

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9679 / November 12, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16267**

**In the Matter of**  
**PANKAJ KUMAR SRIVASTAVA**  
**and**  
**NATARAJ KAVURI,**  
**Respondents.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE AND**  
**CEASE-AND-DESIST PROCEEDINGS**  
**PURSUANT TO SECTION 8A OF**  
**THE SECURITIES ACT OF 1933**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against Pankaj Kumar Srivastava (“Srivastava”) and Nataraj Kavuri (“Kavuri”) (collectively, the “Respondents”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**SUMMARY**

1. These proceedings arise from an online high-yield securities offering fraud through which the Respondents solicited investments in a so-called pooled investment fund that would purportedly yield guaranteed profits. From approximately April 2013 until February 2, 2014, the Respondents operated a website, [www.profitparadise.com](http://www.profitparadise.com) (hereafter “the Profits Paradise Website” or “the Website”), through which they solicited investments in securities. Investors were invited to deposit funds that would supposedly be pooled with other investors’ funds to make “huge profits” in forex, stocks, and commodity trading. Profits Paradise offered three investment plans, each with a term of 120 business days. The first purportedly yielded 1.5% daily interest on investments of \$10 to \$749, the second purportedly yielded 1.75% daily interest on investments of \$750 to \$3,499, and the third purportedly yielded 2% daily interest on investments of \$3,500 and above. The Website and related social media sites described the profits as “huge,” “lucrative,” “handsome,” and “guaranteed,” and they characterized the risk as

“minimal.” These claims of guaranteed profits were false. The offering also was structured in such a way that, under certain conditions, investors could never recover their principal investments.

2. The investments offered by Profits Paradise had the hallmark of a type of highly suspicious offering called a high-yield investment program (“HYIP”). According to the Commission’s investor protection website at [www.investor.gov](http://www.investor.gov), “The hallmark of a HYIP scam is the promise of incredible returns at little or no risk to the investor.... If you are approached online to invest in one of these, you should exercise extreme caution – it is likely a fraud.”

3. Srivastava, a software engineer turned Internet marketer, directed the scheme. At Srivastava’s request, his friend Kavuri took the lead in designing and marketing the Profits Paradise Website. In addition to the Website, Srivastava and Kavuri utilized Facebook, YouTube and other social media in an effort to attract investors. In conducting the fraud, the Respondents disguised their identities, including by communicating under pseudonyms. Based on this conduct, Srivastava and Kavuri violated Securities Act Sections 17(a)(1) and (3).

#### **A. RESPONDENTS**

4. Srivastava, a resident of Mumbai, India, is an Internet marketer who created the Profits Paradise Website. Srivastava also ran the Internet marketing businesses associated with the websites [www.unitedpaycheck.com](http://www.unitedpaycheck.com) and [www.revenuetimes.com](http://www.revenuetimes.com). Until May 2014, Srivastava maintained a personal website at [www.pankajsrivastava.com](http://www.pankajsrivastava.com). To conceal his identity while conducting the Profits Paradise fraud, Srivastava used the pseudonym “Paul Allen.”

5. Kavuri, a resident of Hyderabad, India, is employed at a multinational software company and played a leading role in designing and marketing the Profits Paradise Website. Concealing his identity while conducting the Profits Paradise fraud, Kavuri used the pseudonym “Nathan Jones.” Kavuri admitted that he did so at Srivastava’s request.

#### **B. BACKGROUND**

6. Srivastava, trained as a software engineer, was previously employed at Tata Consultancy Services (“Tata”), a multinational information technology service, consulting and business solutions company headquartered in India. Kavuri, too, worked at Tata, where the two became acquainted. In 2005, Srivastava began a career as an affiliate marketer and worked for [www.quixtar.com](http://www.quixtar.com) in Minneapolis, Minnesota. In 2007, he returned to India and became a full-time Internet marketer.

7. By November 2012, Srivastava was conducting his own Internet marketing business, called United Paycheck, through the website [www.unitedpaycheck.com](http://www.unitedpaycheck.com). Kavuri assisted Srivastava in conducting United Paycheck’s business. By February 2013, United Paycheck’s business was failing and Srivastava created other Internet businesses, one of which was Profits Paradise.

#### **C. SRIVASTAVA AND KAVURI CREATED PROFITS PARADISE**

8. On February 1, 2013, Srivastava directed the Uttar Pradesh, India office of a company that provides web design and other services (hereafter, the “web designer”) to register the domain name [www.profitsparadise.com](http://www.profitsparadise.com), and paid the web designer for its services. He gave the web designer a detailed explanation of the concept of Profits Paradise.

9. Following Srivastava’s instruction, on or about February 2, 2013, the web designer registered the domain name [www.profitsparadise.com](http://www.profitsparadise.com) through GoDaddy.com, LLC. In doing so, the web designer provided GoDaddy with the following identifying information supplied by Kavuri:

Registrant Name	Registrant Address	Registrant Telephone Number	Registrant Email
Jane Roe	300 Boylston Ave. E., Seattle, WA 98102	866-564-3789	<a href="mailto:janeroe032@gmail.com">janeroe032@gmail.com</a>

Jane Roe is a fictitious name, and there is no connection between Profits Paradise and the dwelling at 300 Boylston Ave E., in Seattle, Washington, or its residents. The telephone number provided to GoDaddy is a toll-free number for a conference call center that is unrelated to Profits Paradise, and the Internet Protocol (“IP”) addresses from which [janeroe032@gmail.com](mailto:janeroe032@gmail.com) was routinely accessed were located in India, not Seattle.

10. Kavuri disguised Profits Paradise’s physical location by providing the false “whois” data, indicating that Profit Paradise’s operations were within the United States when they were not.

11. To register a domain name, registrants must provide their full name, postal address, e-mail address, telephone number, and fax number (if available) for publicly searchable “whois” purposes, and certify that they have provided accurate and reliable contact details. Publicly available “whois” searches are designed to allow members of the public to discover who has registered a domain name and where to find them. Conducting a “whois” search for the Profits Paradise Website yielded the pseudonym “Jane Roe,” the Seattle address that is unrelated to the Website, and the telephone number for a conference call center that is also unrelated to the Website. By supplying this fictitious information, Kavuri effectively prevented members of the public from discovering who was responsible for the Website.

12. The phony name and address served a dual purpose. In addition to concealing the fact that Srivastava and Kavuri were behind the Website, the domain name registration to Jane Roe at a Seattle address was meant to attract American investors. Additionally, to create the illusion that mainly American investors were visiting the Profits Paradise Website, Srivastava instructed the web designer to ensure that the “Alexa detail” showed the Website’s “rank in the United States” rather than its “rank in India.” “Alexa” refers to a website ([www.alexa.com](http://www.alexa.com)) that ranks other websites, by country, based on the amount of Internet traffic directed to the website.

13. Once the Profits Paradise domain name was registered, Srivastava began using the fictitious name Paul Allen with the email address [unitedforex47@gmail.com](mailto:unitedforex47@gmail.com) to disguise his association with Profits Paradise. He instructed Kavuri to “use this email ID for any further communications.” At Srivastava’s request, Kavuri used the fictitious name Nathan Jones, which was associated with the email address [coolblu49@gmail.com](mailto:coolblu49@gmail.com).

14. By late February 2013, online payment processor accounts were opened to receive investor funds. On February 23, 2013, Srivastava provided the web designer with the account

numbers, and related information, for three Profits Paradise accounts at the payment processor Liberty Reserve. He also provided the web designer with information concerning a Profits Paradise account at another payment processor, Perfect Money. Kavuri directed the web designer to integrate the payment processor links into the Profits Paradise Website. On May 21, 2013, Srivastava provided the web designer with details for “Profits Paradise Testing accounts” at Perfect Money, Liberty Reserve, and another payment processor, EgoPay. In addition to providing the account information to the web designer, Srivastava indicated: “I have transferred 20\$ [sic] to each account.”

15. Kavuri played the lead role in developing the content for the Profits Paradise Website. On February 3, 2013, he sent Srivastava the first page of the Website. Over the next two months, Kavuri sent content for the Website to Srivastava and the web designer, including a version of the Website he sent on March 1, 2013, and an email he sent later that day with “Plan details.” The three plan details promised: daily returns of 1.5% on an investment of \$10-\$750 (for a total return on investment of 180%); daily returns of 1.75% on an investment of \$750-\$3,500 (for a total return on investment of 210%); and daily returns of 2% on an investment of \$3,500 and above (for a total return on investment of 240%) (hereinafter the “Plan Details”). Kavuri directed the web designer to “[u]se the numbers accordingly” and also wrote: “And compounding as we discussed earlier. Please call me if you need any clarification.”

16. On March 1, 2013, under the subject line “About Profit [P]aradise business” Srivastava circulated key descriptive text for the Website that he and Kavuri had received earlier that day from an individual assisting them:

Profits Paradise is an investment management company that deals in multiple financial sectors. The current economic instability in the world makes it imperative to look for stable sources of income that provide guaranteed profits on your investment. Here’s where we come in.

It is a known fact that massive profits require massive investment capital which is out of the reach of the average small investor. Not anymore. We at Profits Paradise allow investors to join in with small amounts which are pooled together to make huge profits in forex, stocks, and commodities trading. Whether you are an individual or a group, with small, medium or large investment budgets, we have something just for you.

Our dedicated staff works round the clock to tap the best financial deals across the globe. Your money is handled by a team of qualified professionals with several years of experience in investment portfolio management. Our unique trading strategy, extensive marketing research, and industry know-how guarantee profits with minimal risk so that you can relax and reap the benefits of our financial expertise.

17. Kavuri incorporated this language into the Profits Paradise Website and, on March 10, 2013, emailed it to Srivastava. This version of the Website included the Plan Details describing the three investment plans and their respective daily returns of 1.5%, 1.75% and 2%. The Website also explained how to open an account with Profits Paradise, and how to fund the account by depositing funds with a payment processor. It also offered “handsome commissions” for soliciting investments in Profits Paradise.

18. Kavuri provided instructions to the web designer as the Website was being developed. For example, on March 13, 2013, Kavuri emailed the web designer: “Could you pls ensure that Integrated version of PP [the Profits Paradise website] is launched on test site immediately. We want to complete final phase of testing and Launch it by this weekend.”

Srivastava likewise provided instructions to the web designer. During this period, Kavuri and Srivastava worked hand in glove on the Website. For example, on March 22, 2013, Srivastava provided Kavuri with a critique of content Kavuri added to the Website. And at Kavuri's request, Srivastava agreed to provide him with a "Mission and Vision" paragraph for the Website.

19. Concurrently, Srivastava and Kavuri began to market Profits Paradise through social media sites that they or individuals assisting them created. On February 25, 2014, Kavuri emailed Srivastava: "And now the other imp. thing is the video creation for PP." Two weeks later, Kavuri emailed Srivastava a link to a YouTube video. His subject line read: "PP Video – Final Cut." A few weeks later, on March 23, Kavuri asked Srivastava to create a YouTube account and upload Kavuri's Profits Paradise video, which they could then link to the Profits Paradise Website. The published version of the YouTube video outlined the three investment plans and their returns—1.5% daily for Plan A, 1.75% daily for Plan B, and 2% daily for Plan C—and represented that an "experienced professional handles your investment portfolio." In truth, both Srivastava's and Kavuri's professional backgrounds are in software engineering and/or Internet marketing, and neither are investment advisers or have other professional investment experience. Like the Profits Paradise Website, the YouTube video did not include a mailing address, telephone number, or the name of any person associated with Profits Paradise. Excessive secrecy, such as hiding who is behind a Website and investment scheme, is a hallmark of high-yield investment schemes.

20. In March 2013, Srivastava assigned responsibilities for the marketing of Profits Paradise, including a "Facebook campaign," and marketing through Twitter and GooglePlus. In doing so, he announced that Kavuri "will lead the team from the front. With his passion we are sure of success." The Facebook page—created on or about February 23, 2013—described Profits Paradise as "an investment management company that deals in multiple financial sectors" and advertised the three investment plans that would purportedly yield daily returns of 1.5%, 1.75%, and 2%. The Facebook page also advertised Profits Paradise's "5% Referral Commission." Other postings on the Facebook page referred to the "[h]igh profits generated by our financial experts" and promised that investors could "Enjoy Hassle Free Income." The Facebook page did not include a mailing address, telephone number, or the name of any individual associated with Profits Paradise.

21. Profits Paradise's Twitter account linked to the Profits Paradise Website, and to the Profits Paradise YouTube video. One of the Tweets stated: "We allow investors to join with small amounts which are pooled together to make huge profits in Forex." Another Tweet stated: "Profits Paradise offers 3 lucrative plans that offer fixed returns daily." Yet another stated: "We encourage you to use your referral link and promotional banner on social media, blog, forum and email to share it with interested parties." The Twitter site did not include a mailing address, telephone number, or the name of any individual associated with Profits Paradise.

22. Profits Paradise's GooglePlus site also promoted investments in Profits Paradise. The GooglePlus site included the following statements, among others: "Our traders tap financial market trends and signals with stringent analysis and portfolio diversification spread over Forex, stocks, and commodity trading to ensure handsome profits for our customers," and "[w]e at Profits Paradise allow investors to join in with small amounts which are pooled together to make huge profits in forex, stocks and commodity trading." The GooglePlus site did not include a mailing address, telephone number, or the name of any individual associated with Profits Paradise.

23. The Profits Paradise Website and social media sites were available online from the spring of 2013 through early 2014. By December 2013, the Profits Paradise Facebook page

had more than 3,000 “Likes.” By mid-January 14, 2014, the Website had more than 4,000 visits each day, including more than 200 U.S. visits.

#### **D. PROFITS PARADISE WAS A CLASSIC HIGH-YIELD OFFERING FRAUD SCHEME**

24. The published version of the Profits Paradise Website contained the description that Srivastava emailed Kavuri in early February 2013, including the representation that “[w]e at Profits Paradise allow investors to join in with small amounts which are pooled together to make huge profits in forex, stocks, and commodity trading.” The Website also described the three investment plans that Profits Paradise was offering:



In offering these investments, the Website explained that “[e]ach plan has a term of 120 business days” and that “[p]rofits are returned daily to your ProfitsParadise account.” The Website also explained that “you can compound your deposits in multiples of 10%,” a subject Kavuri had instructed the web designer on.

25. The Website included links to online payment processors through which investors could fund their Profits Paradise accounts: “Opening an account with any of the four payment processors is a simple and easy process. Please click on your preferred processor to open on [sic] account and follow the instructions provided to fund them.”

26. The Respondents offered investments in the United States and their conduct took place on U.S. territory. Their investment scheme also was directed at United States investors, and the scheme had foreseeable and substantial effects in the United States. Among other things, the Website used the “.com” domain name for global reach and appeal, was registered claiming a

physical location and point of contact within the United States, and contained writing in American English, using American spelling and the “\$” sign. Respondents’ related social media sites, directed to attracting and funneling investors to the Website via Facebook, YouTube and GooglePlus, were likewise written in American English and designed to solicit United States investors. By mid-January 2014, the Respondents’ Website had more than 200 visitors per day from the United States.

27. The Website also encouraged investors to solicit others to invest in Profits Paradise, by promising referral commissions: “Yes, you can earn handsome commissions through our Affiliate Partnership program without funding your account. Successful partners can expect extra bonuses from the management based on their marketing skills.” The Website further encouraged investors to advertise Profits Paradise through social media and elsewhere: “We encourage you to use your referral link and promotional banners on social media, blogs, forums and email to share it with interested parties.”

28. The investment returns promised by Profits Paradise were extraordinary—180%, 210%, or 240% in 120 business days—and far exceeded the returns investors could reasonably expect on legitimate investments. According to the Website, an investment of \$3,500 would yield a total return of \$8,400 (240%) in a 120-day period, without taking into account “compounding” that Profits Paradise offered. If the same investor reinvested only the principal amount for the second 120-day period available in a calendar year, he or she would have earned approximately \$16,800 (480%) annually, also without taking compounding into account.

29. The Website advertised that investors could “compound” their deposits “in multiples of 10%.” It did not define the term compounding or otherwise explain its meaning. Instead, the Website contained a “Profits Calculator” that was intended to show investors the returns they could achieve through compounding. There, investors could type in two numbers: the dollar amount of their principal investment, and a “compounding %” of anywhere between 10% and 100% (in multiples of 10%). When the investor clicked the “Calculate” button, the Profits Calculator would display the results of compounding at the selected rate. According to the Website, compounded at a rate of 10%, an investor’s initial \$3,500 deposit would yield a total return of \$9,483.01 (270.94%) after 120 days; at 50% compounding the same investment would yield USD \$16,102.71 (460.08%) after 120 days; at 100% compounding, \$34,178.07 (976.52%) after 120 days. If an investor reinvested the entire return (\$34,178.07) for a second 120-day period at 100% compounding, then that initial investment of \$3,500 would be worth \$333,753 (9,535.82%) at the end of a single year.

30. The Website used the following terms to describe the risk involved in the investment: “guaranteed profits,” “guaranteed profits with minimal risk,” and “stable sources of income.”

31. The investment offered by the Respondents through their Website was never legitimate and is a classic example of a high-yield investment program. The fields of investment described in the Website—namely foreign exchange, stocks, and commodities—involve high risk and could not sustain the returns guaranteed by Profits Paradise. Such returns are far in excess of returns that would be yielded by a safe, if any, investment.

32. Also, the Profits Paradise offering was structured so that under certain conditions investors could never recover their principal investments. The Website set the following limitation on what investors could withdraw from their Profits Paradise accounts: “Minimum withdrawal is \$5. Maximum withdrawal is \$400 per day.” As a result, if an investor were to invest \$20,000, he or she could not withdraw more than the earned interest at a rate of 2% per day or \$400; that is, the investor could not withdraw any of the principal. Therefore, any

investment above \$20,000 could never be repaid even if the investor withdrew \$400 each business day.

**E. THE INVESTMENTS THAT PROFITS PARADISE OFFERED WERE SECURITIES**

33. The products offered by Profits Paradise were investment contracts because the Website: (a) solicited investors to deposit money, (b) that would purportedly be pooled with other investor money, (c) resulting in very high daily returns derived solely from the efforts of a team of purportedly qualified investment professionals.

34. The Profits Paradise offering was available to investors in the United States and worldwide, through the Website [www.profitsparadise.com](http://www.profitsparadise.com). The Respondents never registered the Profits Paradise offering or filed anything with the Commission.

35. During the Enforcement Division's investigation, on February 2, 2014, the Respondents allowed the domain name registration for [www.profitsparadise.com](http://www.profitsparadise.com) to expire, removing publication of the Website from the Internet.

**VIOLATIONS**

36. As a result of the conduct described above, the Respondents violated Sections 17(a)(1) and (3) of the Securities Act, which prohibit fraudulent conduct in the offer or sale of securities.

**III.**

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

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

B. Whether, pursuant to Section 8A of the Securities Act, the Respondents should be ordered to cease and desist from committing or causing any violations of, or any future violations of, Sections 17(a)(1) and (3) of the Securities Act, whether the Respondents should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act, and whether the Respondents should be ordered to pay disgorgement with reasonable interest pursuant to Section 8A(e) of the Securities 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 not earlier than 30 days and not later than 60 days from service of this Order 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 the Respondents 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 the Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them 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 upon Respondents as provided for in Rule 141(a)(2)(iv) of the Commission's Rules of Practice, 17 C.F.R. § 201.141(a)(2)(iv), by any method specified in paragraph (a)(2) of that rule, or by any other method reasonably calculated to give notice, provided that the method of service used is not prohibited by the law of the foreign country where Respondents may be found including in the case of India, service in accordance with the Hague Service Convention for Service Abroad of Judicial or Extrajudicial Documents in Civil or Commercial Matters.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 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.

By the Commission.

Brent J. Fields  
Secretary