

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

IN THE MATTER OF: CYNTHIA M. COUYOUMJIAN )  
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 )

FILE NO. 0600473

**ORDER OF DENIAL**

TO THE RESPONDENT: Cynthia M. Couyoumjian (CRD#: 1456630)  
2368 Lassen Way  
Tustin, California 92782

C/o First Allied Securities Corporation  
525 B Street 17th Floor  
San Diego, California 92101

WHEREAS, a Summary Order of Denial was issued by the Secretary of State on October 19, 2006, which denied Cynthia M. Couyoumjian's (the "Respondent") application for registration as a salesperson in the State of Illinois until further order from the Secretary of State.

WHEREAS, pursuant to Section 11F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Summary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Summary Order final.

WHEREAS, the Respondent has failed to request a hearing on the matters contained in the Summary Order within thirty (30) calendar days of the entry of said Summary Order and the Respondent is hereby deemed to have admitted the facts alleged in the said Summary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Summary Order as the Secretary of State's Findings of Fact as follows:

1. On August 30, 2006, First Allied Securities Corporation, a registered dealer, filed a Form U-4 application for registration of the Respondent as a salesperson in the State of Illinois.

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2. That on January 4, 2006 NASD entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. E0220030761 which sanctioned the Respondent as follows:
  - a. suspension from associating with any NASD member firm, in any and all capacities, for a period of thirty-one (31) calendar days; and
  - b. fined \$20,000.
3. That the AWC found:
  - a. From about July 2003 through September 2003, the Respondent disseminated to the public, advertising and sales literature in three different forms: seminar flyers; an advertisement in the Boeing Employee Times; and a seminar workbook. The Respondent's seminar flyers and the advertisement, promoted seminars to teach attendees to differentiate between fixed, variable and indexed annuities,' a topic covered at length in her seminar workbook.
  - b. During July and August 2003, the Respondent disseminated approximately 18,000 flyers, entitled "Retirement Investment Strategies,' to existing clients and residents of Laguna Hills, California to promote two seminars.
  - c. On or about July 15, 2003, the Respondent placed an advertisement entitled 'Financial Planning Seminar' in the Boeing Employee Times to promote two seminars. The advertisement appeared twice around August 4, 2003. Approximately eighteen persons attended the event scheduled for September 27, 2003.
  - d. On or about July 30, 2003, the Respondent distributed a workbook, entitled 'Retirement investment Strategies," to approximately 59 seminar participants.
  - e. The Respondent disseminated the advertising and sales literature described above, without prior approval by a registered principal of an NASD member firm, in violation of NASD Conduct Rule 2210(b)(1).
  - f. Further, the Respondent failed to file the advertising and sales literature with NASD's Advertising Regulation Department, within 10 business days of first use or publication, in violation of NASD Conduct Rule 2210(c)(1).

- g. Moreover, the Respondent's advertising and sales literature presented oversimplified claims which omitted material information, or failed to provide a sound basis for evaluating the facts, in violation of NASD Conduct Rule 2210(d)(1)(A). These communications also contained exaggerated, unwarranted or misleading statements or claims in violation of NASD Conduct Rule 2210(1)(8).
- h. Specific examples of statements and claims contained in the seminar flyers and the advertisement that violated NASD Conduct Rule 2210(d)(1)(A) include:
  - (i) The claim, "convert your IRA from taxable to tax-free," failed to disclose that conversions from traditional IRAs to Roth IRAs would initially result in substantial taxes to IRA holders.
  - (ii) The claim, "Invest in the stock market with no possibility of loss," is misleading since certain equity indexed annuity products allow for participation in a percentage of market gains, but do not allow investors to "invest in the stock market."
  - (iii) The claim, "Lock in stock market gains and never pay capital gains or taxes again," is misleading since some products may provide either a cap, beyond which investors may not participate in the stock market, or in some circumstances, investors may receive a percentage of appreciation, without participating at all in the stock market.
- i. Specific examples of statements and claims contained in the seminar flyers and the advertisement that violated NASD Conduct Rule 2210(d)(1)(8) include:
  - (i) The claim, "eliminate income taxes on interest income forever," is exaggerated.
  - (ii) The claim, "Lower or eliminate investment fees," is misleading since it mischaracterizes a specific annuity product as not having fees, when in fact, the product has a 10% declining surrender charge.
  - (iii) The claim, "earn 6% safely with 6 different methods," is misleading. Further, it bases expected future performance on the past performance of a variety of Investment products.

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- j. Specific examples of statements and claims contained in the seminar workbook that violated NASD Conduct Rule 2210(d)(1)(A) include:
  - (i) The failure to disclose potential fees and costs associated with specific types of investments in a comparison chart.
  - (ii) The failure to disclose that guarantees associated with various insurance products, including annuities, are subject to the ability of the issuer to pay the claims.
  - (iii) The failure to include how various asset classes might fluctuate over time, In a chart that compares the average risk and return of several types of stocks and fixed income instruments, during a specified period of years.
  
- k. Specific examples of statements and claims contained in the seminar workbook that violated NASD Conduct Rule 2210(d)(1)(B) include:
  - (i) Misleading statements that variable annuities and mutual funds are the same type of investment product.
  - (ii) Misleading statements regarding the features of various investments and investment-related products.
  - (iii) Misleading statements that touted life insurance as an “investment” and “ a guaranteed lifetime of income.”
  
- l. The seminar workbook contained unclear comparisons of investment products and did not provide a fair and balanced presentation to include any material differences between the subjects of comparison in violation of NASD Conduct Rule 2210(d)(2)(M). Specifically, the seminar workbook failed to disclose in comparison charts of various types of investments, relevant differences in guarantees, fluctuation of principal and/or return, insurance, tax features, and any other Investment characteristics in order to make the comparison between Investments complete and balanced.

The foregoing ads, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110, 2210(b)(1), 2210(c)(1), 2210(d)(1)(A), 2210(d)(1)(8), 2210(d)(2)(M) by the Respondent.

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4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be denied if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That the NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
6. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to denial pursuant to Section 8.E(1)(j) of the Act.

NOW IT IS HEREBY ORDERED THAT: Cynthia M. Couyoumjian 's application for registration as a salesperson in the State of Illinois is DENIED.

ENTERED: This 30<sup>th</sup> day of November 2006.



JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3 -101 et seq. ] and the Rules and Regulations of the Act( 14 Ill. Admin. Code, Ch. 1., Sec. 130.1123). Any action for judicial review must be commenced within thirty-five days from the date a copy of this Order is served upon the party seeking review.