

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007010893901

RECEIVED

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REGISTRATION & DISCLOSURE

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

RE: Curtis M. Allen, Respondent
Limited Registered Representative
(CRD No. 1232874)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Curtis M. 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

Curtis M. Allen ("Allen") entered the securities industry on February 17, 1988, as an Investment Company and Variable Contracts Products Representative of Northwestern Mutual Investment Services, LLC ("Member" or "NMIS"), a member of FINRA. He was registered in such capacity with the Member until October 8, 2007. From June 1980 to October 8, 2007, Allen was also employed as an insurance agent with The Northwestern Mutual Life Insurance Company ("Northwestern Mutual"), the parent of the Member. Allen is not currently registered with another member of FINRA, and has no disciplinary history with FINRA.

OVERVIEW

Allen received loans from two members of the public, who were customers of the Member, when the Member prohibited him from borrowing money from such

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customers, in violation of NASD Conduct Rules 2110 and 2370. On annual compliance forms, Allen was asked whether he ever borrowed money from a client, and Allen responded by checking a box labeled "No." In doing so, Allen misrepresented facts to the Member, when he knew that the Member would not permit him to borrow the funds from the customers, in violation of NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

1. During all relevant times, M&KE and S&TW were members of the public. M&KE and S&TW are husband and wife. During all relevant times, M&KE and S&TW were customers of the Member, and their accounts were handled by Allen.
2. In 2002, before the effective date of Rule 2370, the Member learned that Allen had obtained a personal loan of \$75,000 from one of his insurance clients, which violated the Member's procedures. On June 7, 2002, the Member sent Allen a letter which reminded him that as a registered representative of the Member, he was prohibited from borrowing money from a client. On June 17, 2002, Allen signed the letter, under an acknowledgement that he understood the contents of the letter and that he would adhere to the Member's procedures.
3. In around November 2003, the Member instituted written procedures forbidding the borrowing or lending of money **unless**:
 - The client is a member of the registered representative's or associated person's immediate family.

....
 - The client is a financial institution or other entity or person that regularly engages in the business of providing credit, financing, or loans in the ordinary course of business provided that the lending arrangement between the registered representative and financial institution is made on commercial terms that the registered representative's client generally makes available to members of the general public similarly situated as to need, purpose and creditworthiness.

....

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- The registered representative or associated person and the client are both registered representatives or associated persons of NMIS and the individual has disclosed the arrangement on FONDeXpress #93-0162 and the NMIS Supervisor has preapproved in writing the lending or borrowing arrangement.
 - The lending or borrowing arrangement is based on an employer/employee relationship outside of the Northwestern Mutual or NMIS client relationship and the individual has disclosed the arrangement on FONDeXpress #93-0162 and the NMIS Supervisor has preapproved in writing the lending or borrowing arrangement.
4. On August 12, 2004, Allen received a loan in the amount of \$4,815.72 from M&KE. The funds for the loan were withdrawn from ME's variable annuity with the Member. M&KE were not part of Allen's immediate family, they do not regularly engage in the business of providing credit, financing or loans, they are not registered representatives of the Member, and they never employed Allen, and at the time of the loan were not employed by Allen. The loan has not been repaid. In borrowing money from his customer, Allen violated NASD Conduct Rules 2110 and 2370.
 5. On September 29, 2005, Allen received a loan in the amount of \$20,000 from S&TW. The funds for the loan were withdrawn from TW's variable annuity with the Member, SW's non-variable life insurance policy with Northwestern Life, and TW's non-variable life insurance policy with Northwestern Life. S&TW were not part of Allen's immediate family, they do not regularly engage in the business of providing credit, financing or loans, they are not registered representatives of the Member, and they never employed or were employed by Allen. The loan has not been repaid. In borrowing money from his customer, Allen violated NASD Conduct Rules 2110 and 2370.
 6. On November 9, 2004, August 9, 2005 and June 7, 2006, Allen completed and signed Site Inspection & Compliance Interview Forms for the Member. On each of the Forms, Allen was asked if he ever borrowed money from a client or lent money to a client, and he responded by checking the box marked "No." By responding in this manner when he was actually engaged in borrowing from customers, Allen misrepresented facts to the Member, in violation of NASD Conduct Rule 2110.

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- B. I also consent to the imposition, at a maximum, of the sanction of a six month suspension from association with any member of FINRA in any capacity. On December 1, 2008, Allen was granted a discharge in bankruptcy under Section 727 of Title 11, United States Code. Accordingly, no monetary sanction is being assessed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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 FINRA Rules 8310 and 8311).

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the 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.

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I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 FINRA 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 FINRA Rule 8313; 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.

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- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

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.

4-9-09

Date



Curtis M. Allen

Limited Registered Representative

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

5/8/09

Date

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



Richard S. Schultz

Senior Regional Counsel

FINRA Department of Enforcement

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