

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

**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.

Case No. 1:22-CV-02465

Hon. Mary M. Rowland

**CONSENT ORDER FOR PERMANENT INJUNCTION,
RESTITUTION AND OTHER EQUITABLE RELIEF AGAINST
DEFENDANT RAVISHANKAR AVADHANAM**

I. INTRODUCTION

On May 10, 2022, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint against Defendants Sam Ikkurty a/k/a Sreenivas I Rao (“Ikkurty”), Ravishankar Avadhanam (“Avadhanam”) and Jafia, LLC (“Jafia”) (collectively the “Defendants”), and Relief Defendants 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 Ventures,” and together “Relief Defendants”), seeking injunctive and other equitable relief, as well as the imposition of civil penalties, for violations of the Commodity Exchange Act (“Act”), 7 U.S.C.

§§ 1–26, and the Commission’s Regulations (“Regulations”) promulgated thereunder, 17 C.F.R. pts. 1–190 (2022). On May 11, 2022, the Court entered an *ex parte* Statutory Restraining Order and Appointed a Temporary Receiver. On July 18, 2022, the Court entered a Consent Order for Preliminary Injunction against Defendants and Relief Defendants.

II. CONSENTS AND AGREEMENTS

To effect settlement of all charges alleged in the Complaint against Defendant Avadhanam without a trial on the merits or any further judicial proceedings, Defendant Avadhanam:

1. Consents to the entry of this Consent Order for Permanent Injunction, Restitution, and Other Equitable Relief Against Defendant Avadhanam (“Consent Order”);
2. Affirms that he has read and agreed to this Consent Order voluntarily, and that no promise, other than as specifically contained herein, or threat, has been made by the Commission or any member, officer, agent, or representative thereof, or by any other person, to induce consent to this Consent Order;
3. Acknowledges service of the summons and Complaint;
4. Admits the jurisdiction of this Court over him and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;
5. Admits the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to the Act;
6. Admits that venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e);
7. Waives:
 - (a) Any and all claims that he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412, and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2022), relating to, or arising from, this action;

- (b) Any and all claims that he may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II, §§ 201–253, 110 Stat. 847, 857–74 (codified as amended at 28 U.S.C. § 2412 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this action;
- (c) Any claim of Double Jeopardy based upon the institution of this action or the entry in this action of any order imposing a civil monetary penalty or any other relief, including this Consent Order; and
- (d) Any and all rights of appeal from this action;

8. Consents to the continued jurisdiction of this Court over him for the purpose of implementing and enforcing the terms and conditions of this Consent Order and for any other purpose relevant to this action, even if Avadhanam now or in the future resides outside the jurisdiction of this Court;

9. Agrees that he will not oppose enforcement of this Consent Order on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and hereby waives any objection based thereon;

10. Agrees that neither he nor any of his agents or employees under his authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or the Findings of Fact or Conclusions of Law in this Consent Order, or creating or tending to create the impression that the Complaint and/or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect his:

(a) testimonial obligations, or (b) right to take legal positions in other proceedings to which the Commission is not a party. Avadhanam shall comply with this agreement, and shall undertake all steps necessary to ensure that all of his agents and/or employees under his authority or control understand and comply with this agreement;

11. Consents to the entry of this Consent Order without admitting or denying the allegations of the Complaint or any findings or conclusions in this Consent Order, except as to jurisdiction and venue, which he admits;
12. Consents to the use of the findings and conclusions in this Consent Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof;
13. Agrees, for purposes of the waiver of any and all rights under the Equal Access to Justice Act and the Small Business Regulatory Enforcement Fairness Act of 1996 specified in Paragraph 7, that the Commission is the prevailing party in this action;
14. Does not consent, however, to the use of this Consent Order, or the findings and conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party, other than a: statutory disqualification proceeding; proceeding in bankruptcy, or receivership; or proceeding to enforce the terms of this Order; and
15. Agrees that no provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against Avadhanam in any other proceeding.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court therefore directs the entry of the following Findings of Fact, Conclusions of Law, permanent injunction and equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, as set forth herein. The findings and conclusions in this Consent Order are not binding on any other party to this action.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. Findings of Fact

The Parties to this Consent Order

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

17. Defendant **Ravishankar Avadhanam** resides in Aurora, Illinois. Avadhanam has never been registered with the CFTC in any capacity.

Other Parties to the Action

18. Defendant **Sam Ikkurty** (“Ikkurty”) a/k/a Sreenivas I Rao is the principal individual defendant in this action. Ikkurty has never been registered with the CFTC in any capacity.

19. 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.

20. Relief Defendant **Ikkurty Capital LLC d/b/a Rose City Income Fund** (“RCIF I”) is a Florida corporation that was established in 2013, and began operating as a pooled investment vehicle in 2017. Ikkurty is the Managing Member and registered agent for RCIF I, and Jafia is the Manager. RCIF I has never been registered with the CFTC in any capacity.

21. Relief Defendant **Rose City Income Fund II LP** (“RCIF II”) 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 RCIF II. Jafia is the General Partner of RCIF II. Under Ikkurty’s direction, Avadhanam helped Ikkurty conduct the business of RCIF II,

which succeeded RCIF I as a second pooled investment vehicle. RCIF II has never been registered with the CFTC in any capacity.

22. Relief Defendant **Seneca Ventures LLC** (“Seneca Ventures” or “Seneca”) is a Wyoming entity co-owned by Ikkurty and Avadhanam that was established on April 14, 2021. Seneca Ventures acted as an entity that pools investments to direct to another fund, RCIF II, and has never been registered with the CFTC in any capacity.

Background

23. On or around February 2020, Ikkurty solicited Avadhanam to invest in RCIF I by sending him a message through LinkedIn. Prior to receiving this message, Avadhanam had never met Ikkurty.

24. Ikkurty invited Avadhanam to attend a Google Meet presentation, during which Ikkurty presented a Power Point explaining RCIF I as a pooled fund.

25. Ikkurty also gave Avadhanam a RCIF I Overview document, which purported to show large growth in value of the fund dating back to 2017.

26. Avadhanam saw in the Overview document that 70% of RCIF I’s capital was deployed into digital asset commodities that generate income via proof-of-stake mining and the balance in a portfolio of other digital asset commodities like bitcoin (BTC) and ether (ETH).

27. Ikkurty further represented that this “produces a steady income of 15% per year,” which enabled RCIF I “to provide a steady 15% per year dividend payments.”

28. Ikkurty told Avadhanam that RCIF I “hedges risk by moving into stable coins based on proprietary algorithms.”

29. Ikkurty represented to Avadhanam that RCIF I also traded in early stage digital asset commodities, targeting the “next Bitcoin” for growth.

30. Relying on Ikkurty's representations, Avadhanam decided to invest in RCIF I.

31. Avadhanam invested \$10,000 in June 2020 and an additional \$155,000 between July 2020 and November 2021. Avadhanam did not receive any returns on his investments.

32. On or around July 15, 2020, Ikkurty recruited Avadhanam to work for Jafia as an employee and offered Avadhanam the role of Director of Business Development and Operations. Avadhanam began work for Jafia on or around August 1, 2020.

33. Avadhanam's responsibilities as Director of Business Development and Operations primarily focused on administrative tasks such as setting up prospective participant webinars, distributing solicitation materials prepared by Ikkurty, collecting participant Know-Your-Customer information, and responding to participant inquiries.

34. During Avadhanam's employment at Jafia, he helped Ikkurty launch and promote a second income fund, RCIF II.

35. On or around April 14, 2021, Ikkurty and Avadhanam started Seneca Ventures as a fund that pools investments to direct to another fund to allow small participation interests in RCIF II. Based on discussions with Ikkurty, Avadhanam understood the purpose of Seneca Ventures was to allow prospective participants to contribute smaller amounts than the minimum for an individual account to directly participate in RCIF II.

Defendants' Solicitations

36. From at least January 2021 through May 16, 2022, the Defendants solicited participants to invest in RCIF II through a website, www.rosecityfund.com, on videos, webinars, in-person conferences and through fund documents provided to participants. RCIF II's website, represented that the fund's investment strategy was 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.” RCIF’s website claimed 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, RCIF states that, “[o]ur number one goal is to provide a steady 15% per year in distribution, payable monthly.”

37. In soliciting participants for RCIF II, Defendants provided them with a Private Placement Memorandum (“PPM”), Limited Partnership Agreement (“LPA”), and Subscription Agreement (“SA,” and together with the PPM and LPA the “Fund Documents”).

38. On or about January 1, 2021, the Defendants began soliciting participants to join the RCIF II by distributing the LPA.

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

40. Pursuant to Section 1.03 of the LPA, 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”

41. 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

42. Pursuant to Section 4.04 of the LPA, 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.

43. By February 1, 2021, at least one individual had signed the LPA and joined RCIF II’s Limited Partnership.

44. Ikkurty showed Avadhanam a video prepared for prospective participants that represented:

- “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.”

45. The video was later uploaded to YouTube. The same video touts 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.”

Defendant Avadhanam Made False and Misleading Statements and Material Omissions

46. Commencing in at least August 2021, Defendant Avadhanam intentionally or recklessly included false and misleading statements and/or omissions of material facts in soliciting participants.

47. Avadhanam was present with Ikkurty for PowerPoint presentations presented to prospective participants at webinars, in-person conferences and in-person meetings. During the in-person presentations, Avadhanam’s main role was to introduce Ikkurty, distribute materials and perform other organizational tasks. The PowerPoint presentation falsely represented that: (i) RCIF II’s predecessor fund, RCIF I, had earned substantial returns for participants, including a “dividend yield of 44%” and “1081% growth (net of fees)”; (ii) 65-70% of RCIF II’s portfolio was invested in “stable proof-of-stake” tokens; (iii) 15% of RCIF II’s portfolio was invested in Bitcoin; (iv) 15% of RCIF II’s portfolio was invested in “next Bitcoin bets”; and (v) investment in RCIF II would provide a “steady 15% per year dividend payment[] paid out on a monthly basis” and a “steady 15% dividend in perpetuity.” None of these representations were true.

48. Between January 2021 and March 2021, the Fund Documents that Avadhanam distributed to prospective participants for their signatures falsely represented that participants’ monthly distributions were “net profits.” In March 2021, the Fund Documents were revised, at

Ikkurty's direction, to remove the descriptor "net profits." Avadhanam was made aware of this revision to the Fund Documents.

49. On August 5, 2021, Avadhanam requested that the word "dividend" be removed from the website www.rosecityfund.com. Avadhanam made this request because Ikkurty instructed him to do so. Avadhanam knew that RCIF II's monthly distributions to participants were not net profits.

50. At least from August 2021 through May 16, 2022, at times, Avadhanam omitted to disclose that the fund was not earning or distributing profits. To the contrary, Avadhanam, at Ikkurty's direction, continued soliciting participants using marketing materials that characterized distributions as "steady 15% dividend in perpetuity," "income from proof-of-stake mining," and "15% per year dividend payments."

51. At all relevant times, the Defendants pooled participant funds, and then, at Ikkurty's direction, distributed the majority of those funds as "profits," "dividends," "distributions," or income to other participants in a manner akin to a Ponzi scheme, or transferred funds to accounts controlled by and/or for the benefit of Ikkurty, Jafia, RCIF I, RCIF II and/or Seneca Ventures.

Accepting and Moving Customer Deposits

52. During the Relevant Period, Defendants accepted participant funds into bank accounts in the names of Seneca Ventures and/or Rose City.

53. Of the more than \$44 million Defendants, at Ikkurty's direction, accepted from participants after January 2021, they transferred more than half to other participants or entities owned and controlled by Ikkurty, Jafia, RCIF I, RCIF II and/or Seneca Ventures. Defendants Ikkurty and Jafia also transferred approximately \$18 million to an off-shore entity, and never

returned any profits, earnings or funds of any kind *from* the entity *to* any Rose City or Seneca account for distribution to participants.

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

55. 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."

56. Between April 15, 2021, and June 4, 2021, Defendants Ikkurty and Avadhanam, at Ikkurty's direction, transferred \$1,686,829 of participant funds to other accounts under the control of and for the benefit of Ikkurty, Jafia, RCIF I, RCIF II and/or Seneca Ventures.

57. Seneca Ventures' account at Bank A was closed in June 2021.

58. 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 Ventures represented itself to be a "technology consulting firm in software programming." Ikkurty and Avadhanam are both signers on Seneca Ventures' account at Bank B.

59. 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."

60. During this period, Defendants Ikkurty and Avadhanam, at Ikkurty's direction, transferred at least \$9,916,333 of participant funds to other accounts under the control of and/or for the benefit of Ikkurty, Jafia, RCIF I, RCIF II and/or Seneca Ventures.

61. Seneca Ventures' account at Bank B was closed in January 2022 by Bank B.

62. In December 2021, Defendants Ikkurty and Avadhanam opened an account for Seneca Ventures at Bank C. Between December 2021 and May 2022, Defendants accepted \$5,400,000 of funds into this account.

63. Defendants, at Ikkurty's direction, reported to participants that the market value of RCIF I had dropped significantly in December 2021 and January 2022.

64. Ikkurty advised participants in RCIF I that they could roll their participation interests from RCIF I as of their November 30, 2021 net asset value so long as the participant moved the money into a "carbon offset bond" product offered by Jafia. The carbon offset bonds purported to pay participants interest of 18% in exchange for locking up their principal for a period of time, usually three years. After Ikkurty made this offer to RCIF I participants, many sought to withdraw their investments.

65. As directed by Ikkurty, Avadhanam communicated to participants to "roll" their interests in RCIF I into carbon offset bonds, as Avadhanam had done with his investment, rather than fully withdrawing their money outside of the Jafia sphere. Jafia did not have sufficient funds to repay its obligations pursuant to the promissory notes it executed with RCIF I participants.

66. In connection with his employment, Avadhanam received a total of \$1,366,932 in salary and bonuses from Jafia and the Relief Defendants.

B. Conclusions of Law

Jurisdiction and Venue

67. This Court possesses jurisdiction over this action pursuant to 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). Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a), provides that the Commission may bring actions for injunctive relief or to enforce compliance with the Act or any rule, regulation, or order thereunder in the proper district court of the United States 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.

68. Venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e), because Avadhanam resides in this jurisdiction and acts and practices in violation of the Act occurred within this District.

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

69. 7 U.S.C. § 6m(1) makes it unlawful for any Commodity Pool Operator (“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. By the conduct described in paragraphs 1 through 66 above, Avadhanam acted as a CPO, as defined by Section 1a(11) of the Act, 7 U.S.C. § 1a(11), and Regulation 1.3, 17 C.F.R. § 1.3 (2022), by soliciting, accepting or receiving funds from others for the purpose of trading in commodity interests. Avadhanam violated 7 U.S.C. § 6m(1) by acting as a CPO without the benefit of registration with the Commission.

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

70. By the conduct described in paragraphs 1 through 66 above, Avadhanam, while acting as a CPO or associated person of a CPO, and by use of the mails or any means or instrumentality of interstate commerce, made 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. Avadhanam thereby directly or indirectly violated 7 U.S.C. § 6o(1)(A)-(B) which 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.”

71. Each act of misrepresenting and omitting material information, including, but not limited to, those specifically alleged herein constitutes a separate and distinct violation of 7 U.S.C. § 6o(1)(A)-(B).

Violations of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1), and Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(1)-(3) (2022): Deceptive Scheme or Contrivance

72. By the conduct described in paragraphs 1 through 66 above, Avadhanam violated 7 U.S.C. § 9(1) and 17 C.F.R. § 180.1(a)(1)-(3), by, among other things, in connection with contracts of sale of commodities in interstate commerce, intentionally or recklessly: (1) using or employing or attempting to use or employ a manipulative or deceptive device or contrivance or manipulative device, scheme, or artifice to defraud participants; (2) 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 making misrepresentations to their participants about their historical performance and fee structure; and (3) engaging or attempting to engage in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon pool participants.

73. 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).

74. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Avadhanam will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act and Regulations.

IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

75. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, Avadhanam is permanently restrained, enjoined and prohibited from directly or indirectly, in connection with any contract of sale of any commodity in interstate commerce:

- a. (1) Using or employing, or attempting to use or employ, any manipulative device, scheme, or artifice to defraud; (2) making, or attempting to make, any untrue or misleading statement of a material fact or omitting to state a material fact necessary in order to make statements made not untrue or misleading; or (3) engaging, or attempting to engage, in any act, practice, or course of business, which operate or would operate as a fraud or deceit upon any person, in violation of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1), and Regulation 180.1(a)(1)–(3), 17 C.F.R. § 180.1(a)(1)–(3) (2022);

- b. Acting in the capacity of a CPO or AP of a CPO, without the benefit of registration with the Commission, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1);
- c. Using the mails or any means or instrumentality of interstate commerce, directly or indirectly, as a CPO or AP of a CPO to (A) employ any device, scheme, or artifice to defraud any participant; or (B) engage in any transaction, practice, or course of business that operates as a fraud or deceit upon any participant, in violation of Section 4o(1)(A)-(B) of the Act, 7 U.S.C. § 6o(1)(A)-(B); and

76. Defendant is also permanently restrained, enjoined and prohibited from directly or indirectly:

- a. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity interests or digital asset commodities, including bitcoin (BTC) and ethereum (ETH);
- b. Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity interests or digital asset commodities, including bitcoin (BTC) and ethereum (ETH);
- c. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2022); and/or
- d. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2022)), agent or officer or employee of any person (as that term is defined in Section 1a(38) of the Act, 7 U.S.C. § 1a(38)), registered, exempted

from registration or required to be registered with the Commission except as provided for in 17 C.F.R. § 4.14(a)(9).

A. RESTITUTION

77. Avadhanam shall pay restitution in the amount of one million, three hundred and sixty-six thousand, nine hundred and thirty-two dollars (\$1,366,932) (“Restitution Obligation”). Avadhanam shall pay: (i) \$62,774 immediately; (ii) six hundred thousand dollars (\$600,000) within six months from the date of entry of this Consent Order; and (iii) \$704,158 within twelve (12) months from the date of entry of this Consent Order. If the Restitution Obligation is not paid according to this schedule, post-judgment interest shall accrue on the unpaid portion of the Restitution Obligation beginning twelve (12) months from the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961.

78. To effect payment of the Restitution Obligation and the distribution of any restitution payments, the Court directs the Receiver to receive restitution payments from Avadhanam and make distributions as described below.

79. The Receiver shall oversee the Restitution Obligation and shall have the discretion to determine the manner of distribution of such funds in an equitable fashion to pool participants identified by the Receiver or may defer distribution until such time as the Receiver deems appropriate.

80. Upon the termination of the receivership estate, the Receiver shall provide the Commission with a report detailing the disbursement of funds to pool participants. The Receiver shall transmit this report under a cover letter that identifies the name and docket number of this

proceeding to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

81. The amounts payable to each pool participant shall not limit the ability of any pool participant from proving that a greater amount is owed from Avadhanam or any other person or entity, and nothing herein shall be construed in any way to limit or abridge the rights of any pool participant that exist under state or common law.

82. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each pool participant who suffered a loss is explicitly made an intended third-party beneficiary of this Consent Order and may seek to enforce obedience of this Consent Order to obtain satisfaction of any portion of the restitution that has not been paid by Avadhanam to ensure continued compliance with any provision of this Consent Order and to hold Avadhanam in contempt for any violations of any provision of this Consent Order.

83. To the extent that any funds accrue to the U.S. Treasury for satisfaction of Avadhanam's Restitution Obligation, such funds shall be transferred to the Receiver for disbursement in accordance with the procedures set forth above.

B. Provisions Related to Monetary Sanctions

84. Partial Satisfaction: Acceptance by the Commission or the Receiver of any partial payment of Avadhanam's Restitution Obligation shall not be deemed a waiver of his obligation to make further payments pursuant to this Consent Order, or a waiver of the Commission right to seek to compel payment of any remaining balance.

85. Asset Freeze: On May 11, 2022, the Court entered an asset freeze order prohibiting the transfer, removal, dissipation and disposal of Defendants and Relief Defendants' assets ("Asset Freeze Order"). The Court hereby lifts the Asset Freeze Order with respect to any

account or asset held in Defendant Avadhanam's personal capacity for the exclusive purpose of fulfilling Avadhanam's Restitution Obligation. The Court does not lift the Asset Freeze Order with respect to any account or asset held by Defendant Ikkurty and/or Jafia, or Relief Defendants RCIF I, RCIF II and/or Seneca Ventures.

C. Cooperation

86. Avadhanam shall cooperate fully and expeditiously with the Commission, including the Commission's Division of Enforcement and any other governmental agency or any self-regulatory organization, in this action, and in any current or future Commission investigation or action related thereto. Avadhanam shall also cooperate in any investigation, civil litigation, or administrative matter related to, or arising from, this action. As part of such cooperation, Avadhanam agrees to:

- a. Preserve and produce to the Commission in a responsive and prompt manner, all relevant, non-privileged documents, information and other materials, wherever located in the appropriate possession, custody or control of Avadhanam;
- b. Utilize his knowledge and skill to explain documents, interpret information and terminology;
- c. Prepare and appear for interviews, testimony and trial in connection with this Action at such times and place as requested by the Commission;
- d. Respond truthfully and completely to all inquiries and interviews in connection with this Action;
- e. Accept service by mail, electronic mail, or facsimile transmission of notices or subpoenas for documents and/or testimony at depositions, hearings, trials, or in connection with the Action;

- f. Appoint Avadhanam's undersigned attorney as agent to receive service of such notices and subpoenas; and
- g. Serve by electronic transmission, hand delivery or by next-day mail all written notices and correspondence required or related to this Order to the Director of Division Enforcement, United States Commodity Futures Trading Commission, 1155 21st Street, NW, Three Lafayette Centre, Washington, DC 20581, and a copy to dterrell@cftc.gov, chaan@cftc.gov and dsnodgrass@cftc.gov, unless otherwise directed in writing by the Division's staff.

V. MISCELLANEOUS PROVISIONS

87. Until such time as Avadhanam satisfies in full his Restitution Obligation under this Consent Order, upon the commencement by or against Avadhanam of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of Avadhanam debts, all notices to creditors required to be furnished to the Commission under Title 11 of the United States Code or other applicable law with respect to such insolvency, receivership bankruptcy or other proceedings, shall be sent to the address below:

Secretary of the Commission
Office of the General Counsel
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street N.W.
Washington, DC 20581

88. Notice: All notices required to be given by any provision in this Consent Order, except as set forth in paragraph 60, above, shall be sent certified mail, return receipt requested, as follows:

Notice to Commission:

Robert T. Howell
Deputy Director, Division of Enforcement
Commodity Futures Trading Commission
77 West Jackson Boulevard, Suite 800
Chicago, Illinois 60604

Notice to Defendant Ravishankar Avadhanam:

Levi Giovanetto
Katten Muchin Rosenman LLP
525 W. Monroe Street
Chicago, Illinois 60661

All such notices to the Commission shall reference the name and docket number of this action.

89. Change of Address/Phone: Until such time as Avadhanam satisfies in full his Restitution Obligation as set forth in this Consent Order, Avadhanam shall provide written notice to the Commission by certified mail of any change to his telephone number and mailing address within ten calendar days of the change.

90. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto to date. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

91. Invalidation: If any provision of this Consent Order or if the application of any provision or circumstance is held invalid, then the remainder of this Consent Order and the application of the provision to any other person or circumstance shall not be affected by the holding.

92. Waiver: The failure of any party to this Consent Order or of any pool participant at any time to require performance of any provision of this Consent Order shall in no manner affect the right of the party or pool participant at a later time to enforce the same or any other provision

of this Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Consent Order.

93. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action to ensure compliance with this Consent Order and for all other purposes related to this action, including any motion by Avadhanam to modify or for relief from the terms of this Consent Order.

94. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon the following persons who receive actual notice of this Consent Order, by personal service or otherwise: (1) Avadhanam; (2) any officer, agent, servant, employee, or attorney of Avadhanam; and (3) any other persons who are in active concert or participation with any persons described in subsections (1) and (2) above.

95. Counterparts and Facsimile Execution: This Consent Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (by facsimile, e-mail, or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Consent Order that is delivered by any means shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Consent Order.

96. Contempt: Avadhanam understands that the terms of the Consent Order are enforceable through contempt proceedings to the fullest extent of applicable law, and that, in any such proceedings he may not challenge the validity of this Consent Order.

97. Agreements and Undertakings: Avadhanam shall comply with all of the undertakings and agreements set forth in this Consent Order.

There being no just reason for delay, the Clerk of the Court is hereby ordered to enter this *Consent Order for Permanent Injunction, Restitution and Other Equitable Relief Against Defendant Ravishankar Avadhanam* forthwith and without further notice.

IT IS SO ORDERED on this 4th day of August, 2023.



UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:

Ravishankar Avadhanam

Date: 8/2/2023

Approve as to form:

Levi Giovanetto
Daniel J. Collins
Katten Muchin Rosenman LLP
525 W. Monroe Street |
Chicago, IL 60661-3693
1.312.902.5575
Attorney for Ravishankar Avadhanam

/s/Candice Haan

Candice Haan
Commodity Futures Trading Commission
77 West Jackson Boulevard, Suite 800
Chicago, Illinois 60604
(312) 596-0677
chaan@cftc.gov

Dated: August 3, 2023