Fund II was investing in digital assets. Avadhanam denies that Seneca transferred funds to an account under his control or for his benefit. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

38. Bank A was closed in June 2021.

ANSWER: Avadhanam admits that a bank closed an account for Seneca in 2021. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

39. Then, in June 2021, Defendants Ikkurty and Avadhanam opened another business checking account with Bank B in the name of Seneca Ventures. In so doing, Seneca represented itself to be a "technology consulting firm in software programming." Ikkurty and Avadhanam are both signers on Seneca Ventures' account at Bank B.

ANSWER: Avadhanam admits that he opened a bank account on behalf of Seneca in 2021. Avadhanam further states that Ikkurty became or intended to become a signatory on each of Seneca's bank accounts. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

40. Between June 2021 and January 2022, Defendants Ikkurty and Avadhanam accepted deposits of at least \$10,400,000 from at least 122 participants into the Seneca Ventures account at Bank B. According to memos on these wires, the funds were for the purpose of "investment", "initial investment" and "additional investment."

ANSWER: Avadhanam admits that he is a minority owner of Seneca and was an authorized user of Seneca's bank account during certain periods. Avadhanam admits that Seneca accepted deposits from investors. Avadhanam admits that Seneca was an investor in Rose City Fund II. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

41. During this period, Defendants Ikkurty and Avadhanam did not transfer any funds from Bank B to a trading account at any "exchange" or dealer. Rather, during that time period, Defendants Ikkurty and Avadhanam transferred \$25,000 of participant funds to other participants and at least \$9,916,333 of participant funds to other accounts under the control of and for the benefit of the Defendants.

ANSWER: Avadhanam admits that he is a minority owner of Seneca. Avadhanam admits that Seneca accepted deposits from investors. Avadhanam admits that Seneca was an investor in Rose City Fund II and that Seneca transferred investor funds from Seneca to Rose City Fund II. Avadhanam further states that he understood that Rose City Fund II was investing in digital assets. Avadhanam denies that Seneca transferred funds to an account under his control or for his benefit. Avadhanam admits that Seneca on at least one occasion returned funds from an investor at the investor's request. Avadhanam further states that he lacks knowledge and information sufficient

to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them. Avadhanam further states that allegations in this paragraph are vague and so are denied on that basis.

42. Bank B was closed in January 2022.

ANSWER: Avadhanam admits that a bank closed an account for Seneca in 2022. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

43. In December 2021, Defendants Ikkurty and Avadhanam opened an account for Seneca Ventures at Bank C. Between December 2021 and the present, Defendants accepted \$5,400,000 of funds into this account. The account at Bank C remains open.

ANSWER: Avadhanam admits that he opened a bank account on behalf of Seneca. Avadhanam admits that he is a minority owner of Seneca and was an authorized user of Seneca's bank account during certain periods. Avadhanam admits that Seneca accepted deposits from investors. Avadhanam admits that at the time the complaint was filed, a bank account for Seneca remained opened. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

44. On May 18, 2021, the Defendant Ikkurty opened a business bank account for Rose City at Bank D. According to the account opening application, the purpose of the account is "trading" and the anticipated account activity was "Funds In/Out from Operating Account (LP Subscriptions)/wires to/from exchanges (Coinbase Pro) to buy crypto assets." Defendant Ikkurty further described the types of transactions as "[f]unds in from selling limited partnership interests . . ." Ikkurty is the only Principal/Officer and authorized signer on the account.

ANSWER: Avadhanam admits that he is not and has never been an authorized signer on any bank account for Rose City. Avadhanam further states that he lacks knowledge and

information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

45. Between May 18, 2021 and March 31, 2022, Defendants Ikkurty and Avadhanam accepted at least \$32,307,846 from at least 42 participants into the Rose City account at Bank D.

ANSWER: Avadhanam is not and has never been an authorized signer on any bank account for Rose City Fund I, Rose City Fund II or Jafia. Avadhanam admits that Ikkurty solicited investors on behalf of Rose City Fund II and that Avadhanam worked for Jafia. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

46. In addition, during this same period, at least \$10,621,162 of participant funds from the Seneca Ventures accounts at Bank A and Bank B were transferred to the Rose City account at Bank D.

ANSWER: Avadhanam admits that he is a minority owner of Seneca. Avadhanam admits that Seneca accepted deposits from investors. Avadhanam admits that Seneca was an investor in Rose City Fund II and transferred investor funds from Seneca to Rose City Fund II. Avadhanam further states that he lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

47. Between May 18, 2021 and March 31, 2022, Defendants Ikkurty and Avadhanam transferred at least \$23,908,892 of participant funds from the Rose City account to an account belonging to Jafia, and at least \$860,502 to an account under the control of and for the benefit of the Defendants.

ANSWER: Avadhanam denies that he ever transferred funds from a Rose City bank account. Avadhanam did not have control over funds in Rose City Fund I, Rose City Fund II or Jafia. Avadhanam further denies that he ever transferred funds to an account under his control or

for his benefit. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

48. Between, May 18, 2021 and March 31, 2022, Defendants transferred approximately \$5,846,720 of participant funds from the Rose City account at Bank D to other participants.

ANSWER: Avadhanam denies that he ever transferred funds from a Rose City bank account. Avadhanam did not have control over funds in Rose City Fund I, Rose City Fund II or Jafia. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

49. During this same time period, Rose City also transferred \$9,200,000 from the Rose City account at Bank D to an off-shore entity associated with a crypto exchange.

ANSWER: Avadhanam did not have control over funds in Rose City Fund I, Rose City Fund II or Jafia. Avadhanam did not have control over investments made by Rose City Fund I, Rose City Fund II or Jafia. Avadhanam admits that he understood that Rose City was investing in digital assets. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

50. In addition to the Seneca and Rose City bank accounts, on or about August 24, 2020, Defendant Ikkurty opened an account for Jafia, at Bank E in Portland, Oregon. Between July 2021 and March 31, 2022, Defendant Ikkurty accepted at least \$23,908,802 into the Bank D account. During the Relevant Period, Defendant Ikkurty transferred over \$6.5 million from the Jafia account to other accounts under the control of and for the benefit of the Defendants. Defendants Ikkurty and Jafia transferred \$8,650,000 to the same off-shore entity.

ANSWER: Avadhanam admits that he was an employee of Jafia and was paid by Jafia as an employee. Avadhanam did not have control over funds in Rose City Fund I, Rose City Fund II or Jafia. Avadhanam did not have control over investments made by Rose City Fund I, Rose City Fund II or Jafia. Avadhanam admits that he understood that Rose City was investing in digital

assets. Avadhanam lacks knowledge and information sufficient to form a belief concerning the truth of the remaining allegations in this paragraph and therefore denies them.

V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND COMMISSION REGULATIONS THEREUNDER

COUNT I

**Violations of Section 4m(1) of the Act, 7 U.S.C. § 6m(1):
Failure to Register as a CPO**

51. The allegations set forth in the preceding paragraphs are re-alleged and incorporated herein by reference.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

52. Section 1a(10) of the Act, 7 U.S.C. § 1a(10), defines the term "commodity pool" to mean "any investment trust, syndicate, or similar form of enterprise operated for the purpose of trading in commodity interests, including any-(i) commodity for future delivery, security futures product, or swap; (ii) agreement, contract, or transaction described in section 2(c)(2)(C)(i) or section 2(c)(2)(D)(i); (iii) commodity option authorized under section 4c; or (iv) leverage transaction authorized under section 19 [of the Act]."

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied.

53. 7 U.S.C. § 1a(11) defines a CPO as any person "engaged in a business that is of the nature of a commodity pool, investment trust, syndicate or similar form of enterprise and who, in connection therewith, solicits, accepts, or receives from others, funds, securities or property . . . for the purpose of trading in commodity interests."

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied.

54. 7 U.S.C. § 6m(1) makes it unlawful for any CPO, unless registered with the CFTC, to make use of the mails or any means or instrumentality of interstate commerce in connection with its business as a CPO.

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied.

55. Defendants acted as a CPO, as defined by 17 C.F.R. § 1.3, by soliciting, accepting or receiving funds from others for the purpose of trading in commodity interests.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

56. Defendants violated 7 U.S.C. § 6m(l) by acting as a CPO without the benefit of registration with the Commission.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

57. Each use by Defendants of the mails or any means or instrumentality of interstate commerce in connection with their business as a CPO without being registered with the Commission, including, but not limited to, those specifically alleged herein, constitutes a separate and distinct violation of 7 U.S.C. § 6m(l).

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

COUNT II

Violations of Section 4o(1)(A)-(B), 7 U.S.C. §6o(1)(A)-(B): Fraud by a CPO

58. The allegations set forth in the preceding paragraphs are re-alleged and incorporated herein by reference.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

59. 7 U.S.C. § 6o(1)(A)-(B) makes it unlawful for any commodity pool operator or associated person of a commodity pool operator, "by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly" (A) "to employ any device, scheme, or artifice to defraud any client or participant or prospective client or participant" or (B) "to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant."

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied.

60. Defendants, acting as a CPO or associated persons of a CPO, violated 7 U.S.C. § 6o(1)(A)-(B) during the Relevant Period by making misrepresentations and omissions of material fact to participants and prospective participants, including, among other things, misrepresenting the purpose of the pools, their historical performance and expected profits, and fee structure; and failing to disclose that they were misappropriating participant funds for personal benefit and that they used participant funds to pay other participants, in the manner of a Ponzi scheme, and that they were not registered with the CFTC as a CPO.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

61. Defendants also violated 7 U.S.C. § 6o(1)(A)-(B) during the Relevant Period by misappropriating participant funds for personal benefit, including transferring them to accounts under their control and using participant funds to pay other participants, in the manner of a Ponzi scheme.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

62. Each act of misrepresenting and omitting material information, including, but not limited to, those specifically alleged herein, and each act of misappropriation, constitutes a separate and distinct violation of 7 U.S.C. § 60(l)(A)-(B).

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied. This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied.

COUNT III

Violations of Section 6(c)(1) of the Act and Regulation 180.1, 7 U.S.C. § 9(1), and 17 C.F.R. §180.1(a): Deceptive Scheme or Contrivances

63. The allegations set forth in the preceding paragraphs are re-alleged and incorporated herein by reference.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

64. 7 U.S.C. § 9(1) makes it unlawful "for any person, directly or indirectly, to use or employ, or attempt to use or employ, in connection with any . . . contract of sale of any commodity in interstate commerce . . . any manipulative or deceptive device or contrivance, in contravention of such rules and regulations as the Commission shall promulgate."

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied.

65. 17 C.F.R. § 180.1(a) makes it "unlawful for any person, directly or indirectly, in connection with any . . . contract of sale of any commodity in interstate commerce . . . to intentionally or recklessly: (1) use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud; (2) make, or attempt to make, any untrue or misleading statement of material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading; [or] (3) engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person."

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied.

66. Bitcoin and Ethereum are “commodities” under Section 1a(9) of the Act, 7 U.S.C. § 1a(9), and contracts for their sale are subject to the prohibitions of Section 6(c)(1) of the Act and Regulation 180.1.

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied. This paragraph does not require a response because it purports to characterize Plaintiffs’ claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

67. From at least January 2021 through the present, as described above, Defendants violated 7 U.S.C. § 9(1) and 17 C.F.R. § 180.1(a), by, among other things, in connection with contracts of sale of commodities in interstate commerce, making or attempting to make untrue or misleading statements of material fact or omitting to state or attempting to omit to state material facts necessary in order to make statements made not untrue or misleading, such as failing to disclose that they were misappropriating participant funds, making misrepresentations to their participants about their historical performance and fee structure; and failing to disclose to participants that they used participant funds to pay other participants, in the manner of a Ponzi scheme.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs’ claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

68. From at least January 2021 through the present, as described above, Defendants also violated 7 U.S.C. § 9(1) of the Act and 17 C.F.R. § 180.1(a) by, among other things, in connection with contracts of sale of commodities in interstate commerce, misappropriating participant funds to make distributions to other participants in a manner akin to a Ponzi scheme or transferring funds to accounts controlled by the Defendants.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs’ claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

69. By the foregoing conduct, Defendants directly or indirectly used or employed or attempted to use or employ a manipulative or deceptive device or contrivance or manipulative device, scheme, or artifice to defraud participants and engaged in this conduct intentionally or recklessly.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

70. By the foregoing conduct, the Defendants directly or indirectly used or employed or attempted to use or employ a manipulative or deceptive device or contrivance or omitted to state material facts necessary in order to make their statements to participants not untrue or misleading, and engaged in such conduct intentionally or recklessly.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

71. By the foregoing conduct, the Defendants directly or indirectly used or employed or attempted to use or employ a manipulative or deceptive device or contrivance or engaged or attempted to engage in an act, practice, or course of business which operated or would operate as a fraud or deceit, and engaged in such conduct intentionally or recklessly.

ANSWER: This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

72. Each and every overt action in furtherance of the use or attempted use of a manipulative or deceptive device or contrivance is alleged herein as a separate and distinct violation of 7 U.S.C. § 9(1) and 17 C.F.R. § 180.1(a).

ANSWER: This paragraph characterizes certain federal laws, which speak for themselves and so on that basis, the characterizations of such federal laws is denied. This paragraph does not require a response because it purports to characterize Plaintiffs' claims and state a legal conclusion. To the extent a response is required, the allegations in this paragraph are denied.

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Defendant Avadhanam demands trial by jury in this action of all issues so triable.

Defendant reserves the right to assert affirmative defenses based on information gathered during discovery and to rely upon any defense raised by co-defendants.

Dated: August 8, 2022

Respectfully submitted,

By: /s/ Daniel J. Collins

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CERTIFICATE OF SERVICE

The undersigned, an attorney, hereby certifies that he caused true and correct copies of **Defendant Ravishankar Avadhanam's Answer to Complaint for Injunctive Relief, Civil Monetary Penalties and Other Equitable Relief** to be served upon all parties via the ECF system on August 8, 2022.

By: /s/ Daniel J. Collins_____