

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 76838 / January 5, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4305 / January 5, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17035

In the Matter of

SHREYANS DESAI,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Shreyans Desai (“Respondent” or “Desai”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Desai, age 28, founded and was the President and Chief Executive officer of Shreysiddh Capital LLC (“SSC”), a New Jersey limited liability company purportedly formed to provide investment advisory and securities brokerage services. Desai told investors that SSC was a registered broker-dealer; in fact, SSC was never registered with the Commission in any capacity. From April 2009 through February 2011, Desai acted as an unregistered investment adviser and broker and, from October 2008 through October 2010, Desai provided investment

advice to at least one client in exchange for compensation. Prior to his incarceration, Desai resided in Edison, New Jersey.

B. ENTRY OF THE INJUNCTIONS IN THE SEC ACTION AGAINST DESAI

2. The Complaint against Desai and SSC was filed in the United States District Court for the District of New Jersey on September 27, 2011. Securities and Exchange Commission v. Shreyans Desai, et al., 2:11-cv-05597-WJM-MF (D.N.J.).

3. On October 3, 2012, the District Court entered a Default Judgment as to Defendant SSC, which, among other things, ordered that SSC is liable for disgorgement of \$116,858.29, plus prejudgment interest of \$13,865.33, for a total of \$130,723.62.

4. On July 24, 2014, an Amended Complaint was filed as to Desai. The Amended Complaint alleged that, from April 2009 to February 2011, Desai obtained more than \$245,000 from five investors to invest through SSC by making numerous material misrepresentations to the investors, including falsely guaranteeing that investors would not lose any money and promising returns in excess of 50%. Desai also misrepresented that SSC was a broker-dealer registered with the Commission, that he was a “licensed financial adviser,” and that SSC was a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation (“SIPC”), and the National Futures Association. The Amended Complaint also alleged that, beginning in or around October 2008, Desai entered into an agreement with an individual client to act as an investment adviser by trading securities on behalf of the client in exchange for a percentage of profits earned in the client’s brokerage account. As alleged in the Amended Complaint, Desai repeatedly made misrepresentations to investors and clients regarding the value of their accounts and misappropriated investor and client funds. Based on these activities, the amended complaint alleged that Desai engaged in the regular business of effecting transactions in securities for the accounts of others through SSC and engaged in the business of providing securities investment advice to others for compensation.

5. On November 30, 2015, the District Court entered a Final Judgment as to Defendant Shreyans Desai (the “Final Judgment”). The Final Judgment permanently enjoined Desai from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act. The Final Judgment followed the Court’s November 5, 2015 Opinion and Order granting the Commission’s motion for summary judgment.

C. ENTRY OF THE JUDGMENT IN THE PARALLEL CRIMINAL ACTION

6. On January 8, 2013, a federal grand jury in the District of New Jersey returned a Superseding Indictment charging Desai with two counts of wire fraud and one count of securities fraud. United States v. Shreyans Desai, 2:12-cr-0330-WJM (D.N.J.) (the “Criminal Action”).

7. On May 5, 2014, Desai pleaded guilty to two counts of wire fraud in violation of Title 18 of the United States Code Section 1343.

8. On December 5, 2014, an amended judgment in the Criminal Action was entered, which sentenced Desai to a prison term of 15 months followed by three years of supervised release, and ordered Desai to pay restitution to two victims of his scheme in the total amount of \$121,260.

9. The counts of the Superseding Indictment to which Desai pleaded guilty alleged, among other things, that Desai entered into an agreement with an individual to trade securities on the individual's behalf in exchange for a percentage of profits earned, that Desai agreed to trade securities on behalf of investors in investor accounts held through SSC, and that Desai made materially false and misleading statements to investors to induce them to invest, including the misrepresentations underlying the Commission's Amended Complaint described in paragraph 4 above that Desai held a license to trade securities, that SSC was a member of FINRA and SIPC, and regarding the value of investor and client accounts.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary