

HARD COPY

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

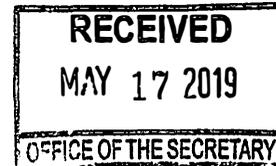
ADMINISTRATIVE PROCEEDING
File No. 3-19146

In the Matter of

The Registration Statement of

Starkot Corp.
2-57 A, Hanuman, Irukupakem,
Muppalla Mandal, Guntur,
Andhra Pradesh 522403 India,

Respondent.



**DIVISION OF ENFORCEMENT'S MOTION AND MEMORANDUM OF LAW
SUPPORTING ENTRY OF DEFAULT AGAINST RESPONDENT STARKOT CORP**

David D. Whipple
Securities and Exchange Commission
Salt Lake Regional Office
351 S. West Temple, Suite 6.100
Salt Lake City, UT 84101
Telephone: (801) 524-5796
whippleda@sec.gov

Counsel for the Division of Enforcement

TABLE OF CONTENTS

	<u>PAGE</u>
MOTION FOR DEFAULT.....	1
BRIEF IN SUPORT	1
I. A STOP ORDER SHOULD ISSUE BECAUSE STARKOT FAILED TO COOPERATE WITH THE STAFF’S EXAMINATION BY FAILING TO PROVIDE TESTIMONY AND COMMUNICATE WITH THE STAFF.....	2
II. A STOP ORDER SHOULD ISSUE BECAUSE STARKOT ATTEMPTED TO OBSTRUCT THE STAFF’S EXAMINATION BY PRODUCING TAMPERED BANK RECORDS.....	3
III. A STOP ORDER SHOULD ISSUE BASED ON MATERIAL MISSTATEMENTS AND OMISSIONS IN STARKOT’S REGISTRATION STATEMENT	4
IV. CONCLUSION	6

TABLE OF AUTHORITIES

<u>SECURITIES AND EXCHANGE COMMISSION DECISIONS</u>	<u>PAGE</u>
<i>Blimpie Corp. of America</i> , Securities Act Rel. No. 5146 (May 6, 1971)	2
<i>mPhase Techs., Inc.</i> , Exchange Act Rel. No. 34-74187, 2015 SEC LEXIS 398 (Feb. 2, 2015)	4
<i>TSC Indus., Inc. v. Northway, Inc.</i> , 426 U.S. 438 (1976)	5
<i>Petrofab Int'l, Inc.</i> , Securities Act Rel. No. 6769, 1988 SEC LEXIS 782 (Apr. 20, 1998)	5
<i>Sand Int'l, Inc.</i> , Securities Act Rel. No. 1066 (Oct. 14, 2016)	2
<i>Scientific Research Dev. Co.</i> , Securities Act Rel. No. 5040 (Jan. 26, 1970)	2, 3
<i>World Trade Fin. Corp.</i> , Exchange Act Rel. No. 66114, 2012 SEC LEXIS 56 (Jan 6. 2012)	5

<u>STATUTES AND RULES OF PRACTICE</u>	<u>PAGE</u>
Securities Act of 1933, 15 U.S.C. § 77a <i>et seq.</i> :	
§ 8(d); 15 U.S.C. § 77h(d)	1
§ 8(e); 15 U.S.C. § 77h(e)	2, 3
17 C.F.R. § 201.155(a)	1
17 C.F.R. § 201.220(f)	1
17 C.F.R. § 201.323	1
17 C.F.R. § 230.405	5

MOTION FOR DEFAULT

The Division of Enforcement (“Division”), pursuant to Rules 155(a) and 220(f) of the Commission’s Rules of Practice, 17 C.F.R. §§ 201.155(a) and 201.220(f), respectfully moves for entry of an Order finding Respondent Starkot Corp. (Respondent or “Starkot”) in default and determining these proceedings against it – specifically, issuing a stop order permanently suspending the effectiveness of Starkot’s Registration Statement (and amendments filed thereto). A stop order may be issued solely on the basis of Respondent’s failure to respond to the Commission’s April 17, 2019 Order Fixing Time and Place of Public Hearing and Instituting Proceedings Pursuant to Section 8(d) of the Securities Act of 1933 (“OIP”) or appear at the May 6, 2019 hearing. This default permits the allegations of the OIP to be deemed true. 17 C.F.R. § 201.155(a). In addition, the evidence discussed below provides three additional, and independent, bases for the issuance of a stop order including Starkot’s (1) failure to cooperate with the examination conducted by the staff of the Division (“Staff”), (2) efforts to obstruct the Staff’s examination, and (3) material misstatements and omissions in its Registration Statement.

BRIEF IN SUPPORT

The Division incorporates the facts and evidence set forth in the attached Declaration of Laurie Abbott in Support of the Division’s Motion and Memorandum of Law Supporting Entry of Default Against Respondent Starkot Corp. (hereinafter referred to as “Abbott Decl.”). The Division also requests that, pursuant to Rule of Practice 323, 17 C.F.R. § 201.323, the Court take official notice of all of the filings and submissions Starkot has made or not made with the Commission through EDGAR.

I. A STOP ORDER SHOULD ISSUE BECAUSE STARKOT FAILED TO COOPERATE WITH THE STAFF'S EXAMINATION BY FAILING TO PROVIDE TESTIMONY AND COMMUNICATE WITH THE STAFF

Section 8(e) of the Securities Act provides that, if an issuer fails to cooperate with, obstructs, or refuses to permit the staff's examination into whether the issuer's registration statement contains material omissions, "such conduct shall be proper ground for the issuance of a stop order." 15 U.S. Code § 77h(e); see, e.g., *Scientific Research Dev. Co.*, Securities Act Rel. No. 5040 (Jan. 26, 1970). Failing to cooperate with the Staff's examination is an independent basis for issuing a stop order; a material misstatement or omission is not required. See *Blimpie Corp. of America*, Securities Act Rel. No. 5146 (May 6, 1971) (issuing a stop order solely on the grounds that the company's officers refused to testify pursuant to a Section 8(e) examination); *Sand Int'l, Inc.*, Securities Act Rel. No. 1066 (Oct. 14, 2016) (initial decision), Securities Act Rel. No. 1026 (Dec. 5, 2016) (final decision) (issuance of a stop order based on the company's failure to cooperate in a Section 8(e) examination).

From at least February 2, 2018 through August 7, 2018, Staff made multiple attempts to obtain the testimony of Starkot's Chief Executive Officer ("CEO"). (See OIP, ¶¶ II.B.5-10; DOE Exs. 7-17; Abbott Decl. at 7-17). Staff first sought to obtain the CEO's testimony on a voluntary basis after company counsel submitted that he was "sure the CEO would be willing to speak with the SEC." (DOE Ex. 7). After efforts to obtain voluntary testimony became futile, Staff inquired whether company counsel would accept service for a subpoena requiring on-the-record testimony. (DOE Exs. 8-12). On July 10, 2018, company counsel confirmed to the Staff that he no longer represented Starkot. (OIP ¶ II.B.9; DOE Ex. 15). That same day, Starkot's CEO confirmed to the Staff that he would not appear for testimony. *Id.* In response, Staff called the company's telephone number reflected on Starkot's Registration Statement and left a voicemail message.

(OIP ¶ II.B.9; DOE Exs. 1, 16). Staff also sent an email to the email address provided in Starkot's Registration Statement noting that it was the Staff's understanding the CEO would "not be appearing for testimony either telephonically or in person." *Id.* No one at Starkot, or on Starkot's behalf, responded. (OIP ¶ II.B.9; DOE Ex. 16).

On August 7, 2018, the Staff again sent an email to Starkot's corporate email address requesting to be contacted either by phone or email, but never received a response. (OIP ¶ II.B.10; DOE Ex. 17). On November 5, 2018, Staff sent an email to Respondent's email address, attaching a copy of a notice informing the company of the Staff's preliminary determination to recommend an enforcement action against Starkot, and never received a response. (OIP ¶ II.B.10-11; DOE Exs. 18-19; Abbott Decl. at 18-19).

Starkot's conduct precluded the Staff from being able to administer oaths and affirmations to Starkot and examine an issuer in connection with its examination.

II. A STOP ORDER SHOULD ISSUE BECAUSE STARKOT ATTEMPTED TO OBSTRUCT THE STAFF'S EXAMINATION BY PRODUCING TAMPERED BANK RECORDS

An issuer's efforts to obstruct an examination "shall be proper ground for the issuance of a stop order." 15 U.S. Code § 77h(e); *see, e.g., Scientific Research Dev. Co., Securities Act Rel. No. 5040* (Jan. 26, 1970).

On October 17, 2017, the Staff issued a document subpoena to Starkot, which was properly served on Starkot's counsel on the same date. (DOE Ex. 5; Abbott Decl. at 4). In response, Starkot made document productions on November 7 and November 16, 2017. (DOE Exs. 6, 23; Abbott Decl. at 5-6). Part of Starkot's production included certain requested bank records. (DOE Exs. 20, 23; Abbott Decl. at 20). As part of its investigation, Staff also subpoenaed and received Starkot's

bank records directly from JPMorgan Chase Bank, N.A. (“Chase”). (OIP ¶ I.I.C.15; DOE Ex. 21; Abbott Decl. at 21).

Upon comparing Starkot’s production with that of Chase, Staff identified numerous discrepancies in the description of certain financial transactions. For example, records produced by Chase reflect that Starkot received a wire of \$2,085.00 on March 13, 2017 with a notation that the deposit came from an exporting company based out of the United Arab Emirates. (OIP, ¶¶ I.I.C.16-7; DOE Ex. 21, SEC-JPMCB-E-0000009). In contrast, the Starkot-produced records list a customer based out of India as the source of the March 13, 2017 transaction. (OIP, ¶¶ I.I.C.16-17; DOE Ex. 20, SEC-STARKOT-LW-E-0000955).

In another example, the Starkot-produced records again list the same Indian customer as wiring \$4,000.00 to Starkot on May 17, 2017. (OIP, ¶ I.I.C. 17; DOE Ex. 20, SEC-STARKOT-LW-E-0000957). In contrast, the Chase-produced bank records identify a Ukrainian trading and transportation company as the entity making a \$4,000.00 deposit on May 17, 2017. (OIP ¶ I.I.C.17; DOE Ex. 21, SEC-JPMCB-E-0000015; Abbott Decl. at 23).

This is significant because, as explained below, Starkot’s Registration Statement attributes all of its sales to a single customer. Starkot’s production of altered bank records thereby attempted to thwart the Staff’s efforts to accurately review and examine the veracity of the statements reflected in Starkot’s Registration Statement.

III. A STOP ORDER SHOULD ISSUE BASED ON MATERIAL MISSTATEMENTS AND OMISSIONS IN STARKOT’S REGISTRATION STATEMENT

“The essential purpose of [a registration statement] is to ‘protect investors by promoting full disclosure of information thought necessary to informed investment decisions.’” *mPhase Techs., Inc.*, Exchange Act Rel. No. 34-74187, 2015 SEC LEXIS 398, at *22 (Feb. 2, 2015)

(Commission opinion) (*quoting World Trade Fin. Corp.*, Exchange Act Rel. No. 66114, 2012 SEC LEXIS 56, at *22 (Jan. 6, 2012) (Commission opinion)). Under Section 8(d) of the Securities Act, a stop order may issue if “the registration statement includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading.” 15 U.S.C. § 77h(d). “Information in a registration statement is material when there is a substantial likelihood that a reasonable investor would attach importance to it in determining whether to purchase the security in question.” *Petrofab Int’l, Inc.*, Securities Act Rel. No. 6769, 1988 SEC LEXIS 782, at *16 (Apr. 20, 1998) (*citing TSC Indus., Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976)) (Commission opinion); *see* 17 C.F.R. § 230.405 (defining a material fact as one to which “there is a substantial likelihood that a reasonable investor would attach importance in determining whether to purchase the security.”).

Starkot’s Registration Statement notes that the company has “only one employee Ravi Kiran Inturi, who is also our sole officer and director. We depend entirely on Ravi Kiran Inturi for all our operations.” (OIP ¶ II.D.19; DOE Ex. 4 at p. 12). This statement is false, and a reasonable investor would have considered it important in making investment decisions whether Starkot had more than one employee, let alone someone holding a significant role and/or title in the company. To the contrary, Olga Beinars is listed as the company’s “Secretary” on the Nevada Secretary of State records for the filing period of July 2016 to July 2017. (OIP ¶ II.D.19; DOE Ex. 22, SEC-NEVADASS-P-0000166). Ms. Beinars did more than just hold the title of an officer of the company, she also opened and initially funded Starkot’s business bank account (DOE Ex. 21, SEC-JPMCB-E-0000009) and is the only authorized signor on that account. (DOE Ex. 21, SEC-JPMCB-E-0000004 – SEC-JPMCB-E-0000008).

Starkot's Registration Statement states that, as of June 30, 2017, its CEO had made loans to the company totaling \$7,089.00 (OIP ¶ II.D.20; DOE Ex. 4 at 22), including a \$5,000 loan (OIP ¶ II.D.20; DOE Ex. 4 at F-4 reflecting \$5,000 in "related party loans" for the three months ended June 30, 2017). This statement is false, and a reasonable investor would have considered it important when making investment decisions whether Starkot's disclosed related-party loans were in fact made by the company's CEO and that its financial statements were accurate. Starkot's bank records reflect that the only \$5,000 deposit for the three-month period ending June 30, 2017 came from a company based in the United Arab Emirates. (OIP ¶ II.D.20; DOE Ex. 21 at SEC-JPMCB-E-0000013).

Starkot's Registration Statement attributes all of its sales to a single customer. (OIP ¶ II.D.21; DOE Ex. 4 at 10 ("For the period July 29, 2016 (inception) through June 30, 2017 we had some revenues of \$6,085 from selling our printed products to our customers."); DOE Ex. 4 at 11 ("We have one customer and we cannot guarantee we will ever have any other customer."); DOE Ex. 4 at 21 ("As of June 30, 2017, we have signed a sales contract with Shivam Heritage and generated some revenues of \$6,085 from selling our products to this customer.")). This is false, and a reasonable investor would have considered it important when making investment decisions whether the purported single customer exists and if it in fact engaged in business transactions with Starkot. Starkot's bank records do not reflect any deposits from the customer named Shivam Heritage. (OIP ¶ II.D.21; DOE Ex. 21).

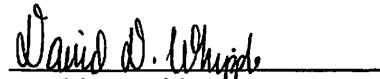
IV. CONCLUSION

As set forth above, the Division seeks issuance of a stop order against Starkot for four independently sufficient reasons: (1) Respondent's failure to answer, appear at the hearing, or otherwise appear in or defend the action; (2) Respondent's failure to cooperate with the Staff's

examination; (3) Respondent's efforts to obstruct the Staff's examination; and (4) material misstatements and omission in Respondent's Registration Statement. A stop order is appropriate and in the public interest.

Dated: May 16, 2019

Respectfully submitted,



David D. Whipple
Counsel for the Division of Enforcement
351 S. West Temple, Suite 6.100
Salt Lake City, UT 84101
Telephone: (801) 524-5796
whippleda@sec.gov

Service List

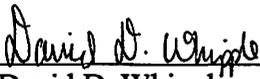
Pursuant to Rules 150 and 151 of the Commission's Rules of Practice, I hereby certify that a true and correct copy of the foregoing was served on each of the following, on May 16, 2019, in the manner indicated below.

In addition, an electronic courtesy copy of this filing is emailed to APFilings@sec.gov.

Vanessa Countryman, Secretary
Office of the Secretary
100 F. Street, N.E.
Washington, DC 20549
Via Facsimile, Electronic Mail, and United Parcel Service

Honorable Carol Fox Foelak
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557
Via Electronic Mail and UPS Overnight

Starkot Corp.
c/o Business Filings Incorporated (Registered Agent)
[REDACTED]
Carson City, NV [REDACTED]
Via United Parcel Service



David D. Whipple

HARD COPY

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING

File No. 3-19146

In the Matter of

The Registration Statement of

Starkot Corp.
2-57 A, Hanuman, Irukupakem,
Muppalla Mandal, Guntur,
Andhra Pradesh 522403 India,

Respondent.



**DECLARATION OF LAURIE ABBOTT IN SUPPORT OF DIVISION OF
ENFORCEMENT'S MOTION AND MEMORANDUM OF LAW SUPPORTING ENTRY
OF DEFAULT AGAINST RESPONDENT STARKOT CORP.**

I, Laurie Abbott, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct, and that I am competent to testify to the matters stated herein. I have personal knowledge of the matters stated herein, and if called as a witness, could and would testify competently thereto.

1. I am presently employed as an attorney in the Division of Enforcement by the United States Securities and Exchange Commission (the "Commission") working in the Commission's Salt Lake Regional Office located at 351 South West Temple, Suite 6.100, Salt Lake City, Utah 84101. My official duties as an attorney in the Commission's Division of Enforcement include participating in fact-finding inquiries, investigations, and examinations to determine whether the federal securities

laws have been, are presently being, or are about to be violated, and assisting, as requested, in the Commission's litigation of securities laws violations.

2. I served as the lead investigative attorney for the Division of Enforcement's examination of the above-captioned Respondent.

3. I submit this Declaration in support of the Division of Enforcement's Motion and Memorandum of Law Supporting Entry of Default Against Respondent Starkot Corp.

4. Division of Enforcement Exhibit 5 is a true and correct copy of a subpoena I sent to Starkot Corp., care of company counsel, on October 17, 2017 requesting documents.

5. Division of Enforcement Exhibit 6 is a true and correct copy of two emails from Starkot's counsel producing records in response to my October 17, 2017 subpoena. Documents Bates-stamped SEC-STARKOT-E-0000001 and SEC-STARKOT-E-0000002 reflect the cover pages for Starkot's production.

6. Division of Enforcement Exhibit 23 is a true and correct copy of a business records certification Starkot's Chief Executive Officer provided to me in connection with records Starkot produced in response to my October 17, 2017 subpoena.

7. Division of Enforcement Exhibit 7 is a true and correct copy of my email correspondence on January 12, 2018 and February 2, 2018.

8. Division of Enforcement Exhibit 8 is a true and correct copy of my email correspondence on January 12, 2018; February 2, 2018; and March 1, 2018.

9. Division of Enforcement Exhibit 9 is a true and correct copy of my email correspondence on March 14, 2018.

10. Division of Enforcement Exhibit 10 is a true and correct copy of my email correspondence on April 2, 2018 and April 20, 2018.

11. Division of Enforcement Exhibit 11 is a true and correct copy of my email correspondence on April 2, 2018 and April 20, 2018.

12. Division of Enforcement Exhibit 12 is a true and correct copy of my email correspondence on April 2, 2018; April 20, 2018; April 23, 2018; April 25, 2018; June 6, 2018; and June 7, 2018.

13. Division of Enforcement Exhibit 13 is a true and correct copy of subpoena seeking testimony I sent to Starkot Corp. on June 28, 2018.

14. Division of Enforcement Exhibit 14 is a true and correct copy of my email correspondence on April 2, 2018; April 20, 2018; April 23, 2018; April 25, 2018; June 6, 2018; June 7, 2018; and June 28, 2018.

15. Division of Enforcement Exhibit 15 is a true and correct copy of my email correspondence on July 10, 2018.

16. Division of Enforcement Exhibit 16 is a true and correct copy of my email correspondence on July 10, 2018.

17. Division of Enforcement Exhibit 17 is a true and correct copy of my email correspondence on July 10, 2018 and August 7, 2018.

18. Division of Enforcement Exhibit 18 is a true and correct copy of my email correspondence on November 5, 2018.

19. Division of Enforcement Exhibit 19 is a true and correct copy of a letter I caused to be sent Starkot on November 5, 2018.

20. Division of Enforcement Exhibit 20 is a true and correct copy of bank records Starkot produced to the SEC in connection with my October 17, 2017 subpoena.

21. Division of Enforcement Exhibit 21 is a true and correct copy of bank records produced by JPMorgan Chase Bank on January 22, 2018.

22. Division of Enforcement Exhibit 22 is a true and correct copy of selected documents produced by the Nevada Secretary of State's office on December 13, 2017.

23. Part of my investigative efforts included reviewing documentary evidence, including the bank records produced by Starkot and the bank records produced by JPMorgan Chase Bank. Based upon this review, one of the many things I identified was that a \$4,000.00 deposit made on May 17, 2017 was made by a company called Billiontons Trading. I performed online research and discovered that Billiontons Trading holds itself out online as "one of the leading trading and transportation companies operating at Ukrainian market (*sic*) and the second one at Estonian market with sales volume." (see www.billiontons.eu).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 16, 2019.


Laurie Abbott