

## SEC Enforcement Case Summary Founder of Never Alone Capital Charged With Fraud

On February 26, 2025, the Securities and Exchange Commission (**SEC**) announced it had filed charges against Alan Burak, founder of Never Alone Capital LLC (**Never Alone**), with a creating and running a scheme whereby he raised approximately \$4 million from outside investors into what he claimed was a fund. The SEC alleged that the defendant primarily targeted Latino investors claiming he was a wealthy hedge fund owner, in some cases stating that there were guaranteed returns associated with the so-called fund, and that the money would be invested in Never Alone. All the while, according to the SEC's complaint, there was no fund formed, and the defendant was using most of the capital raised for his and his wife's own personal expenses.

Additionally, the SEC's complaint alleges the defendant sent false and misleading account statements to both prospective and existing investors designed to make it appear that he was an experienced hedge fund manager who would be and then was making stock, options, and other investments with the money, and that they were generating high returns. Many of the investments made were small dollar amounts of around \$25,000. The SEC noted that while the portion of the capital raised that was not used for the defendant's and his wife's personal expenses was in fact used to make investments, those investments actually generated losses. Further, the SEC alleges that the defendant told existing investors that their funds were custodied at a well-known financial institution but that Never Alone had no relationship with such institution. During the time he was raising money and operating the alleged scheme, the defendant was making misleading statements about his business on publicly available social media, including a podcast, the Never Alone website, and his own LinkedIn profile. In addition, the SEC alleges that the defendant used a financial education platform in Spanish targeted towards the Latino community, which was run by an investor in the defendant's investment scheme, to hold seminars, tutorials, podcasts, and other media, again misrepresenting his credentials and business. Further, the defendant included in presentations to investors performance during periods well prior to the creation of Never Alone. The defendant was the sole authorized person on the bank account which held the funds provided to him by investors.

According to the SEC, the defendant's scheme that started in 2018 began to unravel in the spring of 2023 when investors began to request withdrawals, and the defendant did not make any payments. The SEC alleges that during this time, he continued to lie to investors about plans to return their capital and the returns he generated for them with their capital invested in Never Alone. The SEC claims that at a certain point the defendant ceased responding to investors' inquiries, including for their return of their original capital.

The SEC alleges that the defendant violated various provisions of the federal securities laws including the anti-fraud provisions of the Investment Advisers Act of 1940, the Securities Act of 1933 and the Securities Exchange Act of 1934. The SEC seeks a final judgment permanently enjoining the defendants from violating the federal securities laws and rules, ordering the defendant to disgorge all ill-gotten gains he received as a result of the alleged violations and to pay related pre-judgment interest, to pay civil monetary penalties, permanently bar him from directly or indirectly participating in the issuance, purchase, offer or sale of any security or from being associated with any investment adviser. The SEC has demanded a trial by jury to address their allegations. On the same day that the SEC announced its charges, the Manhattan District Attorney also announced a 26-count indictment against the defendant.

The allegations here are ones that are seen often in such schemes: targeting a particular community and investors that may be less financially sophisticated than a typical hedge fund investor, providing false statements in documents to prospective and existing investors, making misleading claims about experience, guaranteeing returns, and using investor funds for personal use. Collectively and individually, these actions can have significant regulatory and criminal consequences and often can continue on until investors begin to seek a return of capital and are not able to. In such instances, it is not uncommon for investors to submit a tip or complaint to the SEC or other regulatory body seeking assistance with reviewing the individual or firm involved.

While the alleged facts of this action appear extreme, they still point to the importance of having a compliance program that involves appropriate reviews and testing of marketing materials/fundraising materials, expense allocations, controls around access to investor capital, and claims made on social media regardless of the size of the firm.

**See SEC Summary - <https://www.sec.gov/newsroom/press-releases/2025-44>**