

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO.20100218692-01

TO: Office of Fraud Detection and Market Intelligence
Financial Industry Regulatory Authority ("FINRA")

RE: Mahesh Pravin Jhala, Respondent
CRD No. 1120916

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Mahesh Pravin Jhala ("Jhala"), submits 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

Jhala was registered with FINRA member firms from 1983 until February 25, 2010. He is not currently registered with a FINRA member firm. Jhala remains subject to FINRA's jurisdiction under Article V, Section 4, of FINRA's By-Laws. Jhala has no disciplinary history.

FACTS AND VIOLATIVE CONDUCT

1. Jhala was registered as a general securities representative at FINRA member firms from 1983 until February 2010.
2. For approximately 14 years, from about 1995 through 2009, Jhala privately charged a customer who maintained multiple family securities accounts at Jhala's employer firms a total of approximately \$58,690 for his services as a registered representative. This amount was in addition to commissions and other compensation that Jhala received through his firms for services provided to the customer. Jhala provided no additional services to the customer that justified

charging the customer additional fees over the years. Jhala concealed the private charges from his employers.

3. From about 1995 to about 2001, Jhala privately charged the customer a total of approximately \$8,690. In 2002, Jhala increased his private fees to the customer to \$6,250 per year. From 2002 through 2009, Jhala charged the customer a total of \$50,000. Jhala's invoices, for what he described as "comprehensive financial services," instructed the customer to make his checks payable to Jhala, not to the member firms with whom he was registered. Jhala deceived the customer into believing that he was obligated to pay the private fees, in addition to all other ordinary commissions and charges imposed by the member firms.
4. Jhala knew that he provided no additional services to the customer that justified the private fees and, accordingly, that he had no basis to charge the customer the additional fees.
5. The conduct described above constitutes separate and distinct violations of NASD Rule 2110 (for misconduct before December 15, 2008) and FINRA Rule 2010 (for misconduct beginning December 15, 2008).

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

A bar in all capacities from associating with any FINRA member.

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

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar shall become effective upon approval or acceptance of this AWC.

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 General Counsel, 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 response to public inquiries about my disciplinary record;
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 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.

3/27/10
Date

Mahesh P. Jhala
Mahesh Pravin Jhala

Accepted by FINRA:

March 30, 2010
Date

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

Michael J. Dixon
Michael J. Dixon
Counsel
Department of Market Regulation