UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9101 / December 28, 2009

SECURITIES EXCHANGE ACT OF 1934
Release No. 61246 / December 28, 2009

INVESTMENT ADVISERS ACT OF 1940
Release No. 2966 / December 28, 2009

INVESTMENT COMPANY ACT OF 1940
Release No. 29098 / December 28, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13730

In the Matter of

BAHRAM A. JAFARI and

MOUNTAIN RESOURCES, INC.,

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, and SECTIONS 9(b) and 9(f) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND CEASE-AND-DESIST ORDERS

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), Sections 9(f) of the Investment Company Act of 1940 ("Investment Company Act") against Mountain Resources, Inc. ("MRI"), and Section 8A of the Securities Act, Section 21C of the Exchange Act, Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"), and Sections 9(b) and 9(f) of the Investment Company Act against Bahram A. Jafari ("Jafari") (collectively, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Section 203(f) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds that:

Summary

1. These proceedings arise from Jafari's and MRI's materially false and misleading statements to investors who purchased shares in MRI, an investment company run by Jafari. Jafari and MRI made the same false statements to investors for whom Jafari traded options in individual trading accounts maintained in the investors' names. Jafari represented to his victims that he was a capable and competent options trader who could generate profits for them. At the same time, he failed to disclose his dismal track record trading options. Jafari and MRI made other material misrepresentations to investors as well. Through his options trading, Jafari ultimately lost 100% of the funds that the investors entrusted to him.

Respondents

2. **Bahram A. Jafari,** age 69, is a resident of Denver, Colorado. Jafari incorporated MRI in 2001. He was a director and president of MRI and was in charge of its day to day activities including options trading. Jafari also was responsible for the options trading for the individual trading accounts. Jafari received compensation for securities trading for MRI in the form of MRI shares, and he was therefore an investment adviser under Section 202(a)(11) of the Investment Advisers Act. He was never registered in any capacity with any state or with the Commission.

3. **Mountain Resources, Inc.** is a Colorado corporation with no assets. MRI's business was investing in securities. MRI made an offering of securities that did not qualify for an exemption from registration and therefore it was an investment company under Section 3(c)(1) of the Investment Company Act. MRI never registered in any capacity with any state or with the Commission.

Facts and Violations

4. In or about 1985, Jafari began developing a proprietary trading program involving a combination of long and short stock positions and various call and put spread combinations. From 1999 through 2002 Jafari traded options for himself and family members. Then, in 2003 Jafari began soliciting other family members and friends to invest. He initially attracted new "friends and family" shareholders through one-on-one or small-group conversations. By June 2005, at least 36 individuals had invested a total of at least $1,948,956.

5. Jafari's investors fell into two groups. The first group consisted of twelve investors who gave him a total of approximately $760,000 in cash to invest. He pooled the cash to trade options in trading accounts opened in MRI's name. The second group consisted of investors who held individual trading accounts in their names. They gave Jafari/MRI discretionary trading authority over their accounts, and Jafari/MRI traded options in their accounts. These investors were known as "participative investors."

6. Jafari first prepared an offering document in early 2000, which he revised from time to time. The offering document provided that the business of MRI was to invest in securities. According to the offering document, investors could invest by either of two means: (1) purchase shares of MRI, with the price of the shares based on the total value of MRI's securities holdings divided by the number of outstanding shares or (2) become participative investors as noted above; participative investors were subject to a profit sharing arrangement between MRI and the investor.

7. Jafari did not file a registration statement with the Commission to register the offer and sale of MRI shares.

8. Jafari received no cash compensation for his trading of securities for MRI. He took 4,000 shares per month of MRI stock as his compensation for his securities trading for MRI. This stock became worthless because Jafari lost 100% of MRI's securities holdings through his trading. Neither he nor MRI shared profits with any participative investor.

9. In soliciting investors, Jafari represented that he was a competent and capable options trader who would generate profits for them. For example, at least two versions of Jafari's offering document included a table showing that the price per share for MRI stock had increased from $1.00 per share in July 1999 to $2.25 per share in July 2003 without any price decline between those dates. From time to time, Jafari also sent investors statements for their accounts showing substantial increases in MRI's share price. Jafari's representations about his options trading ability coupled with his representations about MRI's increasing share price fraudulently induced investors to invest initially and to increase the amount of their investments thereafter.

10. When making these statements, Jafari failed to disclose that his trading in the 1999 through 2002 timeframe produced an average loss of 52% in the ten brokerage accounts through which he made his trades. Thereafter, Jafari continued to lose his investors' funds through his trading. From time to time investors learned of losses in the accounts through which Jafari traded. Jafari

assured these investors that their losses were "paper losses" only. Jafari ultimately lost 100% of investors' funds through his trading.

11. The account statements that Jafari and MRI sent to investors made baseless and fictitious representations about the number of shares held by the investors and the share price. Among other things, Jafari and MRI created no records to track the value of MRI's holdings at any point in time. Thus, Jafari and MRI could not accurately determine the number of shares an investor initially bought and the price of each share. Jafari and MRI could not calculate an accurate new share price as the value of MRI's holdings fluctuated.

12. As the result of Jafari's conduct described above with respect to MRI's shareholders, he willfully violated and MRI violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. As the result of Jafari's conduct described above with respect to the participative investors, he willfully violated and MRI violated Section 10(b) of the Exchange Act and Rule 10b-5.

14. As the result of Jafari's and MRI's failure to file a registration statement for the offer and sale of securities by MRI, he willfully violated and MRI violated Sections 5(a) and (c) of the Securities Act.

15. As the result of MRI's failure to register with the Commission as an investment company, MRI, willfully aided and abetted and caused by Jafari, violated Section 7(a) of the Investment Company Act.

16. Jafari submitted a Sworn Statement of Financial Condition dated June 8, 2009, and other evidence, and Jafari has asserted his inability to pay a civil penalty.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Sections 9(b) and 9(f) of the Investment Company Act, it is hereby ORDERED that**:**

A. Respondent Jafari cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and from causing any violations and any future violations of Section 7(a) of the Investment Company Act;

B. Respondent Jafari be, and hereby is, barred from association with any investment adviser, and is prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered

investment company or affiliated person of such investment adviser, depositor, or principal underwriter;

C. Any reapplication for association by Respondent Jafari will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order;

D. Respondent MRI cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 7(a) of the Investment Company Act;

E. Based upon Jafari's sworn representations in his Statement of Financial Condition dated June 8, 2009, and other documents submitted to the Commission, the Commission is not imposing a penalty against Jafari; and

F. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to reopen this matter to consider whether Respondent Jafari provided accurate and complete financial information at the time such representations were made, and (2) seek an order against Jafari directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent Jafari was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent Jafari may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Elizabeth M. Murphy
Secretary