

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006006316001**

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REGISTRATION & DISCLOSURE

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

RE: Timothy L. Allen, Respondent
General Securities Principal
CRD No. 2348806

Pursuant to NASD Rule 9216 of the Code of Procedure, I, Timothy L. Allen, 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

Allen initially became registered with NASD (n/k/a FINRA) as a Series 6 Limited Representative – Investment Company and Variable Contracts Products in April 1993. He acquired a Series 7 license in November 1995, a Series 63 license in January 1996, and a Series 24 license in May 1999. Since his initial registration, Allen has been associated with several FINRA member firms. Most recently, Allen was associated with Allen Konrad Asset Management, Corp. (n/k/a Alterna Capital Corp.) from January 8, 2004 through April 2, 2007. On April 2, 2007, Allen Konrad Asset Management, Corp. filed a Form U5 on behalf of Allen terminating his association with the firm as of that date. Allen is not currently associated with any FINRA member firm.

RELEVANT PRIOR DISCIPLINARY HISTORY

Allen does not have a disciplinary history.

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OVERVIEW

Allen violated IM-2310-2(b)(4)(A)(iv) and NASD Conduct Rules 2330(a) and 2110 by obtaining and using customer funds from a private placement offering for personal and business expenses without authorization to do so.

FACTS AND VIOLATIVE CONDUCT

In 2005 and 2006, while associated with a FINRA member firm, Allen obtained and used customer funds from a private placement offering for personal and business expenses without authorization to do so. In July 2005, Allen used customer funds from a private placement offering to purchase a \$500,000 certificate of deposit. Allen then pledged the \$500,000 certificate of deposit as collateral for a loan/line of credit in the same amount. Allen then drew down nearly the full amount of the loan/line of credit and used the funds for personal and business expenses. In addition, in June and July 2006, Allen used \$204,315 of additional customer funds from a private placement offering for personal and business expenses. Allen did not have authorization to use these customer funds for personal and business expenses, and he did not repay the funds until late 2006 and early 2007. Based on the foregoing, Allen violated IM-2310-2(b)(4)(A)(iv) and NASD Conduct Rules 2330(a) and 2110.

OTHER FACTORS

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

A bar from association with any FINRA member in any capacity.

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 Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. 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 NASD Rule 8310 and IM-8310-1.)

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to NASD IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under the Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal 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 General Counsel, 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 NASD Rule 9143 or the separation of functions prohibitions of NASD 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 NASD 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 response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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.


Timothy L. Allen

30 July 2008
Date

Reviewed by:


James D. Sallah, Esq.
Sallah & Cox, LLC
2101 NW Corporate Boulevard, Suite 218
Boca Raton, FL 33431
Phone: (561) 989-9080
Fax: (561) 998-9020
ids@sallahcox.com

8/1/08
Date

Counsel for Timothy L. Allen

Accepted by FINRA:

9/2/08
Date

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

Michael A. Gross
Michael A. Gross, Esq.
Principal Regional Counsel
FINRA Department of Enforcement
2500 N. Military Trail, Suite 302
Boca Raton, FL 33431-6324
Phone: (561) 443-8125
Fax: (561) 443-7998
michael.gross@finra.org