

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

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 35810 / November 21, 2025**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4579 / November 21, 2025**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22559**

**In the Matter of**

**MH INVESTMENT  
MANAGEMENT, INC.**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS, PURSUANT TO  
SECTION 9(f) OF THE INVESTMENT  
COMPANY ACT OF 1940, MAKING  
FINDINGS, AND IMPOSING A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 9(f) of the Investment Company Act of 1940 (“Investment Company Act”), against MH Investment Management, Inc. (“MH Investment” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, MH Investment has submitted an Offer of Settlement (the “Offer”) 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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and MH Investment's Offer, the Commission finds<sup>1</sup> that:

#### **Summary**

1. MH Investment caused the fund it advises, MH Elite Portfolio of Funds Trust, Inc. ("MH Elite"), to fail to comply with Section 30(g) of the Investment Company Act, which requires a registered investment company's financial statements contained in annual reports to be certified by an independent public accountant. In December 2023, MH Investment caused MH Elite to hire a New Jersey-licensed solo practitioner accountant (the "Accountant") to audit MH Elite's financial statements for fiscal year 2023, which were filed with the Commission. The Accountant was not in compliance with auditor independence rules established by the Commission and the Public Company Accounting Oversight Board ("PCAOB") because, as MH Investment was aware, the Accountant's wife held investments in MH Elite.

#### **Respondent**

2. **MH Investment Management, Inc.**, a New Jersey corporation, serves as the investment adviser to MH Elite pursuant to an investment advisory contract. MH Investment has been registered with the Commission as an investment adviser since 1998. MH Investment has three employees: a President / Chief Compliance Officer, a Vice President, and a research assistant.

#### **Other Relevant Entity**

3. **MH Elite Portfolio of Funds Trust, Inc.** is a registered investment company ("RIC") that was incorporated in New Jersey in 1998 and became a Delaware statutory trust in 2014. In 2023, there were four funds with total assets under management of approximately \$52 million: MH Elite Small Cap Fund of Funds (MHELX); MH Elite Fund of Funds (MHEFX); MH Elite Select Portfolio of Funds (MHESX); MH Elite Income Fund of Funds (MHEIX).

#### **Facts**

4. Investment Company Act Section 30(a) requires registered investment companies to file annual reports in conformity with Section 13(a) of the Securities Exchange Act of 1934 ("Exchange Act"). Investment Company Act Section 30(g) requires financial statements included in such reports to be certified by an independent public accountant.

5. Rule 2-01(c)(1) of Regulation S-X provides: "An accountant is not independent if, at any point during the audit and professional engagement period, the accountant has a direct financial

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

interest or a material indirect financial interest in the accountant's audit client, such as: (i) Investments in Audit Clients. An accountant is not independent when: (A) The accounting firm, any covered person in the firm, or any of his or her immediate family members, has any direct investment in an audit client....” “Immediate family members” includes a person's spouse. *See* Regulation S-X Rule 2-01(f)(13). PCAOB standards and rules, which govern the conduct of accountants who audit certain registered investment companies, including MH Elite, also require an auditor to be “independent.” *See* AS 1005 Independence; PCAOB Rule 3520 Auditor Independence.<sup>2</sup>

6. At the December 13, 2023 meeting of MH Elite's Board of Trustees, MH Investment selected and the independent trustees voted to approve hiring the Accountant as auditor for MH Elite's 2023 financial statements.

7. Throughout the relevant time—both before and during the Accountant's MH Elite engagement—the Accountant's wife, an immediate family member, had an approximately \$290,000 investment in MH Elite. Because the Accountant's wife's investment in MH Elite funds during his audit engagement created a “direct financial interest . . . in the accountant's audit client,” the Accountant was not in compliance with the Commission's and PCAOB's auditor independence requirements.

8. MH Investment was aware of the Accountant's wife's investment at the time it proposed that MH Elite engage the Accountant to serve as its auditor. Although MH Investment was aware of the investment, MH Investment did not inform MH Elite's Board of Trustees prior to the Board's vote to approve MH Investment's proposal to hire the Accountant. MH Investment negligently and erroneously concluded that the investment did not impact the Accountant's independence because the amount of the Accountant's wife's investment was immaterial to the MH Elite's approximately \$52 million in total assets under management.

9. On March 6, 2024, MH Investment caused MH Elite to file an inaccurate 2023 Annual Report on Form N-CSR, which included the Accountant's signed “Report of Independent Registered Public Accounting Firm” (the “Audit Report”) on page 37. The Accountant's Audit Report incorrectly described the Accountant's firm as “independent with respect to the Funds,” when he was not, due to his wife's investment in MH Elite.

10. On April 30, 2024, MH Investment caused MH Elite to file an inaccurate post-effective amendment #38, and on July 11, post-effective amendment #39, to their Registration Statement, as Form N-1A Prospectuses. Both prospectuses incorporated the 2023 Annual Report by reference, including Michaels' Audit Report that incorrectly represented his independence.

### **Violations**

11. As a result of the conduct described above, MH Investment caused MH Elite to violate Section 30(g) of the Investment Company Act, which requires in pertinent part that financial

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<sup>2</sup> Reference to PCAOB and other standards and rules are to those in effect during the relevant period.

statements contained in annual reports of registered investment companies be “accompanied by a certificate of independent public accountants.” MH Investment knew or should have known that its acts, as described above, would contribute to MH Elite violating Section 30(g) of the Investment Company Act.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 9(f) of the Investment Company Act, MH Investment shall cease and desist from committing or causing any violations and any future violations of Section 30(g) of the Investment Company Act.

B. MH Investment shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$10,000 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). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

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 MH Investment as a Respondent 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 Michael Brennan, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC, 20549.

C. 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, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it 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 Respondent 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.

By the Commission.

Vanessa A. Countryman  
Secretary