UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

PANNON INVESTMENT ADVISORS LLC and DUSAN VARGA,

Defendants.
_____/

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

I. INTRODUCTION

1. From May 2020 to at least January 2024, Defendants Dusan Varga ("Varga") and Pannon Investment Advisors LLC ("Pannon") (collectively, "Defendants"), raised approximately $1.6 million from at least 20 investors, primarily of Serbian origin residing in South Florida and abroad, through a series of unregistered and fraudulent offerings.

2. Defendants solicited investments in securities through investment agreements to invest in the Pannon Risk-Managed Income Fund ("Pannon Fund"), a purported investment fund managed by Defendants. Defendants misrepresented that the Pannon Fund traded covered stock options to generate high income while managing downside risk, while promising investors fixed returns in the form of dividends of 3% or 4% a month.

3. Defendants used a combination of phone calls, text messages, WhatsApp messages, emails, in-person meetings, Zoom meetings, and written documents to solicit investors.

Defendants also solicitated investors via a referral program under which they paid referral fees to existing investors for referring new investors to invest in the Pannon Fund, Defendants' client.

4. Defendants made numerous material misrepresentations about the use of investor and client funds, the profitability of Pannon's trading, Varga's purported background as a registered representative of a broker-dealer, and the safety of investing with the Pannon Fund. For example, Defendants falsely represented to investors that, upon their demand, investors could receive a full return of their principal funds within a few business days and that investors' principal funds were matched in an escrow account to ensure the liquidity of their investments.

5. In reality, there was no escrow account, Defendants made Ponzi-like payments to investors, and Varga misappropriated and commingled investor and client funds in his own personal bank and brokerage accounts. Rather than using investor and client funds to consistently trade covered stock options as promised to investors, Defendants often engaged in riskier, uncovered options trading that ultimately resulted in aggregate trading losses of over $200,000.

6. The scheme unraveled during the last quarter of 2023, when Varga and Pannon stopped making dividend payments to investors, initially blaming the delay in payment on processing issues with online bill pay services and banks. Despite numerous redemption requests by investors, Varga and Pannon have failed to return investors' principal funds.

7. By engaging in this conduct, Varga and Pannon violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and (c) and 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Varga and Pannon also violated Sections 206(1), 206(2), and 206(4) and Rule 206(4)-8 thereunder of the Investment Advisers Act of 1940

("Advisers Act") [15 U.S.C. §§ 80b-6(1), (2), and (4) and 17 C.F.R. § 275.206(4)-8)] and breached the fiduciary duties they owed to their advisory client, the Pannon Fund.

8. Unless enjoined, Defendants will continue to violate the federal securities laws. The Commission seeks injunctive relief, as well as disgorgement with prejudgment interest, and civil penalties against Defendants. The Commission also seeks an order imposing an officer and director bar against Varga.

II. DEFENDANTS AND RELATED ENTITIES

A. Defendants

9. Pannon is a Florida limited liability company formed in September 2020 with its principal place of business in Miami, Florida. Varga solely manages, owns and controls Pannon. Pannon acted as an investment adviser managing and raising funds for the Pannon Fund, which purported to trade covered stock options using a protective net-credit collar strategy to generate high income while reducing downside risk.[1] Pannon has never been registered with the Commission or held any securities licenses.

10. Varga is a dual Serbian and Canadian citizen residing in Miami, Florida who, during the offerings, operated Pannon from Miami, Florida. Varga solely manages, owns, controls, and is the Chief Executive Officer ("CEO") and Chairman of Pannon. Varga is also the sole signatory on Pannon's bank account and controlled Pannon's investments. Varga has never been registered with the Commission or held any securities licenses.

[1] A protective net-collar trading strategy involves ownership of an underlying equity security, sale of a call option on such security (i.e., a covered call), and purchase of a put option on the same security (i.e., a protective put). This strategy aims to hedge the risk of holding an underlying equity security through options trading. A covered collar strategy can also be used to generate income when a trader expects volatility to remain muted throughout the near term.

III. JURISDICTION AND VENUE

11. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)]; Sections 21(d), 21(e) and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa(a)], and Sections 209(d) and 214(a) of the Advisers Act [15 U.S.C. §§ 80b-9(d) and 80b-14(a)].

12. This Court has personal jurisdiction over the Defendants and venue is proper in the Southern District of Florida pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 214(a) of the Advisers Act [15 U.S.C. § 80b-14(a)] because, among other things, during the time of the violative conduct alleged herein: (i) Varga resided in Miami, Florida; and (ii) Defendants transacted business or engaged in the violative conduct at issue in this District. In particular, Pannon maintained an office in this District and Varga conducted, supervised, and managed all aspects of Pannon's business from this District, including meeting with, soliciting, and selling interests in the Pannon Fund to investors and thereafter communicating with those investors, many of whom reside in this District.

13. In connection with the conduct alleged in this Complaint, Defendants, directly and indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, or the mails.

IV. DEFENDANTS' ACTS IN VIOLATION OF THE SECURITIES LAWS

A. Defendants' Unregistered Securities Offering and Investment Adviser Services

14. From approximately May 2020 to January 2024, Varga and Pannon engaged in the offer and sale of unregistered securities in the form of investment contracts for investments in the Pannon Fund for which they served as investment advisers. Defendants represented to prospective

and actual investors that their funds would be pooled to buy and sell covered options contracts on stocks using a protective net-credit collar strategy. Defendants primarily solicited unsophisticated investors of Serbian origin residing in South Florida, with others located in Serbia, New York, Luxembourg, and the Czech Republic.

15. Varga and Pannon solicited investors in several ways. Defendants offered Pannon Fund investments through telephone, text messages, WhatsApp messages, emails, in-person meetings, and Zoom meetings. Defendants also engaged in general solicitation via a Pannon referral program under which they paid referral fees to existing investors for referring new investors with whom Varga and Pannon had no preexisting relationships. Defendants did not take reasonable steps to verify whether the Pannon Fund's prospective or actual investors were accredited, and many were, in fact, unaccredited, including first-time investors.

16. Defendants provided investors with written documents, including investment agreements and account statements, documenting investments in the Pannon Fund. Varga, on behalf of Pannon, signed and issued the investment agreements.

17. Early versions of the investment agreement included the phrase "Stock Broker Agreement" in the title of the agreement. As the fraud progressed, Defendants subsequently sent new investors agreements they titled as the "Pannon Risk-Managed Income Fund Investment Agreement." Defendants represented to investors verbally and in writing, and investors understood, that signing an investment agreement would allow them to participate in the Pannon Fund.

18. At least as early as February 2023, Defendants included a provision in some investment agreements to the effect that investors' original deposited funds would be matched in an escrow account.

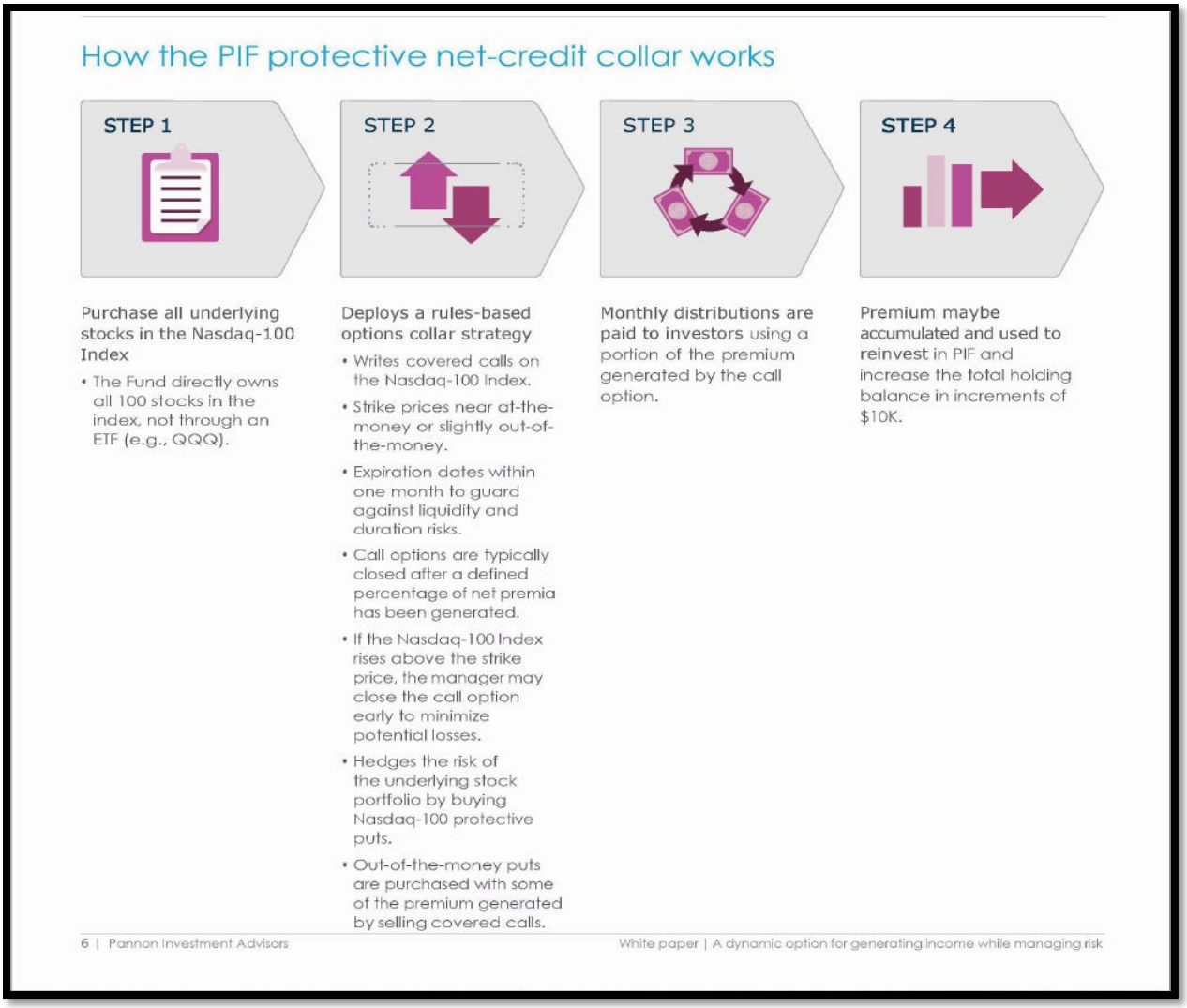
19. Defendants emailed investors in the Pannon Fund quarterly and annual "Investor Balance Detail" account statements through at least the first quarter of 2023. These account statements purported to show individual investors "all [of their] investor deposits from the initial investment into the fund," their "current total investor fund participation balance," and dividend payments through the date of the statements.

20. Defendants also sent several investors additional documents describing the Pannon Fund and its trading strategy, including quarterly factsheets and a "white paper."

21. The factsheets outlined the Pannon Fund's four-step "Investment strategy overview" under which the fund purportedly would: (i) purchase all underlying stocks in the Nasdaq-100 Index; (ii) deploy a rule-based options collar strategy; (iii) distribute monthly income from options premiums; and (iv) on the investors' request, use their monthly income to reinvest in the fund. The factsheets marketed the Pannon Fund as "[a]n income solution that targets high current income with less risk."

22. In these materials, Defendants promoted the Pannon Fund's use of a "constant, fully financed market hedge that seeks to reduce downside risk" and Defendants' "rules-based options trading strategy that seeks to produce high income using the Nasdaq-100 Index equities."

23. In their so-called "white paper," Defendants further described the Pannon Fund's investing methodology as a protective net-credit collar strategy. The Defendants also reiterated the Pannon Fund's four-step investment overview as follows:



24. Through the factsheets and "white paper," Defendants held themselves out as providing and, in fact, did provide, securities investment advice to the Pannon Fund. Defendants advised and made investment decisions for the Pannon Fund by trading securities in the form of stocks and stock options for the Pannon Fund and received compensation through misappropriated funds. As the sole owner, principal, and manager of Pannon, an unregistered investment adviser, Varga controlled Pannon and its advice to the Pannon Fund concerning its investments in stocks and stock options. By advising the Pannon Fund as to the value and advisability of investing in,

purchasing, and selling stocks and stock options for compensation, Defendants acted as investment advisers within the meaning of the Advisers Act to the Pannon Fund.

25. Defendants failed to provide investors with sufficient financial information about the Pannon Fund. The factsheets, for example, contained only basic financial information about the Pannon Fund such as the fund's quarterly balance and purported profits. None of the materials Defendants sent to investors contained financial statements for the Pannon Fund.

26. Investors completely depended on Defendants to make successful investments to generate investment returns, to pay the specified interest, and to return the investors' principal. Defendants exercised exclusive control over investors' funds, including making all investment decisions purportedly generating investor returns. The investors understood they were making a passive investment in the Pannon Fund and that profits were going to be generated by the Defendants' efforts.

27. The investment agreements for interests in the Pannon Fund sold by Varga and Pannon are securities within the meaning of the Securities Act, the Exchange Act, and the Advisers Act because they are investment contracts. The investment agreements are investment contracts because: (i) they were sold to investors for money; (ii) investors were dependent upon the expertise or efforts of the Defendants; (iii) investors expected to profit from the investment agreements; and (iv) all investor profits were to be generated by Defendants' efforts.

28. No registration statement was filed with the Commission pursuant to the Securities Act relating to the investments contracts Defendants offered and sold, and no exemption from registration existed with respect to the Pannon Fund offering.

B. Defendants' Materially False and Misleading Omissions and Misstatements

29. Defendants knowingly made, both orally and in writing, materially false and misleading statements and omissions to investors and the Pannon Fund about, among other things: (i) the use of investor funds; (ii) the profitability and safety of investing in the Pannon Fund; and (iii) Varga's purported background as a registered representative of a broker-dealer.

(1) Materially False and Misleading Statements Regarding Use of Funds

30. Defendants misrepresented to investors and their client, the Pannon Fund, in written factsheets and a "white paper" that their funds would be pooled in the Pannon Fund to buy and sell covered options contracts on stocks using a protective net-credit collar strategy. Investors understood from Defendants' representations that this trading strategy was employed to maximize profitability and minimize risk. These representations concerning the use of investor and client funds were materially false and misleading because, among other things, Defendants commingled investor and client funds, and used those funds to: (i) pay Varga's personal expenses; (ii) make Ponzi-like payments to other investors; and (iii) employ riskier options trades than were disclosed to investors.

31. Although Defendants pooled investor funds to make some trades of stocks and stock options for the purported Pannon Fund, funds were pooled and commingled in Varga's personal brokerage account, as well as a brokerage account Varga eventually opened in the name of Pannon in September 2021, to make those trades. Varga also commingled investor funds with his own funds in his personal bank accounts.

32. Next, in or about September 2021, Defendants linked a debit card to Pannon's brokerage account and began using that card to pay for Varga's personal expenses. Varga, who signed the debit card application in his capacity as Pannon's agent, used the card to pay for personal

expenses. Varga also paid for personal expenses with investor funds by making ACH electronic transfers and Bill Pay payments from the Pannon brokerage account.

33. Defendants used investor funds to pay at least: $64,200 in credit card bills, $40,000 for auto related expenses, $24,300 for personal and luxury goods, $15,400 in tuition expenses for private school, $4,600 for tennis lessons, and $2,900 to nail and wax salons. Of the approximately $1.6 million raised by Defendants, Defendants misappropriated at least $260,300 of investor funds for Varga's personal use.

34. Defendants also used at least $53,000 to make Ponzi-like payments to other investors. For example, on August 1, 2022, an investor deposited $25,000 into Pannon's bank account. Within a little over a week of receiving the funds, Defendants used approximately $12,000 of those funds to pay 8 other investors.

35. Finally, Defendants did not use the trading strategy promised and disclosed to investors. As disclosed to investors, Defendants should have utilized a protective net-credit collar strategy by consistently buying the underlying equity securities of their options trades. The actual trading of the Pannon Fund rarely employed this strategy. Instead, Defendants mostly traded in vertical option spreads for the Pannon Fund, which are considerably riskier than the protective collar strategy that was disclosed to investors. In fact, the vast majority of the Pannon Fund's positions involved trading options without owning the underlying asset. The Defendants never disclosed the riskier trading strategy they actually used for the Pannon Fund.

36. Varga and Pannon knew, or were reckless in not knowing, each of these misstatements and omissions were false and misleading because Varga, through his exclusive control of Pannon, was solely responsible for the management of the Pannon Fund, including the selection and disposition of options contract investments, and he controlled all the bank and

brokerage accounts from which the Pannon Fund's assets were deposited, commingled and misappropriated or used to pay several investors through Ponzi-like payments.

(2) Profitability and Safety of the Investment

37. Defendants also attracted investors to invest in the Pannon Fund using several false promises of profitability and safety, each of which they knew, or were reckless in not knowing, were materially false and misleading.

38. First, Defendants represented that their net-credit collar trading strategy would generate profits sufficient to support high monthly returns to investors while minimizing potential losses. Defendants promised most of their investors fixed monthly dividends of 3% to 4% a month, even though the risky trading strategies they employed led to trading losses of over $200,000.

39. Defendants knew, or were reckless in not knowing, they could not sustain the fixed returns of 3% to 4% they promised investors in light of their exclusive control of the Pannon Fund and history of unprofitable trading. Specifically, from December 2019 through May 2020, Varga traded in his personal account using the same vertical options trading strategy that he employed when trading on behalf of the Pannon Fund. For most of that period, Varga traded on his own behalf and began trading with investor funds in May 2020. Varga's trading in that account led to cumulative losses starting in December 2019 through May 2020.

40. Accordingly, as early as December 2019, Varga knew, or was reckless in not knowing, the trading strategy he ultimately used for the Pannon Fund would not generate consistent monthly profits sufficient to satisfy the monthly dividends he promised. Varga's knowledge that the promised, fixed dividends were unsustainable is imputed to Pannon because Varga was at all relevant times Pannon's control person and Chief Executive Officer.

41. Despite this knowledge, Varga and Pannon continued to solicit investments in the Pannon Fund by promising unsustainable, fixed monthly dividends to investors, even after experiencing continued losses. From July 2021 through December 2021, the Pannon Fund experienced a sequence of six months of trading losses, followed by further losses in the first quarter of 2022. Given the losses and previously paid dividends to investors, the Pannon Fund could not sustain the promised monthly dividend payments to investors starting approximately as early as November 2021.

42. Defendants also made several misrepresentations concerning the safety of investing in the Pannon Fund. Verbally and in writing in the investment agreements, Defendants told investors that they could demand a full or partial withdrawal of their funds at any time and receive their funds within a few business days, typically 3 to 15 days. Despite redemption requests from several investors, Defendants have failed to return their principal funds months after they submitted their requests.

43. Defendants further represented to several investors verbally and in several versions of the investment agreements that Pannon was ensuring the liquidity of their investment by matching the investors' deposited funds in a separate escrow account. Multiple investors signed investment agreements providing that Pannon would put funds matching the investors' deposited funds in an escrow account. The promised escrow account did not exist.

44. Defendants stopped paying dividends to several investors starting in the last quarter of 2023, initially blaming the delay in payment on processing issues with online bill pay services and banks. Unable to meet their obligations to investors, Defendants eventually stopped returning investor calls, messages, and emails.

45. Defendants knew, or were reckless in not knowing, that each of the representations detailed above were false and misleading in light of their exclusive control over the disbursement of investor dividends and control over the accounts in which investor and client funds associated with the Pannon Fund were held. Defendants further knew, or were reckless in not knowing, that each of the representations discussed above was false because Defendants had exclusive control over the brokerage accounts used to trade on behalf of the Pannon Fund, and Defendants were aware of their misuse and misappropriation of the investor and client funds.

(3) Varga's Lies About His Background

46. In soliciting investments, Varga told investors that he was a registered representative of a broker-dealer. This statement was false, as Varga has never been registered or associated with a registered broker-dealer.

47. Varga's false statements to investors about his registration status was important, especially to investors who had little investment experience and who relied on Varga's purported experience as a licensed broker. Varga's misrepresentation that he was a registered representative lulled inexperienced investors into trusting Varga and Pannon with their hard-earned money, including funds earmarked for retirement, to purchase a home, or pay college tuition for their children.

48. All of the misrepresentations set forth herein, individually and in the aggregate, are material. A reasonable investor would consider material the misrepresented and omitted facts regarding how their money would be invested, the profitability and safety of those investments, the misuse and misappropriation of investor funds, and misrepresentation that Varga was a registered representative of a broker-dealer.

V. CLAIMS FOR RELIEF

COUNT I

Violations of Sections 5(a) and 5(c) of the Securities Act

49. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

50. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued by Varga and Pannon as described in this Complaint, and no exemption from registration existed with respect to these securities.

51. From approximately May 2020 until at least January 2024, Varga and Pannon, directly and indirectly:

a. made use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;

b. carried or caused to be carried securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or

c. made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security,

without a registration statement having been filed or being in effect with the Commission as to such securities.

52. By reason of the foregoing, Varga and Pannon, directly or indirectly, violated and, unless enjoined, are reasonably likely to continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

COUNT II

Violations of Section 17(a)(1) of the Securities Act

53. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

54. From approximately May 2020 until at least January 2024, Varga and Pannon, in the offer or sale of securities by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, knowingly or recklessly employed devices, schemes or artifices to defraud.

55. By reason of the foregoing, Varga and Pannon, directly or indirectly, violated and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III

Violations of Section 17(a)(2) of the Securities Act

56. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

57. From approximately May 2020 until at least January 2024, Varga and Pannon, in the offer or sale of securities by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, negligently obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

58. By reason of the foregoing, Varga and Pannon, directly or indirectly, violated and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT IV

Violations of Section 17(a)(3) of the Securities Act

59. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

60. From approximately May 2020 until at least January 2024, Varga and Pannon, in the offer or sale of securities by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, negligently engaged in transactions, practices, and courses of business which have operated as a fraud or deceit upon the purchasers.

61. By reason of the foregoing, Varga and Pannon, directly or indirectly, violated and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT V

Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a)

62. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

63. From approximately May 2020 until at least January 2024, Varga and Pannon, directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, knowingly or recklessly employed devices, schemes or artifices to defraud in connection with the purchase or sale of securities.

64. By reason of the foregoing, Varga and Pannon, directly or indirectly, violated and unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) [17 C.F.R. § 240.10b-5(a)] thereunder.

COUNT VI

Violations of Section 10(b) of the Exchange Act and Rule 10b-5(b)

65. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

66. From approximately May 2020 until at least January 2024, Varga and Pannon, directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

67. By reason of the foregoing, Varga and Pannon, directly or indirectly, violated and unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)] thereunder.

COUNT VII

Violations of Section 10(b) of the Exchange Act and Rule 10b-5(c)

68. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

69. From May 2020 until at least January 2024, Varga and Pannon, directly or indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly engaged in acts, practices, and courses of business which have operated as a fraud upon the purchasers of such securities.

70. By reason of the foregoing, Varga and Pannon, directly or indirectly, violated and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(c) [17 C.F.R. § 240.10b-5(c)] thereunder.

COUNT VIII

Violations of Section 206(1) of the Advisers Act

71. The Commission repeats and realleges Paragraphs 1 through 48 of this Complaint.

72. From approximately May 2020 until at least January 2024, Varga and Pannon, for compensation, engaged in the business of directly advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities. Varga and Pannon were therefore "investment advisers" within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)].

73. Varga and Pannon, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, knowingly or recklessly employed a device, scheme, or artifice to defraud one or more clients or prospective clients.

74. By reason of the foregoing, Varga and Pannon violated and, unless enjoined, are reasonably likely to continue to violate Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

COUNT IX

Violations of Section 206(2) of the Advisers Act

75. The Commission repeats and realleges Paragraphs 1 through 48, and Paragraphs 71-72 of this Complaint.

76. From approximately May 2020 until at least January 2024, Varga and Pannon, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, negligently engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon one or more clients or prospective clients.

77. By reason of the foregoing, Varga and Pannon violated and, unless enjoined, are reasonably likely to continue to violate Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

COUNT X

Violations of Section 206(4) and Rule 206(4)-8(a)(1) of the Advisers Act

78. The Commission repeats and realleges Paragraphs 1 through 48, and Paragraphs 71-72 of this Complaint.

79. Pannon Fund was a "pooled investment vehicle[]" within the meaning of Rule 206(4)-8(b) of the Advisers Act.

80. From approximately May 2020 until at least January 2024, Varga and Pannon, directly or indirectly, negligently made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, to investors or prospective investors in Pannon Fund.

81. By reason of the foregoing, Varga and Pannon violated and, unless enjoined, are reasonably likely to continue to violate Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)], and Advisers Act Rule 206(4)-8(a)(1) [17 C.F.R. 275.206(4)-8(a)(1)].

COUNT XI

Violations of Section 206(4) and Rule 206(4)-8(a)(2) of the Advisers Act

82. The Commission repeats and realleges Paragraphs 1 through 48 and Paragraphs 72 and 79 of this Complaint.

83. From approximately May 2020 until at least January 2024, Varga and Pannon, directly or indirectly, negligently engaged in acts, practices, or course of business that were fraudulent, deceptive, or manipulative with respect to investors and/or prospective investors in Pannon Fund.

84. By reason of the foregoing, Varga and Pannon violated and, unless enjoined, are reasonably likely to continue to violate Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)], and Advisers Act Rule 206(4)-8(a)(2) [17 C.F.R. § 275.206(4)-8(a)(2)].

VI. RELIEF REQUESTED

The Commission respectfully requests the Court find that the Defendants committed the foregoing violations, and:

A. Permanent Injunction

Issue a permanent injunction enjoining Varga and Pannon and its officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them and each of them, from violating Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder; and further enjoining Varga and Pannon from violating Sections 206(1), 206(2), and 206(4) and Rule 206(4)-8(a) thereunder of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-6(4), and 17 C.F.R. § 275.206(4)-8(a)].

B. Disgorgement and Prejudgment Interest

Issue an order directing Varga and Pannon to disgorge all ill-gotten gains or proceeds received, with prejudgment interest thereon, resulting from the acts and/or courses of conduct complained in this Complaint.

C. Civil Monetary Penalties

Issue an order directing Varga and Pannon to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

D. Officer and Director Bar Against Varga

Issue an order pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], permanently prohibiting Varga from acting as an officer or director of any issuer whose securities are registered with the

Commission pursuant to Section 12 of the Exchange Act or which is required to file reports with the Commission pursuant to Section 15(d) of the Exchange Act.

E. Further Relief

Grant such other and further relief as may be necessary and appropriate.

F. Retention of Jurisdiction

Further, the Commission requests the Court retain jurisdiction over this action and over Defendants in order to implement and carry out the terms of all orders that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Dated: October 30, 2024

Respectfully submitted,

s/ *Christine Nestor*

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