

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81461 / August 22, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4755 / August 22, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18130

In the Matter of

Jeffrey Gainer,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND NOTICE OF HEARING**

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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Jeffrey Gainer (“Gainer”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Gainer was associated with PrimeSolutions Securities, Inc. (“PSSI”) from October 2010 until May 2014. PSSI, based in Cleveland, Ohio, was registered with the Commission as a broker-dealer since from 1999 to 2016 and was registered with several states as an investment adviser.

B. RESPONDENT'S CRIMINAL CONVICTIONS

1. On July 15, 2016, Gainer pleaded guilty to one criminal count of sale of unregistered securities [15 U.S.C. §§ 77e(a) and 77e(c)] in a criminal action titled U.S. v. Abdallah, George, and Gainer, 15-cr-231 (N.D. Oh.). The indictment filed against Gainer on June 24, 2015 stated that the unregistered securities sold by Gainer were the private investments in KGTA Petroleum, Ltd. The indictment also stated:

GAINER negotiated with ABDALLAH and Grant to receive an undisclosed \$10,000 monthly bonus for every \$1,500,000 of investor money he brought to KGTA. In addition, GAINER requested and received approximately \$9,000 of his fees in cash each month from Grant. In order to conceal the scheme from regulators, GAINER requested that Grant pay the remainder of his monthly fees to nominees, including his wife, his children, and an entity registered to his wife called NATG, LLC.

2. On May 29, 2014, the Commission filed a Complaint in the United States District Court for the Northern District of Ohio ("Court"), captioned *SEC v. Abdallah et al.* Gainer was among the numerous defendants.

3. The Commission's Complaint alleged that from at least October 2012 through May 2014, Gainer and others solicited investors to invest in the securities of KGTA Petroleum, Ltd. ("KGTA"), purportedly a petroleum company that earned profits by buying and reselling crude oil and refined fuel products. In reality, the KGTA oil business was a sham and a Ponzi scheme. Gainer, in particular, was alleged to have recklessly offered and sold KGTA securities despite glaring red flags that KGTA was a scam. Further, Gainer sold the securities to investors, some of which were sold to his broker-dealer customers. Gainer was also alleged to have fraudulent concealed from investors that he was being paid enormous commissions – approximately \$2 million. Gainer also did not disclose these investments or his KGTA sales activity to PSSI. His KGTA commissions were hidden by routing the funds through an undisclosed entity controlled by Gainer and his wife, Nancy Gainer. Moreover, since KGTA was a Ponzi scheme, these commissions were misappropriated investor funds. Gainer was also alleged to have violated the registration provisions of the Securities Act of 1933. The Complaint named Nancy Gainer as a relief defendant for her receipt of these commissions.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II above are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary