

**NASD**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. E0220030761-01**

**TO: Department of Enforcement**  
**NASD**

**RE: Cynthia M. Couyoumjian, Respondent**  
**Investment Company Products/Variable Contracts Representative, General Securities**  
**Representative, Direct Participation Programs Representative, Investment Company**  
**Products/Variable Contracts Principal and General Securities Principal**  
**CRD No. 1456630**

Pursuant to Rule 9216 of NASD Code of Procedure, Cynthia M. Couyoumjian ("Couyoumjian"), submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against me alleging violations based on the same factual findings.

**I understand that:**

- 1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;**
- 2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and**
- 3. If accepted:**
  - a. *this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;***
  - b. *this AWC will be made available through NASD's public disclosure program in response to public inquiries about my disciplinary record;***
  - c. *NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and***

- d. 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

From about July 1, 2004 through the present, Couyoumjian has been associated with NASD member First Allied Securities, Inc. as an Investment Company Products/Variable Contracts Representative, General Securities Representative, Direct Participation Programs Representative, Investment Company Products/Variable Contracts Principal and General Securities Principal. Couyoumjian was a registered representative with AXA Advisors LLC ("AXA"), from January 1986 to December 2003, and with Linsco/Private Ledger Corp, from December 2003 to July 2004. Couyoumjian has not been the subject of prior disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

I.

#### WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD's 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 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 Rule 9143 or the separation of functions prohibitions of 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.

## II.

### ACCEPTANCE AND CONSENT

A. I hereby accept and consent, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

1. From about July 2003 through September 2003, Couyoumjian 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. Couyoumjian'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.
2. During July and August 2003, Couyoumjian disseminated approximately 18,000 flyers, entitled "Retirement Investment Strategies," to existing clients and residents of Laguna Hills, California to promote two seminars.
3. On or about July 15, 2003, Couyoumjian 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.
4. On or about July 30, 2003, Couyoumjian distributed a workbook, entitled "Retirement Investment Strategies," to approximately 59 seminar participants.

5. Couyoumjian disseminated the advertising and sales literature described above at paragraphs A1 - 4, without prior approval by a registered principal of an NASD member firm, in violation of NASD Conduct Rule 2210(b)(1).
6. Further, Couyoumjian 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).
7. Moreover, Couyoumjian'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(d)(1)(B).
8. Specific examples of statements and claims contained in the seminar flyers and the advertisement that violated NASD Conduct Rule 2210(d)(1)(A) include:
  - a. The claim, "[c]onvert your IRA from taxable to tax-free," failed to disclose that conversions from traditional IRAs to Roth IRAs will initially result in substantial taxes to IRA holders.
  - b. The claim, "[i]nvest 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."
  - c. The claim, "[i]ock 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.
9. Specific examples of statements and claims contained in the seminar flyers and the advertisement that violated NASD Conduct Rule 2210(d)(1)(B) include:
  - a. The claim, "[e]liminate income taxes on interest income forever," is exaggerated.

- b. The claim, "[l]ower 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.
- c. The claim, "[e]arn 6% safely with 6 different methods," is misleading. Further, it bases expected future performance on the past performance of a variety of investment products.

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

- a. The failure to disclose potential fees and costs associated with specific types of investments in a comparison chart.
- b. 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.
- c. 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.

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

- a. Misleading statements that variable annuities and mutual funds are the same type of investment product.
- b. Misleading statements regarding the features of various investments and investment-related products.
- c. Misleading statements that touted life insurance as an "investment," and "a guaranteed lifetime of income."

12. 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).<sup>1</sup> Specifically, the seminar workbook failed to disclose in comparison charts of various types of investments, all

<sup>1</sup> The violation occurred before Rule 2210 was amended. If the violation occurred after the November 3, 2003 amendment, it would have been charged as a violation of Conduct Rule 2210(d)(2)(B).

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 acts, 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)(B), 2210(d)(2)(M) by Couyoumjian.

B. I also consent to the imposition, at a maximum, of the following sanctions:

- 1) A suspension from associating with any NASD member firm, in any and all capacities, for a period of thirty-one (31) calendar days; and
- 2) A fine of in the amount of \$20,000.

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

### III.

#### OTHER MATTERS

- A. I understand that 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 NASD, nor does it reflect the views of NASD or its staff.
- B. I agree to pay any monetary sanctions imposed on me upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which it proposes to pay any fine imposed.
- C. I specifically and voluntarily waive any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. I understand that if I am barred or suspended from associating with any NASD 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 NASD 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.)

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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

Aug 10, 2005  
Date

Cynthia M. Couyoumjian  
Cynthia M. Couyoumjian

Reviewed by:

  
Michael J. Abbott, Esq.  
Jones, Bell, Abbott, Fleming & Fitzgerald, LLP  
Counsel for Respondent

**Accepted by NASD:**

**Dates**

Lani M. Sen Wolmann, District Director  
Signed on behalf of the Director of ODA,  
by delegated authority