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16 UNITED STATES DISTRICT COURT
17 NORTHERN DISTRICT OF CALIFORNIA

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SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,
vs.
SATISH APPALAKUTTY, LORVEN FUNDS, and
LORVEN ADVISORS LLC,
Defendants,
and
VISTALYTICS INC.,
Relief Defendant.

Case No.
COMPLAINT
DEMAND FOR JURY TRIAL

Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

SUMMARY OF THE ACTION

1. From at least the beginning of 2019 through March 2024, Defendants Satish
Appalakutty (“Appalakutty”), Lorven Funds, and Lorven Advisors LLC (“Lorven Advisors,” and

1 together with Lorven Funds, the “Lorven Entities”) orchestrated a Ponzi-like scheme, fraudulently
 2 raising at least \$37 million from at least 100 investors.

3 2. Defendants made numerous material misrepresentations and omissions about three
 4 different types of investment opportunities. Specifically, Defendants falsely told investors that
 5 they would use investor funds to: (i) acquire stocks of prominent public companies at a discount in
 6 what they referred to as Secondary Public Offering (“SPO”) transactions; (ii) acquire stocks of
 7 private pre-Initial Public Offering (“IPO”) companies; or (iii) engage in some other investment
 8 activity to generate promised returns. For each of these purported investment opportunities,
 9 Defendants falsely promised exceedingly high and guaranteed rates of return and promised that
 10 investors would not lose their money.

11 3. All of the investment opportunities were, however, a fiction. Defendants did not
 12 purchase any stocks of public or pre-IPO companies or carry out any other income-generating
 13 activities on behalf of investors.

14 4. Instead, in Ponzi-like fashion, Defendants used new investors’ money to pay
 15 promised returns to prior investors. Appalakutty also misappropriated approximately \$6.7 million
 16 of investor money for his own personal benefit, including using approximately \$4.4 million for his
 17 software startup, Vistalytics Inc. (“Vistalytics” and “Relief Defendant”).

18 5. By early 2024, Defendants were unable to raise funds quickly enough to pay the
 19 returns they had promised, and they therefore stopped repaying investors.

20 6. As a result of the conduct alleged in this Complaint, Defendants violated the
 21 antifraud provisions of the Securities Act of 1933 (“Securities Act”) and the Securities Exchange
 22 Act of 1934 (“Exchange Act”).

23 7. In this action, the Commission seeks against all three Defendants permanent
 24 injunctions; conduct-based injunctions prohibiting Defendants from participating in the issuance,
 25 purchase, offer, or sale of any security; and disgorgement of ill-gotten gains with prejudgment
 26 interest on a joint and several basis. The Commission also seeks against Appalakutty civil
 27 penalties and an order that permanently enjoins him from, directly or indirectly, acting as or being
 28

1 associated with any investment adviser. Additionally, the Commission seeks disgorgement of ill-
 2 gotten gains with prejudgment interest from Relief Defendant Vistalytics.

3 **JURISDICTION AND VENUE**

4 8. The Commission brings this action and this Court has jurisdiction over this action
 5 pursuant to Sections 20(b), 20(d), 20(e), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b),
 6 77t(d), 77t(e), and 77v(a)] and Sections 21(d), 21(e), and 27(a) of the Exchange Act [15 U.S.C.
 7 §§ 78u(d), 78u(e), and 78aa(a)].

8 9. Defendants, directly or indirectly, made use of the means and instrumentalities of
 10 interstate commerce or of the mails in connection with the acts, transactions, practices, and courses
 of business alleged in this Complaint.

11 10. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15
 12 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)], because acts,
 13 transactions, practices, and courses of business that form the basis for the violations alleged in this
 14 Complaint occurred in this District. For example, Appalakutty regularly met with investors at his
 15 office located in the City of Santa Clara, California. In addition, venue is proper in this district
 16 because Appalakutty lived in the County of Santa Clara, California when the conduct alleged in
 17 this Complaint occurred.

18 **DIVISIONAL ASSIGNMENT**

19 11. Under Civil Local Rules 3-2(c) and 3-5, this civil action should be assigned to the
 20 San Jose Division because a substantial part of the events or omissions which give rise to the
 21 claims alleged herein occurred in the County of Santa Clara, California.

22 **DEFENDANTS**

23 12. **Satish Appalakutty**, age 53, is a resident of Milpitas, California. He is the founder
 24 and CEO of Lorven Funds, Lorven Advisors LLC, and Vistalytics Inc.

25 13. **Lorven Funds** is a California corporation with its principal place of business in the
 26 City of Santa Clara, California. Appalakutty fully owned and controlled Lorven Funds at all
 27 relevant times in this Complaint. According to Lorven Funds' Statement of Information filed with
 28 the California Secretary of State on June 12, 2020, its type of business is described as "financial

1 software and services.” Appalakutty used Lorven Funds to carry out the scheme set forth in this
 2 Complaint.

3 **Lorven Advisors LLC** is a California limited liability company with its principal
 4 place of business in the City of Santa Clara, California. Appalakutty fully owned and controlled
 5 Lorven Advisors at all relevant times in this Complaint. According to Lorven Advisors’ Statement
 6 of Information filed with the California Secretary of State on December 6, 2022, its type of
 7 business is described as “software services.” Appalakutty used Lorven Advisors to carry out the
 8 scheme set forth in this Complaint.

9 **RELIEF DEFENDANT**

10 15. Relief Defendant **Vistalytics Inc.** is a California corporation with its principal place
 11 of business in the City of Santa Clara, California. Appalakutty is the majority owner, founder, and
 12 CEO of the company. Vistalytics is a technology software company that developed a subscription-
 13 based platform that contained historical information about public company stock prices and
 14 purportedly made predictions about the next-day opening prices of securities.

15 **FACTUAL ALLEGATIONS**

16 **A. Background**

17 16. From at least the beginning of 2019 through March 2024, Defendants fraudulently
 18 raised at least \$37 million from at least 100 investors.

19 17. Appalakutty met and solicited many of his potential investors through a Hindu
 20 temple he attended in the San Francisco Bay Area. Some of the investors met him while
 21 volunteering at the temple or through friends that knew him. Appalakutty represented himself as
 22 an entrepreneur who could generate investor returns more favorable than the interest rates that a
 23 bank would offer and represented that he would keep investor money safe from any losses.
 24 Appalakutty also held himself out as being knowledgeable about the financial industry from his
 25 purported background as a software engineer at financial technology companies in Silicon Valley.
 26 Many investors trusted Defendants with their money because of Appalakutty’s connection to the
 27 temple and his purported professional background.

1 18. Appalakutty held in-person, telephonic, and virtual meetings online with investors
 2 to solicit investments.

3 **B. Defendants Defrauded Investors by Selling Fake Investment Opportunities**

4 19. Appalakutty, through the Lorven Entities, offered potential investors three types of
 5 purported investment opportunities: (1) to purchase shares in public companies at a discount; (2) to
 6 purchase shares of pre-IPO companies; and (3) to invest in promissory notes with a guaranteed
 7 high rate of interest from other unspecified investment opportunities Appalakutty could
 8 purportedly access. All of these investment opportunities were fictional. Appalakutty knew or
 9 was reckless in not knowing that these opportunities were not supported by actual investments.

10 20. To add to these purported investment opportunities' appeal, Defendants promised
 11 minimum rates of return, usually on an annualized basis, that were exceptionally high—ranging
 12 from 8% to 62.5%. Defendants also misleadingly represented to investors that their investments
 13 would be “protected,” and that they would not lose their principal. It was important to investors
 14 that they would earn high returns on their investments with Defendants and that their capital would
 15 be kept safe by Defendants.

16 **I. Secondary Public Offerings**

17 21. Appalakutty told certain investors that he would acquire shares of publicly traded
 18 companies—including high-profile technology and biopharmaceutical companies—at a discount
 19 and then sell them later at higher market prices. Appalakutty referred to this type of transaction as
 20 an “SPO.” Appalakutty falsely explained to at least one investor that he was able to offer SPOs
 21 because he had connections with company executives who were looking to sell their restricted
 22 stock units at below-market prices. Appalakutty also falsely represented to at least one investor
 23 that major financial firms gave him access to these discounted-share opportunities because he
 24 managed tens of millions of dollars in assets.

25 22. Defendants memorialized these SPO investments in agreements stylized as a
 26 “promissory note.” Those documents, which bear the names and logos of Lorven Funds or Lorven
 27 Advisors and were signed by Appalakutty on behalf of those entities, specified the amount of the
 28 victim’s investment, the public company whose shares would be acquired, and the guaranteed rate

1 of return. Defendants notarized many of the promissory notes they entered into with investors. At
 2 least one investor felt that Appalakutty's willingness to notarize the promissory notes legitimized
 3 the transactions, which provided the investor with an additional layer of comfort regarding
 4 investing with Appalakutty.

5 23. Appalakutty claimed he could generate the high rates of return in the promissory
 6 notes by telling certain investors that they would receive a share of the profits that Defendants
 7 would make from buying the stocks at a discount and selling them at a higher price. Appalakutty
 8 also misrepresented to at least one investor that, if a certain stock performed especially well, that
 9 investor could potentially share in the larger profit beyond the promised rates of return.

10 24. In one instance, for example, Defendants entered into an SPO "promissory note"
 11 that reflected a payment of \$425,000 from an investor to acquire the stock of a prominent Silicon
 12 Valley media company. The document, which bore the name and logo of Lorven Advisors—and
 13 Appalakutty's signature on its behalf—guaranteed the investor a minimum 12% annualized
 14 interest rate in exchange for a 15% commission from the interest earned. It also specified the price
 15 at which the stock would be acquired.

16 25. In another instance, Defendants entered into a "promissory note" that reflected a
 17 payment of \$120,000 from an investor to acquire the stock of a prominent technology product
 18 company. The document, which bore the logo of Lorven Advisors but specified the "borrower" as
 19 Lorven Funds and was signed by Appalakutty on behalf of Lorven Funds, guaranteed a minimum
 20 of 8% interest rate, specified the price at which the stock would be acquired, and represented that
 21 the capital of \$120,000 would be "protected" from being "devalued."

22 26. Appalakutty knew or was reckless in not knowing that his representations
 23 concerning "SPOs" were false and misleading. Defendants did not acquire any public company
 24 shares with investors' money, at discounted rates or otherwise. Thus, Defendants would not have
 25 been able to pay investors their guaranteed interest payments based on the difference between
 26 those discounted rates and market prices. These representations were material to investors who
 27 expected Defendants to be generating regular returns based on their SPO investments.

1 27. Appalakutty also knew or was reckless in not knowing that the Lorven Entities
 2 could not buy or sell shares of publicly-traded companies because the Lorven Entities had no
 3 brokerage accounts.

4 28. Furthermore, Appalakutty knew or were reckless in not knowing that he did not
 5 have access to discounted shares at public companies.

6 29. Investors in SPOs wired or otherwise transferred money to bank accounts
 7 maintained by either Lorven Funds or Lorven Advisors. Instead of using the money to make the
 8 promised investments in public company stocks, Appalakutty commingled the funds transferred by
 9 multiple investors, then used those commingled funds to pay his personal expenses, fund his other
 10 company Vistalytics, and pay returns to prior investors.

11 2. ***Pre-IPO Investment Offerings***

12 30. Defendants also offered and sold investment opportunities to acquire shares in
 13 certain well-known private technology companies. Appalakutty explained that investors would be
 14 entitled to guaranteed minimum interest rate payments over a period of time. At the end of that
 15 period, if the company went public, Appalakutty promised to sell the shares in the market and split
 16 the profits with the investors. If a company did not go public by the specified date, Appalakutty
 17 assured investors they would nevertheless be entitled to the minimum interest rate payments.

18 31. Appalakutty's explanation as to how he was able to offer investors pre-IPO
 19 opportunities mirrored the misrepresentations he made about SPO offers. In particular,
 20 Appalakutty falsely told at least one investor that he was part of a syndicate that knew of people
 21 trying to sell their shares in pre-IPO companies.

22 32. Defendants also signed promissory notes—which bore the logo of Lorven Funds or
 23 Lorven Advisors and were signed by Appalakutty on their behalf—with investors that falsely
 24 promised, among other things, to purchase certain pre-IPO companies' shares, a guaranteed high
 25 rate of return, and to repay the principal together with the purported returns within several months.

26 33. In one example, Defendants entered into a pre-IPO "promissory note" that reflected
 27 a payment of \$400,000 by an investor to purchase shares of an aerospace manufacturer at "10%
 28 discount on the opening IPO price." The document bore the name and logo of Lorven Advisors

1 and was signed on that entity's behalf by Appalakutty. It promised a minimum of 37% interest per
 2 year and charged a 15% commission from interest earned.

3 34. In another instance, Defendants entered into a "promissory note" that reflected a
 4 payment of \$175,000 by an investor to purchase shares of an artificial intelligence company at a
 5 14% discount with a minimum interest rate of 41%. The document bore the logo of Lorven
 6 Advisors but listed Lorven Funds as the "borrower" and was signed by Appalakutty on behalf of
 7 Lorven Funds. The document also specified that the invested capital of \$175,000 would be
 8 "protected" from being "devalued" and that Defendants would charge a commission of 10% from
 9 interest earned.

10 35. These representations regarding pre-IPO offerings were false and misleading
 11 because Defendants did not purchase any shares of private companies as promised. These
 12 representations were material to investors who expected Defendants to be generating regular
 13 returns based on their pre-IPO investments.

14 36. Appalakutty knew or was reckless in not knowing that his representations
 15 concerning pre-IPO offerings were false and misleading because he did not in fact purchase any
 16 shares of private companies. Further, Appalakutty knew or was reckless in not knowing that he
 17 would not be able to pay investors their guaranteed minimum rate of interest payments because he
 18 did not purchase any private company shares. Appalakutty also knew or was reckless in not
 19 knowing that he did not have the ability to purchase those private company shares.

20 37. Once the investors wired or otherwise transferred their investment money to
 21 Lorven Funds' or Lorven Advisors' bank accounts for investment in pre-IPO shares, Appalakutty
 22 commingled the funds transferred by multiple investors, then used those commingled investor
 23 funds to pay his personal expenses, fund his other company Vistalytics, or pay returns to prior
 24 investors.

25 3. ***"Debt" or Note Offerings***

26 38. Defendants also fraudulently offered and sold to investors high interest rate
 27 promissory notes that were not tied to any specific security. Appalakutty sometimes referred to
 28 these offers at "debt" deals.

1 39. Defendants often did not specify the purported security they would invest in or
 2 explain how they would turn a profit. Defendants falsely represented to at least one investor,
 3 however, that the investor's money would be pooled and invested so as to generate specified
 4 returns. Defendants assured investors in these "debt" deals that they would not lose their money.

5 40. As with the SPO and pre-IPO offers, Defendants signed promissory notes with
 6 investors that detailed the investment amount, the repayment date, and the high guaranteed interest
 7 rate. In one example, Defendants entered into a "promissory note" that reflected a payment of
 8 \$150,000 by an investor for a minimum interest rate of 38% a year with a 20% commission for
 9 Defendants. The promissory note identified Lorven Advisors as the "borrower" in one part of the
 10 document but then later listed Lorven Funds as the "borrower," and Appalakutty signed on behalf
 11 of Lorven Funds. The promissory note Appalakutty drafted and provided to the investor specified
 12 that "[t]he Capital is secured and will not reduce in value."

13 41. In another example, Appalakutty and Lorven Advisors entered into a "promissory
 14 note" that reflected a payment of \$200,000 to Lorven Advisors as the "borrower" and promised
 15 13.25% annualized interest to the investor. Appalakutty signed the document on behalf of Lorven
 16 Advisors, and it stated that the invested capital and proceeds would be "protected from being
 17 devalued."

18 42. Defendants' representations regarding the "debt" or promissory note offerings were
 19 false and misleading because Defendants did not actually invest investors' money in return-
 20 generating opportunities as promised. These representations were material to investors who
 21 expected Defendants to be generating regular returns based on their investments.

22 43. Appalakutty knew or was reckless in not knowing that his representations
 23 regarding the purported "debt" offers were false and misleading because he did not invest the
 24 money provided by investors in any return-generating enterprise. He also knew or was reckless in
 25 not knowing that he would not be able to pay investors their guaranteed minimum rate of interest
 26 payments because he had no ability to generate those returns.

27 44. Investors in Defendants' "debt" offerings wired or otherwise transferred money to
 28 either Lorven Funds' bank accounts or Lorven Advisors' bank accounts. Instead of using the

1 money to make investments or generate profit, Appalakutty used investor funds to pay his personal
 2 expenses, fund his other company Vistalytics, or pay returns to prior investors.

3 **C. Appalakutty's Deceptive Acts to Trick Investors**

4 45. Appalakutty used new investor money to make payments to existing investors in
 5 order to deceive them into believing that their investments were legitimate and were successfully
 6 generating returns.

7 46. For example, at the end of May 2023, a Lorven Advisors account had been drawn
 8 down to approximately \$5,000. In early June 2023, an investor wired that account \$700,000. The
 9 next day, Appalakutty transferred \$50,000 from the Lorven Advisors account to his personal bank
 10 account and used nearly all of that money to pay off personal credit card expenses. Appalakutty
 11 contemporaneously transferred another \$50,000 from the Lorven Advisors account to a Vistalytics
 12 account to pay employee payroll and travel expenses. Appalakutty then used \$415,000 of the
 13 investor's \$700,000 wire to Lorven Advisors to pay returns previously promised to eight other
 14 existing investors. A few days later, Appalakutty used approximately \$64,000 of the investor's
 15 funds from the Lorven Advisors account to purchase himself an electric car. That same day,
 16 Appalakutty used the remaining amount from the initial \$700,000 investment to repay other
 17 existing investors.

18 47. In addition, when the repayment dates set forth in promissory notes neared,
 19 Appalakutty sometimes asked investors to "roll-over" their principal and supposed returns into
 20 new investments rather than receive pay-outs, allowing Appalakutty to conserve his cash and keep
 21 his Ponzi-like scheme going.

22 48. Furthermore, Appalakutty provided falsified account statements when investors
 23 asked about the status of their investments. These account statements, which were often sent as
 24 tables in an email, purportedly showed the amount of capital invested for each investment in SPO,
 25 pre-IPO, and "debt" deals; price at which the shares were acquired; number of shares purchased;
 26 sale price; total proceeds; deductions for taxes; and net proceeds. In some versions, the tables also
 27 included references to the purported maturity date of each of the investments. However, these
 28

1 account statements were completely fabricated since Defendants did not purchase any stocks or
 2 make the promised investments.

3 **D. Appalakutty Misused and Misappropriated Investor Funds**

4 49. During his years-long scheme, Appalakutty misappropriated more than \$6.7
 5 million of investor money for his own personal benefit. Appalakutty misappropriated
 6 approximately \$2.3 million of investor money for personal expenditures such as the down payment
 7 for a personal residence, a new car, and personal travel. He also misappropriated around \$4.4
 8 million to pay expenses for his software startup, Vistalytics.

9 50. Appalakutty commingled new investments from investors in the bank accounts he
 10 held in the names of the Lorven Entities and his own personal accounts. For example, in
 11 December 2022, an investor wired \$300,000 to a Lorven Advisors bank account. Appalakutty
 12 transferred \$240,000 of that investment to a personal account and used \$230,000 towards the
 13 purchase of his personal residence. Appalakutty was the sole signer on each of the Lorven
 14 Entities' bank accounts and had sole control over transactions involving those accounts.

15 51. Appalakutty also paid for personal expenses directly from the Lorven Entities'
 16 bank accounts. For example, Appalakutty spent \$88,000 on personal travel and purchased the
 17 \$64,000 car as alleged above.

18 52. With regard to his misappropriation, Appalakutty knew or was reckless in not
 19 knowing that these payments to himself or for his benefit were improper and that he was engaged
 20 in a Ponzi-like scheme where he pooled new investor funds in order to pay prior investors their
 21 promised returns, while also misappropriating funds for his own personal use.

22 53. Appalakutty did not disclose these personal expenditures to investors, who believed
 23 that they were investing in specific investment opportunities such as the purchasing of SPO or pre-
 24 IPO shares or some other income-generating investment opportunity. Appalakutty's failure to
 25 disclose his intention to misappropriate, and practice of misappropriating, investment funds was
 26 material to a reasonable investor, as well as the actual defrauded investors who transferred money
 27 for SPO, pre-IPO shares, and "debt" deals. It would have been important for a reasonable investor
 28 to know that the money they were sending Appalakutty would not in fact be used for the stated

1 purposes, but would instead be used to pay existing investors, pay expenses for Appalakutty's
 2 startup Vistalytics, or pay for certain of Appalakutty's other personal expenses.

3 **E. Relief Defendant Vistalytics Received Ill-Gotten Proceeds from Defendants**

4 54. Appalakutty transferred more than \$4.1 million from the Lorven Entities' accounts
 5 to fund his own startup, Vistalytics, including for payroll and other business expenses.
 6 Appalakutty also paid approximately \$300,000 in Vistalytics expenses directly from the Lorven
 7 Entities' accounts. In total, Vistalytics improperly benefited from approximately \$4.4 million in
 8 proceeds from Defendants' scheme.

9 55. Appalakutty founded Vistalytics to develop a subscription-based software platform
 10 that contained historical information about public company stock prices and purportedly made
 11 predictions about the next-day opening prices of securities. Throughout Appalakutty's scheme,
 12 Vistalytics barely generated \$3,000 in revenue, causing Appalakutty to transfer investor funds
 13 from the Lorven Entities to pay the salaries of Vistalytics employees as well as other business
 14 expenses to keep Vistalytics afloat. Vistalytics had no legitimate claim to the funds of the
 15 defrauded investors, and there is no documented business relationship between Vistalytics and the
 16 Lorven Entities.

17 56. Appalakutty did not disclose his Vistalytics expenditures to the defrauded
 18 investors, who did not know that their money was being used for Vistalytics. Investors believed,
 19 based on Appalakutty's material misrepresentations, that they were investing in specific
 20 investment opportunities such as the purchasing of SPO or pre-IPO shares or some other income-
 21 generating investment opportunity. These facts were material to investors.

22 57. Appalakutty knew or was reckless in not knowing that Vistalytics did not have any
 23 legitimate claims to investors' money that was meant to be invested and generate returns as
 24 promised.

25 **F. Appalakutty's Scheme Collapses**

26 58. By early 2024, Appalakutty began having difficulty making the promised payments
 27 to investors. To explain the lack of payments, Appalakutty falsely told certain investors that his
 28

1 bank accounts were temporarily frozen by the Federal Bureau of Investigation as part of an
 2 investigation.

3 59. By May 2024, Appalakutty, the Lorven Entities, and Vistalytics had virtually no
 4 cash in their bank accounts.

5 **G. Tolling Agreements**

6 60. Appalakutty, Lorven Funds, and Lorven Advisors each, through counsel, signed
 7 tolling agreements with the Commission that suspended the running of the applicable statute of
 8 limitations from May 1, 2024 to November 1, 2024. Defendants each subsequently signed four
 9 additional tolling extension agreements collectively extending the statute of limitations to January
 10 31, 2026. Each of the five tolling agreements specified a period of time in which “the running of
 11 any statute of limitations applicable to any action or proceeding against [Defendants] authorized,
 12 instituted, or brought by or on behalf of the Commission or to which the Commission is a party
 13 arising out of the investigation (‘any proceeding’), including any sanctions or relief that may be
 14 imposed therein, is tolled and suspended.” The tolling agreements further provided that
 15 Defendants and any of their agents or attorneys “shall not include the tolling period in the
 16 calculation of the running of any statute of limitations or for any other time-related defense
 17 applicable to any proceeding, including any sanctions or relief that may be imposed therein, in
 18 asserting or relying upon any such time-related defense.”

19 61. Vistalytics also signed a tolling agreement with the Commission that suspended the
 20 running of the applicable statute of limitations from May 6, 2024 to November 6, 2024.
 21 Vistalytics subsequently executed three additional tolling extension agreements that collectively
 22 extended the statute of limitations to February 1, 2026. Each of the four tolling agreements
 23 specified a period of time in which “the running of any statute of limitations applicable to any
 24 action or proceeding against [Vistalytics] authorized, instituted, or brought by or on behalf of the
 25 Commission or to which the Commission is a party arising out of the investigation (‘any
 26 proceeding’), including any sanctions or relief that may be imposed therein, is tolled and
 27 suspended.” The tolling agreements further provided that Vistalytics and any of its agents or
 28 attorneys “shall not include the tolling period in the calculation of the running of any statute of

1 limitations or for any other time-related defense applicable to any proceeding, including any
 2 sanctions or relief that may be imposed therein, in asserting or relying upon any such time-related
 3 defense.”

4 **FIRST CLAIM FOR RELIEF**

5 **(Appalakutty, Lorven Funds, and Lorven Advisors)**

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

7 62. The Commission re-alleges and incorporates by reference Paragraph Nos. 1
 8 through 61.

9 63. Defendants, by engaging in the conduct described above, directly or indirectly, in
 10 connection with the purchase or sale of securities, by use of the means or instruments of
 11 transportation or communication in interstate commerce or by use of the mails, or of the facilities
 12 of a national securities exchange, with scienter:

- 13 a. Employed devices, schemes, or artifices to defraud;
- 14 b. Made untrue statements of material facts or omitted to state material facts necessary
 15 in order to make the statements made, in the light of the circumstances under which they were
 16 made, not misleading; and
- 17 c. Engaged in acts, practices, or courses of business which operated or would operate
 18 as a fraud or deceit upon other persons, including purchasers of securities.

19 64. By reason of the foregoing, Defendants violated, and unless restrained and enjoined
 20 will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5
 21 thereunder [17 C.F.R. § 240.10b-5].

22 **SECOND CLAIM FOR RELIEF**

23 **(Appalakutty, Lorven Funds, and Lorven Advisors)**

24 *Violations of Section 17(a) of the Securities Act*

25 65. The Commission re-alleges and incorporates by reference Paragraph Nos. 1
 26 through 61.

66. Defendants, by engaging in the conduct described above, directly or indirectly, 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:

- a. with scienter, employed devices, schemes, or artifices to defraud;
- b. obtained money or property by means of untrue statements of material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- c. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers.

67. By reason of the foregoing, Defendants violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM FOR RELIEF

(Vistalytics)

Relief Defendant – Unjust Enrichment

68. The Commission re-alleges and incorporates by reference Paragraph Nos. 1 through 61.

69. As described above, Defendants engaged in a scheme to defraud investors in connection with the offer, purchase, or sale of securities and to use the money raised to unjustly enrich themselves and Relief Defendant Vistalytics.

70. Vistalytics has no legitimate claim to the funds, property, and benefits described above, and has thus been unjustly enriched under circumstances in which it is not just, equitable, or conscionable for it to retain such profits.

71. By reason of the foregoing, it would be inequitable for Vistalytics to retain the proceeds resulting from Defendants' violations of the federal securities laws and such proceeds should be disgorged.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enter an order permanently enjoining Defendants from directly or indirectly violating 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 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

II.

Enter an order permanently enjoining Defendants from directly or indirectly, including, but not limited to, through any entity owned or controlled by them, participating in the issuance, purchase, offer, or sale of any security, provided, however, that such an injunction shall not prevent Appalakutty from purchasing or selling securities for his own personal accounts, pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. §§ 78u(d)(1) and 78u(d)(5)].

III.

Enter an order requiring Defendants to disgorge on a joint and several basis all ill-gotten gains received as a result of their unlawful conduct plus prejudgment interest thereon pursuant to Sections 21(d)(3), 21(d)(5), and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u(d)(5), and 78u(d)(7)].

IV.

Enter an injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure and pursuant to Sections 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(d)(5)], permanently restraining and enjoining Appalakutty from, directly or indirectly, acting as or being associated with any investment adviser.

V.

Enter an order requiring Appalakutty to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

VI.

Enter an order requiring Vistalytics to disgorge the ill-gotten gains or unjust enrichment it obtained or derived from Defendants' unlawful conduct, together with prejudgment interest on all such amounts.

VII.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VIII.

Grant such other and further relief as this Court may determine to be just and necessary.

JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38 and Civil Local Rule 3-6, the Commission demands a trial by jury on all issues so triable.

Dated: January 29, 2026

Respectfully submitted,

/s/ Hannah Cho
Hannah Cho
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION