

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5261 / June 25, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19218

In the Matter of

AMRIT J. S. CHAHAL,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Amrit J. S. Chahal (“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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Adviser Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

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

1. Chahal is the President, Chief Executive Officer, and sole employee of the investment adviser Kane Capital Investment Group, LLC ("Kane Capital"). Kane Capital is a Virginia limited liability company formed by Chahal in December 2014. Chahal, 31 years old, is a resident of Fairfax, Virginia.

2. On June 21, 2019, a final judgment was entered by consent against Chahal, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, Section 17(a) of the Securities Act of 1933, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Amrit J. S. Chahal, Civil Action Number 1:18-cv-00426-LMB-IDD, in the United States District Court for the Eastern District of Virginia.

3. The Commission's complaint alleged that, from at least February 2015 through February 2018, Chahal fraudulently solicited approximately \$1.4 million from about 50 individuals by falsely claiming to be an experienced and successful trader who could generate above-market returns for clients through a low-risk trading strategy. Chahal initially invested client funds in a variety of investments, and suffered significant trading losses. Instead of disclosing the losses to his clients, however, Chahal lied about their investment returns. Chahal created and sent clients false and fictitious account statements exhibiting inflated returns, which prompted some clients to invest even more money in his fraudulent investment scheme. Additionally, Chahal used money that he should have been investing on behalf of his clients for his own personal benefit, including to pay for his luxury car, rent, travel, dining, and other living expenses. Chahal also used new investment money to make payments to prior clients in the nature of a Ponzi scheme.

4. On November 2, 2018, Chahal pleaded guilty to one count of securities and commodities fraud in violation of Title 18, United States Code, Section 1348, and one count of wire fraud in violation of Title 18, United States Code, Section 1343 before the United States District Court for the Eastern District of Virginia, in United States v. Amrit Jaswant Singh Chahal, Crim. No. 1:18-cr-00152-LMB. On March 15, 2019, a judgment in the criminal case was entered against Chahal. He was sentenced to a prison term of 30 months followed by three years of supervised release and ordered to pay forfeiture in the amount of \$1,232,510.41.

5. The counts of the criminal information to which Chahal pleaded guilty alleged, inter alia, that Chahal knowingly made materially false statements to investors and potential investors about the historical performance of Kane Capital, frequently claiming that Kane Capital had reaped substantial profits or earned substantial investment returns, when, as Chahal knew, Kane Capital had suffered significant trading losses. Chahal also knowingly misappropriated funds entrusted to him by investors in Kane Capital, which funds were intended to be used for investments, to pay for his personal expenses without the knowledge or consent of the investors. He also knowingly used funds from newer investors or recently deposited funds from existing

investors to pay other investors who had requested the withdrawal of their funds, without disclosing this practice to investors.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Chahal be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent 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, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) 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 (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary