

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015045182301**

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

RE: Ali Radfar, Respondent
Investment Banking Representative
CRD No. 5145954

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Ali Radfar ("Radfar" or "Respondent"), 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

Radfar entered the securities industry in July 2006 as an associate with a FINRA-regulated member firm, where he worked until January 2008. Thereafter, in August 2012,¹ Radfar became associated with UBS Securities LLC ("UBS" or the "Firm"), a FINRA-regulated member firm, where he worked as an investment banker in New York, New York until his termination in March 2015. Radfar obtained a Series 7 (General Securities Representative) securities license in August 2006,² and Series 63 (State Law Uniform Securities Agent) and Series 79 (Investment Banking Representative) securities licenses in September 2012.

On April 17, 2015, UBS filed a Uniform Termination Notice for Securities Industry Registration, reporting Radfar's March 16, 2015 termination for a "violation of firm policies relating to outside business and outside investment activities."

Although Radfar is not currently registered or associated with any FINRA-regulated member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws through on or about April 14, 2017.

¹ From June through August 2011, Radfar worked as an intern at UBS.

² Radfar's Series 7 securities license expired prior to his joining UBS.

RELEVANT DISCIPLINARY HISTORY

Radfar has no relevant disciplinary history.

OVERVIEW

From August through October 2014, Radfar, together with separately charged co-Respondent EV, while registered with UBS, participated in an undisclosed private securities transaction. Specifically, Radfar and EV pooled personal funds with those of 12 other individuals whose investment they solicited and/or facilitated, and then they invested a collective total of \$300,000 in SMS, an application-based game company. This investment, a private securities transaction, was made through two outside investment vehicles that were also formed by Radfar and EV. Radfar did not provide UBS with written notice of his participation in the SMS private securities transaction or receive UBS' approval for doing so prior to participating in it. As a result of the foregoing, Radfar violated NASD Rule 3040 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 prohibits an associated person from participating in any manner in a private securities transaction unless, prior to participating in the transaction, the associated person provides written notice to the member with which the person is associated describing in detail the proposed transaction and the person's proposed role therein, and stating whether the person has received or may receive selling compensation in connection with the transaction. The term "private securities transaction," defined in NASD Rule 3040(e)(1), means any security transaction outside the regular course or scope of an associated person's employment with a member. FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade. A violation of NASD Rule 3040 is also a violation of FINRA Rule 2010.

From August through October 2014, while registered with UBS, Radfar participated in a private securities transaction by pooling \$30,000 of his personal funds, \$40,000 of EV's personal funds, and a collective \$230,000 from 12 other individuals whose investment he solicited or facilitated. Radfar and EV formed and were the managers of two limited liability companies – CVI Partners, LLC and CVI Partners II, LLC (the "collection vehicles") – through which they pooled the \$300,000 to invest in SMS. The investment in SMS, which is still outstanding, is held in the form of two convertible promissory notes issued to the collection vehicles. This investment in SMS was a private securities transaction.

Radfar directly promoted the SMS investment to at least four of the investors, and he also provided some of the investors with wiring instructions to move funds to the collection vehicles. As a manager of the collection vehicles, Radfar knew that the funds would be, and were, transferred from the collection vehicles to SMS.

Radfar failed to provide to UBS prior written notice of his participation in the SMS private securities transaction. As a result of the foregoing, Radfar violated NASD Rule 3040 and FINRA Rule 2010.

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

1. A three-month suspension from association with any FINRA member in any capacity; and
2. A fine of \$5,000.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

The fine shall be due and payable either immediately upon reassociation with a member firm following the three-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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).

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.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

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.

04/07/2016
Date (mm/dd/yyyy)

Ali Radfar
Ali Radfar, Respondent

Reviewed by:

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Accepted by FINRA:

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

5/18/16
Date (mm/dd/yyyy)

Susan Light
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