

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6974 / June 26, 2026**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22650**

**In the Matter of**

**NORTHEAST FINANCIAL  
GROUP, INC.,**

**Respondent.**

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

**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) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Northeast Financial Group, Inc. (“Northeast” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent 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 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 Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

---

<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.

## **Summary**

1. This matter concerns violations of the Advisers Act by Northeast, a registered investment adviser, in connection with its failure to conduct financial statement audits of private funds that Northeast advised. Northeast had custody of the assets of its pooled investment vehicle clients. However, for its fiscal years ended December 31, 2015 through December 31, 2024, Northeast failed to have the funds and securities of these pooled investment vehicles verified by actual examination, or, in the alternative, have audits performed of those pooled investment vehicles and then timely distribute, to investors in the pooled investment vehicles, audited financial statements prepared in accordance with Generally Accepted Accounting Principles (“GAAP”). These failures resulted in violations of Section 206(4) of the Advisers Act and Rule 206(4)-2, promulgated thereunder, commonly referred to as the “custody rule.”

## **Respondent**

2. Northeast Financial Group, Inc. is a Pennsylvania corporation with its principal place of business in Allentown, Pennsylvania. Northeast has been registered with the Commission as an investment adviser since June 14, 2013. On its Form ADV dated March 29, 2026, Northeast reported approximately \$1.4 billion in regulatory assets under management, including approximately \$22.3 million managed in pooled investment vehicles.

## **Other Relevant Entities**

3. H&L Capital Group, LLC is a private fund formed as a Delaware limited liability company. At all relevant times, a related person of Northeast was the managing member of H&L Capital Group, LLC. Northeast has been the investment adviser to H&L Capital Group, LLC since 2015.

4. H&L Capital Group II, LLC is a private fund formed as a Delaware limited liability company. At all relevant times, a related person of Northeast was the managing member of H&L Capital Group II, LLC. Northeast has been the investment adviser to H&L Capital Group II, LLC since 2015.

5. Capital Partners Lending Fund, LLC is a private fund formed as a Delaware limited liability company. At all relevant times, a related person of Northeast was the managing member of Capital Partners Lending Fund, LLC. Northeast has been the investment adviser to Capital Partners Lending Fund, LLC since 2017.

6. Capital Partners Alternative Income & Growth Fund, LLC is a private fund formed as a Delaware limited liability company. At all relevant times, a related person of Northeast was the managing member of Capital Partners Alternative Income & Growth Fund, LLC. Northeast has been the investment adviser to Capital Partners Alternative Income & Growth Fund, LLC since 2018.

7. H&L Capital Group, LLC, H&L Capital Group II, LLC, Capital Partners Lending Fund, LLC, and Capital Partners Alternative Income & Growth Fund, LLC are collectively referred to as the “Funds.”

### **Northeast Failed to Comply With the Custody Rule**

8. The custody rule requires that registered investment advisers who maintain custody of client funds or securities implement an enumerated set of requirements to prevent the loss, misuse, or misappropriation of those assets and to safeguard client funds or securities from the financial reverses, including insolvency, of an investment adviser.

9. An investment adviser maintains custody of client assets if it or its related person holds, directly or indirectly, client funds or securities or has the authority to obtain possession of those assets. *See* Advisers Act Rule 206(4)-2(d)(2). A “related person” is any person directly or indirectly controlling, controlled by, or under common control with, an investment adviser. *See* Rule 206(4)-2(d)(7). “Control” is defined as “the power, directly or indirectly, to direct the management or policies of a person, whether through ownership of securities, by contract, or otherwise.” *See* Rule 206(4)-2(d)(1). A related person of Northeast has served as the managing member of the Funds at all relevant times, and has had the authority to make decisions for, and act on behalf of, the Funds. Northeast is therefore deemed to have custody of each Fund’s assets as defined in Advisers Act Rule 206(4)-2.

10. A registered investment adviser with custody of client assets must, among other things: (i) ensure that a qualified custodian maintains the client assets; (ii) notify the client in writing of accounts opened by the adviser at a qualified custodian on the client’s behalf; (iii) have a reasonable basis for believing that the qualified custodian sends account statements at least quarterly to clients, except, if the client is a limited partnership or limited liability company for which the adviser or a related person is a general partner or managing member, the account statements must be sent to each limited partner or member; and (iv) ensure that 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. *See* Advisers Act Rule 206(4)-2(a)(1)-(5).

11. The custody rule offers an alternative to complying with the rule’s client notification, account statement delivery, and independent verification requirements for investment advisers to limited partnerships, limited liability companies, or other types of pooled investment vehicles. The custody rule provides that an investment adviser “shall be deemed to have complied with” the independent verification requirement and is not required to satisfy the notification and account statements delivery requirements with respect to a fund if the fund is subject to audit at least annually and “distributes [the fund’s] audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners . . . within 120 days of the end of [the fund’s] fiscal year” (“Audited Financials Alternative”). *See* Advisers Act Rule 206(4)-2(b)(4). The accountant performing the audit must be an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”). *See* Advisers Act Rule 206(4)-2(b)(4)(ii). An investment adviser to a limited

liability company that fails to meet the requirements of the Audited Financials Alternative to timely distribute audited financial statements prepared in accordance with GAAP would need to satisfy all the requirements of Rule 206(4)-2(a)(2)-(5) to avoid violating the custody rule.

12. Northeast neither complied with the Audited Financials Alternative by delivering audited, GAAP-compliant financial statements to the Funds' investors (because Northeast failed to have the required audits of the Funds performed) nor otherwise satisfied the requirements of the custody rule as set forth in Rule 206(4)-2(a)(2)-(5) with respect to each of the Funds for the following fiscal years:

- |  |             |
|--|-------------|
| a. H&L Capital Group, LLC:                                 | 2015 - 2024 |
| b. H&L Capital Group II, LLC:                              | 2015 - 2024 |
| c. Capital Partners Lending Fund, LLC:                     | 2017 - 2024 |
| d. Capital Partners Alternative Income & Growth Fund, LLC: | 2018 - 2024 |

### **Violations**

13. Section 206(4) of the Advisers Act prohibits an investment adviser from engaging in acts, practices or courses of business that are fraudulent, deceptive, or manipulative, as may be defined by the Commission in rules and regulations promulgated under the statute. Proof of scienter is not required to establish a violation of Section 206(4) of the Advisers Act and the rules promulgated thereunder. *See SEC v. Steadman*, 967 F.2d 636, 647 (D.C. Cir. 1992). Among other things, Rule 206(4)-2 requires registered investment advisers with custody of pooled investment vehicle client funds or securities to have independent public accountants conduct surprise examinations of those client funds or securities or, for pooled investment vehicles subject to audit, to timely distribute to the pooled investment vehicle investors annual audited financial statements prepared in accordance with GAAP by an independent public accountant that is registered with, and subject to regular inspection by, the PCAOB.

14. As a result of the conduct described above, Northeast willfully<sup>2</sup> violated Section 206(4) of the Advisers Act and Rule 206(4)-2.

---

<sup>2</sup> “Willfully,” for purposes of imposing relief under Section 203(e) of the Advisers Act, “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term “willfully” for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has “willfully omit[ted]” material information from a required disclosure in violation of Section 207 of the Advisers Act).

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Northeast's Offer.

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

- A. Respondent cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-2, promulgated thereunder.
- B. Respondent is censured.
- C. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$75,000 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 Northeast 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 Brendan P. McGlynn, Assistant Director, Division of Enforcement, Philadelphia Regional Office, Securities and Exchange Commission, 1617 John F. Kennedy Blvd., Suite 520, Philadelphia, PA 19103.

D. 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