

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6600 / May 7, 2024**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 35187 / May 7, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21931**

**In the Matter of**

**Nashid I. Ali and  
Gainvest Legal Corp.**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 203(e), 203(f)  
AND 203(k) OF THE INVESTMENT  
ADVISERS ACT OF 1940, AND SECTION  
9(b) OF THE INVESTMENT COMPANY  
ACT OF 1940, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS AND  
CEASE-AND-DESIST ORDERS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, (“Advisers Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Nashid I. Ali (“Ali”) and Gainvest Legal Corp. (“Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

#### **Summary**

These proceedings concern violations of the Advisers Act by Gainvest Legal Corp. ("Gainvest"), formerly an investment adviser registered with the Commission, and Ali, Gainvest's founder, sole owner and chief executive officer. Gainvest and Ali willfully made false and misleading statements in Gainvest's Form ADV filings regarding Gainvest's regulatory assets under management in violation of Advisers Act Section 207. In addition, Gainvest, aided and abetted by Ali: (a) improperly registered Gainvest as an investment adviser in violation of Advisers Act Section 203A and Rule 203A-1 thereunder; (b) had custody of client funds without having those assets subject to an annual surprise examination and commingled client funds in violation of Advisers Act Section 206(4) and Rule 206(4)-2 thereunder; (c) failed to adopt and implement a compliance program as required by Advisers Act Section 206(4) and Rule 206(4)-7 thereunder; and (d) failed to make and keep certain books and records required pursuant to Advisers Act Section 204 and Rule 204-2 thereunder.

#### **Respondents**

1. Ali was the founder, sole owner, and chief executive officer of Gainvest, formerly an investment adviser registered with the Commission. Ali, 38 years old, is a resident of Cranberry Township, Pennsylvania.

2. Gainvest, a Pennsylvania corporation, was registered with the Commission as an investment adviser from March 2019 to November 29, 2022, and has had its principal place of business in Pittsburgh, Pennsylvania. On November 29, 2022, Gainvest filed a Form ADV-W with the Commission and ceased operating as an investment adviser.

#### **Background**

3. Gainvest registered with the Commission and filed its initial Form ADV with the Commission on March 19, 2019, which was signed by Ali. From March 2019 through November 29, 2022, Gainvest filed Form ADV amendments with the Commission, which were also signed by Ali. During this time period, Ali, or a consulting firm acting under his direction, prepared the Form ADV amendments, and Ali authorized the filing of the amendments with the Commission and signed each amendment.

4. From July 2019 through May 2022, Gainvest's Form ADV amendments stated that Gainvest was registering with the Commission because it was either an "internet investment adviser" or a large advisory firm. At the times that Gainvest filed these Form ADV amendments, Ali knew or was reckless in not knowing that Gainvest was not eligible to be registered with the Commission. Gainvest did not qualify as an "internet investment adviser" as the firm did not have an exclusively interactive website and did have human interaction with clients, acting as a liaison

between clients and the various investment vehicles. Gainvest was also not a large advisory firm as defined in Form ADV, as it did not have the minimum regulatory assets under management (“RAUM”) required to be registered with the Commission.

5. From July 2019 through November 29, 2022, Gainvest reported substantial RAUM, ranging from \$426,685 to more than \$107 million, when it in fact did not manage any client assets. Instead, Gainvest facilitated the transfer of client money held in its custody to certain private investment vehicles designated by the client. Ali determined Gainvest’s RAUM based on client assets of which Gainvest had custody but did not manage, contrary to the requirements of Form ADV. A Commission examination revealed that Gainvest had inflated its assets in Form ADV filings and, even after being informed by Examinations staff both during the examination and in the deficiency letter sent in March 2022 that the listed RAUM in its Form ADV filings was inaccurate, Gainvest continued to report false RAUM in its Form ADV amendments.

6. From mid-2019 through November 29, 2022, Gainvest had control of client assets held in various bank accounts in its name. Ali commingled client funds in Gainvest’s bank accounts before he transferred them to an investment fund designated by the client, and in some instances, Ali paid Gainvest’s operating expenses through accounts that contained client funds. Despite having custody of client assets, Gainvest and Ali violated the Advisers Act custody rule’s requirements, including by failing to retain an independent public accountant to conduct a surprise examination of the funds held in Gainvest’s custody until 2021, during the Commission examination, and commingling client assets. During the examination, Commission staff informed Ali about the Advisers Act custody rule’s requirements and its prohibition against commingling client money with the firm’s. However, Gainvest continued to commingle client funds in its various bank accounts, even after the Commission examination.

7. From March 2019 through November 29, 2022, Gainvest failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and rules thereunder by the firm and its supervised persons. Gainvest’s one-page “Zero Tolerance Policy,” which broadly stated that “[a]ll persons and entities shall comply with all governing international, federal, state, and local laws and regulations,” was insufficient to prevent violations of the Advisers Act. After an interview with the Commission’s examination staff in connection with the firm’s examination, Gainvest hired a consulting firm to draft a compliance manual. However, after the consulting firm provided Gainvest with a preliminary draft to review so it could be tailored to Gainvest’s business, Gainvest never edited the draft, and thus the policies and procedures did not address the firm’s operations, failing to include, for example, the risks associated with its business.

8. From March 2019 through November 29, 2022, Gainvest failed to make and keep certain true, accurate, and current books and records related to its advisory business, including a journal showing its cash receipts and disbursements and a general ledger reflecting its assets, liabilities, reserves, capital, income and expense accounts.

9. As a result of the conduct described above, Gainvest willfully violated, and Ali willfully aided and abetted and caused Gainvest’s violations of, Section 203A of the Advisers Act

and Rule 203A-1(a) thereunder, which prohibit an investment adviser from registering with the Commission unless the adviser meets certain eligibility requirements.

10. As a result of the conduct described above, Gainvest willfully violated, and Ali willfully aided and abetted and caused Gainvest's violation of, Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder, which prohibit an investment adviser registered or required to be registered with the Commission from having custody of a client's funds and securities unless, among other things, those client funds and securities are verified by actual examination each year by an independent public accountant at a time chosen by the accountant without prior notice or announcement to the adviser.

11. As a result of the conduct described above, Gainvest willfully violated, and Ali willfully aided and abetted and caused Gainvest's violation of, Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require that investment advisers registered or required to be registered with the Commission, among other things, adopt and implement written policies and procedures reasonably designed to prevent the advisory firm and its supervised persons from violating the Advisers Act and the rules thereunder.

12. As a result of the conduct described above, Gainvest willfully violated, and Ali willfully aided and abetted and caused Gainvest's violation of, Section 204 of the Advisers Act and Rule 204-2 thereunder, which require that investment advisers registered or required to be registered with the Commission make and keep certain true, accurate, and current books and records related to their advisory business.

13. As a result of the conduct described above, Gainvest and Ali willfully violated Advisers Act Section 207 which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

#### IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Sections 203(e), 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents Ali and Gainvest cease and desist from committing or causing any violations and any future violations of Sections 203A, 204, 206(4), and 207 of the Advisers Act and Rules 203A-1(a), 204-2, 206(4)-2, 206(4)-7 thereunder.

B. Respondent Ali be, and hereby is:

barred from association with any investment adviser, broker, dealer,

municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter;

with in each case the right to apply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission;

C. Respondent Gainvest is censured.

D. Any reapplication for association by Respondent Ali will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

E. Respondents shall pay civil penalties of \$15,000, jointly and severally, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$5,000 is due within thirty (30) days of the entry of the Order and the remainder is due within 360 days after the entry of the Order. Payments shall be applied first to post order interest, which accrues pursuant to 31 U.S.C. §3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Respondents' names as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Scott A. Thompson, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103-1844.

F. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against either Respondent or both Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Ali, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Ali under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Ali of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary