

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: CYNTHIA M. COUYOUMJIAN)
_____)

FILE NO. 0600473

SUMMARY 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, on August 30, 2006, First Allied Securities Corporation, a registered dealer, filed a Form U-4 application for registration of Cynthia M. Couyoumjian (the "Respondent") as a salesperson in the State of Illinois;

WHEREAS, pursuant to the authority granted under Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the Secretary of State has determined that the Respondent's application for registration as a salesperson in the State of Illinois is subject to a Summary Order of Denial;

WHEREAS, the Secretary of State finds that the grounds for such Summary Order of Denial are as follows:

1. 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.
2. That the AWC found:

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- 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.

- j. Specific examples of statements and claims contained in the seminar workbook that violated NASD Conduct Rule 2210(d)(1)(A) include:

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- (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.

3. 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.
4. That the NASDR is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
5. 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:

The Respondent's application for registration as a salesperson in the State of Illinois is DENIED, subject to the further Order of the Secretary of State.

A public hearing will be set within thirty (30) days of the Respondent's filing a written request for hearing with the Secretary of State at 69 west Washington Street, Suite 1220, Chicago, Illinois 60602. Said hearing will be held at the aforesaid address before a Hearing Officer duly designated by the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Order.

YOUR FAILURE TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER RECEIPT OF THIS ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE A SUFFICIENT BASIS TO MAKE THIS ORDER FINAL.


You are further notified that if you request a hearing that you may be represented by legal counsel, may present evidence; may cross-examine witnesses and otherwise participate. Failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

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Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent,

ENTERED: This 17th day of October 2006.


JESSE WHITE
Secretary of State
State of Illinois

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