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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

DEZH Handyman;
Soroosh Shafaeian,

Respondents.

Order No. S-21-3236-23-SC01

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO CEASE AND
DESIST, TO IMPOSE A FINE, AND TO CHARGE
COSTS

THE STATE OF WASHINGTON TO:

DEZH Handyman
Soroosh Shafaeian

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents DEZH Handyman and Soroosh Shafaeian violated the Securities Act of Washington. The Securities Administrator believes these violations justify the entry of an order against Respondents DEZH Handyman and Soroosh Shafaeian to cease and desist from such violations, to impose a fine, and to charge costs pursuant to RCW 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. DEZH Handyman (“DEZH”) was a Washington sole proprietorship with its principal place of business in Everett, Washington. DEZH was formed on October 1, 2019, and closed on June 30, 2021. DEZH was purportedly in the business of “flipping” houses.¹

2. Soroosh Shafaeian (“Shafaeian”), a Washington resident, was the sole proprietor of DEZH.

¹ “Flipping” houses is a real estate investment strategy that involves buying homes, renovating them, and then selling them for a profit.

1 **Related Entity**

2 3. Apennine Event LLC (“Apennine”) was a Washington limited liability company with its
3 principal place of business in Bothell, Washington. Apennine, which formerly operated under the business
4 name Apennine Consulting LLC, was formed on November 28, 2018, and dissolved on December 23, 2021.
5 Apennine was in the event planning business.

6 **Nature of the Conduct**

7 *Overview*

8 4. From approximately 2018 to 2020, Shafaeian offered and sold unregistered and nonexempt
9 securities as part of an advance fee loan scheme. Shafaeian secured or attempted to secure up-front
10 payments from investors by telling them that these payments were necessary to help him obtain a loan for
11 DEZH. Shafaeian informed investors that after he obtained the loan, he would pay them back and provide
12 them with an additional benefit. In some cases, he promised to pay investors back with interest. In others,
13 he promised to let them share in the profits of his business. Two Washington residents and one California
14 resident invested at least \$154,000 with Shafaeian and DEZH; three Washington residents were offered the
15 chance to invest and declined. All investors and offerees had a relationship with Shafaeian prior to being
16 enticed to invest. They knew him through the Baha’i religious community. At least two of the investors
17 were not accredited investors.

18 *Investors A and B*

19 5. Between 2019 and 2020, Shafaeian informed two investors, Investors A and B, that he was
20 raising money for collateral to secure a \$1 million construction loan for DEZH. He explained to them that
21 DEZH was in the business of “flipping” homes.
22
23

1 6. Investor A is a California resident who knew Shafaeian for at least 9 years prior to investing.
2 Investor B is a Washington resident and Shafaeian’s former roommate. Both investors were, like Shafaeian,
3 members of the Baha’i religious community. Investor B was not an accredited investor.

4 7. Shafaeian told Investors A and B that if their investments helped DEZH secure the loan, they
5 would have the opportunity to be a partner with him at DEZH. As his partner, they would share in the profits
6 of the company. Shafaeian represented that the investment would be free of risk, telling both investors that
7 if he failed to secure the loan, their money would be returned.

8 8. Shafaeian informed Investors A and B that he would be personally involved in renovating the
9 homes, and represented to Investor A that he had significant experience doing so. He told Investor A he had
10 already flipped at least 5 houses.

11 9. In or around July 2019, Investor A invested with DEZH by transferring \$62,500 to Shafaeian’s
12 personal bank account. In or around August 2019, he invested more money with DEZH by allowing
13 Shafaeian to charge \$28,500 to three of his credit cards.

14 10. In or around May 2020, Investor B invested \$32,000 with DEZH. He transferred the funds to
15 Shafaeian’s personal bank account.

16 11. Shafaeian did not secure the construction loan. When Investor A asked Shafaeian to return his
17 investment, Shafaeian told him that he was unable to do so because the IRS had frozen his bank account.
18 Investor B had a similar experience. Shafaeian told him that he could not return his investment because he
19 had accidentally transferred the money to a business partner and could no longer access the funds.

20 12. Shafaeian used approximately \$6,000 of Investor A’s investment and \$5,800 of Investor B’s
21 investment to pay down his personal credit cards. He transferred approximately \$51,500 of Investor A’s
22 investment to Apennine and approximately \$1,300 of his investment to a representative of Apennine. He
23

1 also transferred approximately \$25,500 of Investor B's investment to Apennine. Neither Apennine nor the
2 representative used the funds in a way that that was connected to the purposes of DEZH's business.

3 13. In or around 2023, Shafaeian refunded Investor A's entire investment. There is no indication
4 that Investor B received a return on his investment or had his investment refunded.

5 *Investor C*

6 14. In or around 2019, Shafaeian told Investor C that he was raising money to secure a \$1 million
7 construction loan. Shafaeian told Investor C that if she provided him with the money to obtain the
8 construction loan, he would pay her back in full, provide her with rent-free housing, and offer her a job.

9 15. Shafaeian represented to Investor C that the investment would be free of risk. He told her that
10 if he could not secure the construction loan, he would return her money and pay her an additional \$10,000.

11 16. Investor C is a Washington resident and a member of the Baha'i religious community. She
12 had known Shafaeian for at approximately 5 years prior to investing. She was not an accredited investor.

13 17. To help Shafaeian secure the construction loan, Investor C opened 4 credit cards. She gave
14 Shafaeian complete control over the accounts. Shafaeian charged at least \$31,000 to the cards.

15 18. Shafaeian used approximately \$29,000 of Investor C's investment to pay Apennine. The
16 money that was sent to Apennine was not used in a way that was connected to the purposes of DEZH's
17 business.

18 19. Shafaeian did not provide Investor C with any indication of whether he secured the
19 construction loan.

20 20. Investor C received no return on her investment and her investment was not refunded.
21 Shafaeian also did not pay her \$10,000. Investor C's credit card accounts have been sent to debt collection
22 agencies because she does not have the funds to pay off the charges that Shafaeian made to the cards or the
23 interest that has accumulated on that debt.

1 *Offerees*

2 21. Between 2018 and 2020, Shafaeian approached 3 Washington residents about an investment
3 opportunity with DEZH. Shafaeian told two offerees that he was raising money to secure a \$1,000,000
4 construction loan. He told the third offeree that he was raising money to secure a \$750,000 construction
5 loan. Each of the offerees was a member of the Baha'i religious community and knew Shafaeian prior to
6 him offering them the chance to invest.

7 22. Shafaeian informed the offerees that if their investment helped him secure the construction
8 loan, he would provide them with an additional benefit. In one instance, he offered a potential investor the
9 chance to partner with him and share in the profits of company. In another, he offered to pay an offeree
10 back with interest. To a third offeree, Shafaeian provided options: the offeree could choose to either be paid
11 back with interest or earn a percentage of the company's profits.

12 23. To at least one offeree, Shafaeian represented that the investment opportunity was free of risk.
13 He informed him that if he failed to secure the construction loan, he would return his investment in full.

14 24. None of these individuals chose to invest with Shafaeian and DEZH.

15 *Misrepresentations or Omissions of Material Fact*

16 25. Shafaeian and DEZH failed to provide investors with financial information about the health
17 or solvency of the company.

18 26. Shafaeian and DEZH failed to disclose to investors the general and specific risks of
19 investment.

20 27. Shafaeian and DEZH failed to disclose to investors that neither Shafaeian nor DEZH was a
21 registered contractor in the state of Washington.

22 28. Shafaeian and DEZH failed to disclose to investors that Shafaeian would be using investor
23 funds to pay down personal credit card debt.

1 29. Shafaeian and DEZH failed to disclose to investors that Shafaeian would be transferring
2 investor funds to Apennine.

3 **Registration Status**

4 30. DEZH is not currently registered to sell its securities in the state of Washington and has not
5 previously been so registered, nor has it filed a claim of exemption from registration.

6 31. Shafaeian is not currently registered as a securities salesperson or broker-dealer in the state of
7 Washington and has not been so previously registered.

8
9 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

10 **CONCLUSIONS OF LAW**

11 1. The offer and/or sale of the advance fee loan scheme described above constitutes the offer
12 and/or sale of a security as defined in RCW 21.20.005(14) and (17).

13 2. DEZH Handyman and Soroosh Shafaeian violated RCW 21.20.140, the securities registration
14 section of the Securities Act of Washington, by offering and/or selling securities for which no registration
15 is on file with the Securities Administrator.

16 3. Soroosh Shafaeian violated RCW 21.20.040, the licensee registration section of the Securities
17 Act of Washington, by offering and/or selling said securities while not being registered as a securities
18 salesperson or broker-dealer in the state of Washington.

19 4. DEZH Handyman and Soroosh Shafaeian violated RCW 21.20.010, the anti-fraud section of
20 the Securities Act of Washington, by making untrue statements of material fact or omitting to state material
21 facts necessary to make the statements made, in light of the circumstances in which they were made, not
22 misleading.

23 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

1 Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of
2 Law, the Securities Administrator intends to order DEZH Handyman and Soroosh Shafaeian and their
3 agents and employees, to each permanently cease and desist from violating RCW 21.20.140, RCW
4 21.20.040, and RCW 21.20.010.

5 **NOTICE OF INTENT TO IMPOSE FINES**

6 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,
7 the Securities Administrator intends to order that:

- 8 a. DEZH Handyman shall be liable for and shall pay a fine of \$30,000; and
- 9 b. Soroosh Shafaeian shall be liable for and shall pay a fine of \$20,000.

10 **NOTICE OF INTENT TO CHARGE COSTS**

11 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
12 the Securities Administrator intends to order that DEZH Handyman and Soroosh Shafaeian shall be jointly
13 and severally liable for and shall pay the costs, fees, and other expenses incurred in the administrative
14 investigation and hearing of this matter, in an amount not less than \$5,000.

15 **AUTHORITY AND PROCEDURE**

16 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
17 to the provisions of Chapter 34.05 RCW. DEZH Handyman and Soroosh Shafaeian may each make a
18 written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order.
19 If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends
20 to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent
21 order to cease and desist as to that respondent, to impose any fines sought against that respondent, and to
22 charge any costs sought against that respondent.

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SIGNED and ENTERED this 4th day of August, 2023.



/s/

William M. Beatty
Securities Administrator

Approved by:

Presented by:

/s/

/s/

Brian Guerard
Chief of Enforcement

Brett Werenski
Financial Legal Examiner

Reviewed by:

/s/

Holly Mack-Kretzler
Financial Legal Examiner Supervisor