FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033566201

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Bahram Mirhashemi
Former Registered Representative
CRD No. 2937037

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Bahram Mirhashemi ("Mirhashemi") first entered the securities industry in June 1997 when he became associated with a FINRA member firm. He subsequently obtained Series 7, 63 and 66 licenses. After registration at several other member firms, Mirhashemi registered with member firm Accelerated Capital Group ("Accelerated" or the "Firm") in September 2012. His registration with Accelerated was terminated in January 2016 for the events described herein. Mirhashemi is not currently registered with a member firm. Although Mirhashemi is no longer associated with a FINRA member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of the FINRA By-Laws.

OVERVIEW

During the period August 31, 2012 through January 28, 2015 (the "Relevant Period"), Mirhashemi churned customer accounts, engaged in excessive and unauthorized trading of customer accounts and made unsuitable recommendations to customers, thereby willfully violating Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC Rule 10b-5 promulgated thereunder, and FINRA Rules 2020, 2111, and

2010. During the Relevant Period, Mirhashemi also filed untimely and misleading Forms U4 and failed to file Forms U4 to disclose his liens, compromises with creditors and an outside business activity. As a result, Mirhashemi willfully violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010. Additionally, in February 2015, Mirhashemi distributed inaccurate, unbalanced and materially misleading communications to customers in violation of FINRA Rules 2210 and 2010.

FACTS AND VIOLATIVE CONDUCT

Facts

Background

During the Relevant Period, Mirhashemi had multiple unpaid debts, including unpaid federal and state income taxes, unpaid property taxes, an unpaid arbitration award to a FINRA member firm and numerous credit card and other debts.

Unauthorized Trades

Mirhashemi was required to obtain, on the same day as the trade, each customer's authorization prior to placing any trade in the customer's account. Nonetheless, during the Relevant Period, Mirhashemi placed over 2,000 trades in the accounts of nine customers for which he rarely obtained the requisite authorization from the customer prior to executing the trade.

Churning, Excessive, and Unsuitable Trading of Customer Accounts

Mutual Fund "A" Shares

Beginning in or about September 2012, Mirhashemi employed a short-term mutual fund trading strategy in the accounts of at least 11 of his customers. The customers were unsophisticated investors and, over many years, Mirhashemi had gained their trust with respect to trading and investing. According to the customers' new account forms, they *always* followed Mirhashemi's investment recommendations. Seven of the customers were seniors, including four in their eighties and one over 90 years old, living on fixed incomes; six of the 11 customers were widowed. All sought investments with, at most, moderate risk and an investment time horizon of at least 4 to 6 years and an investment holding period of at least 1 to 3 years (with most holding periods longer).

Nonetheless, Mirhashemi made over 150 separate purchases of mutual fund "A" shares and sold them for those customers after an average holding period of less than six months. Further, Mirhashemi consistently spread the mutual fund purchases across multiple fund families, and in so doing, failed to obtain breakpoint discounts for the customers. These short-term mutual fund trades were both excessive and unsuitable and cost the 11 customers over $150,000 in overall commissions.

Equity Swing Trading

Due to the above-described mutual fund trading, in early 2014, Accelerated placed Mirhashemi on heightened supervision. As a result, subsequent mutual fund sales by Mirhashemi required prior review and approval by Accelerated's compliance department. When his sales of mutual funds significantly decreased due to the heightened scrutiny, Mirhashemi increasingly employed a "swing trade" strategy in the accounts of his customers. The swing trade strategy was based on "signals" Mirhashemi obtained from a website that used chart analysis to identify securities to purchase and sell within days, when the chart analysis indicated it was time to sell.

From approximately October 2013 through the end of 2014, Mirhashemi placed thousands of swing trades for the same 11 customers by buying securities, then selling the same securities within days, without regard to the interests of the customers. Although some of the individual trades were profitable, the extremely frequent swing trading, combined with the commission costs, made it virtually certain that the customers would lose money over time. Indeed, the customers collectively lost over $770,000 in connection with Mirhashemi's swing trading in their accounts. During a one-year period, the turnover rate – the number of times per year the securities in the accounts were replaced by new securities – averaged over 10 and the cost-to-equity ratio – the percentage the accounts had to appreciate just to break even – averaged over 36 percent. By conducting these short-term equity trades in customers' accounts, Mirhashemi churned the accounts. In addition, such trading was unsuitable and cost the 11 customers over $665,000 in overall commissions.

Failing to File and Filing Untimely, False and Misleading Forms U4

The IRS filed a tax lien against Mirhashemi in April 2011 in the amount of $60,140 for unpaid 2009 taxes. Mirhashemi was required to disclose the IRS lien within 30 days on his Form U4 but he did not disclose the lien until March 2012.

Between June 2013 and January 2015, two homeowner's associations filed five liens against Mirhashemi for delinquent assessments totaling over $6,200. Although the liens were later satisfied, in the six Forms U4 he filed during the time the liens were unsatisfied, Mirhashemi falsely answered "no" when he responded to the Form U4 question that asked if he had any unsatisfied liens against him.

In August 2013, Mirhashemi entered into a compromise with a creditor for an unpaid bill in the amount of $5,175. Mirhashemi never disclosed the compromise on his Form U4, as required. In the six Forms U4 he filed following the compromise, Mirhashemi falsely answered "no" when he responded to the Form U4 question that asked if he had made any compromises with creditors in the last 10 years.

In November 2013, the California Franchise Tax Board filed a tax lien against Mirhashemi in the amount of $59,674 for 2010 and 2011 unpaid taxes. In a Form U4 he filed in May 2014, Mirhashemi falsely answered "no" when he responded to the Form U4

question that asked if he had any unsatisfied liens against him. Mirhashemi untimely reported the lien on his Form U4 in August 2014 but only after FINRA questioned him about the lien.

In December 2013, Mirhashemi established a California corporation. Mirhashemi was both the owner and secretary of the corporation. He filed two Forms U4 in which he failed to disclose the corporation when responding to the Form U4 question that asked if he was currently engaged in any outside business activity.

In March 2014, Mirhashemi entered into a compromise with a creditor for unpaid credit card debt in the amount of $21,932. Mirhashemi never disclosed the compromise on his Form U4. In five Forms U4 he filed following the compromise, Mirhashemi falsely answered "no" when he responded to the Form U4 question that asked if he had made any compromises with creditors in the last 10 years.

Materially Misleading Communications with Customers

In January 2015, Accelerated suspended Mirhashemi from trading securities. Mirhashemi never informed any of his customers that had been suspended from trading and that he was no longer their registered representative. Instead, Mirhashemi sent letters to 37 of what were now his former Accelerated customers urging them to move their brokerage accounts from Accelerated to advisory accounts at an investment advisor affiliate of the Firm where he could serve as their registered investment advisor.

In the letter, Mirhashemi claimed he was changing from a brokerage practice to an advisory practice that would advantage customers through wider investment opportunities and asset-based fees. He failed to inform the customers that Accelerated had suspended him from trading securities and prohibited him from serving as their registered representative, and that the only means for him to continue to earn money through securities-related services was to move their accounts to advisory accounts. Some customers subsequently moved their funds from brokerage accounts at Accelerated to advisory accounts with Mirhashemi at the affiliated investment advisor firm.

Violations

Unauthorized Trades

FINRA Rule 2010 provides that a member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.

Unauthorized trading in a customer's account, that is, transactions executed without the customer's prior knowledge or consent, violates FINRA Rule 2010. As described above, by placing over 2,000 trades in the accounts of nine customers without the requisite authorization, Mirhashemi violated FINRA Rule 2010.

Churning, Excessive, and Unsuitable Trading of Customer Accounts

Section 10(b) of the Exchange Act makes it unlawful for any person to employ "any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe." Rule 10b-5 of the Exchange Act makes it unlawful for any person directly or indirectly, in connection with the sale or purchase of any security, to: (a) "employ any device, scheme, or artifice to defraud," (b) "make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made . . . not misleading," or (c) "engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person."

FINRA Rule 2020 is similar to Rule 10b-5 and provides that a member may not "effect any transaction in, or induce the purchase or sale of, any security by any manipulative, deceptive or other fraudulent device or contrivance."

Churning a customer's account constitutes a violation of Section 10(b) and Rule 10b-5 of the Exchange Act and FINRA Rules 2020 and 2010. Churning occurs when a broker buys and sells securities for a customer's account, without regard to the customer's investment interests, for the purpose of generating commissions.

FINRA Rule 2111 requires that associated persons have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer. The associated person must have a reasonable basis to believe, based on reasonable diligence, (i) that the recommendation is suitable for at least some investors; (ii) that the recommendation is suitable for a particular customer based on that customer's investment profile; and, (iii) that, for accounts over which the associated person has actual or *de facto* control, a series of recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer's investment profile.

As described above, Mirhashemi churned the accounts of the 11 customers by excessive and unsuitable short-term equity trades for the purpose of generating commissions, and, as a result, Mirhashemi willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and FINRA Rules 2020, 2111 and 2010.

In addition, Mirhashemi's short-term mutual fund trades in the accounts of 11 customers as described above were excessive and unsuitable. As a result, Mirhashemi violated FINRA Rules 2111 and 2010.

Failing to File and Filing Untimely, False and Misleading Forms U4

Article V, Section 2(c) of the FINRA By-Laws requires registered persons to keep their Form U4 "current at all times," and amendments to the Form U4 must be filed within 30 days after learning of the facts and circumstances giving rise to the amendment. FINRA Rule 1122 provides that "[n]o member or person associated with a member shall file with

FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof."

By failing to file Forms U4 when required, failing to timely amend his Form U4 and by filing materially false and misleading Forms U4, Mirhashemi willfully violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

Materially Misleading Communications with Customers

FINRA Rule 2210 establishes standards for communication with the public. Among other things, Rule 2210 prohibits the omission of material facts when the omission would cause the communication to be misleading. Rule 2210 also prohibits false or misleading statements in communications with the public. In addition, making misleading communications with customers independently violates FINRA Rule 2010.

As a result of the conduct described above, Mirhashemi violated FINRA Rules 2210 and 2010.

B. I also consent to the imposition of the following sanction:

A bar from associating with any FINRA member firm in any capacity.

The sanction imposed herein shall be effective on a date set by FINRA staff. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (*see* FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I willfully violated Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

I also understand that this settlement includes a finding that I willfully omitted to state material facts and willfully misrepresented material facts on Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, these omissions/misrepresentations make me subject to a statutory disqualification with respect to association with a member.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

A. To have a Complaint issued specifying the allegations against me;

B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and

D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the *ex parte* prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;

2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

2/19/2016
Date (mm/dd/yyyy)

Bahram Mirhashemi, Respondent

Reviewed by:

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Accepted by FINRA:

February 25, 2016
Date

Signed on behalf of the
Director of ODA, by delegated authority

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