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January 29, 2015

Via Commercial Courier

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: In the Matter of the Association of Theodore Rothman (CRD # 405741) with First Allied Securities, Inc. (BD # 32444)

Dear Mr. Fields:

Effective January 30, 2015 and pursuant to the Securities Exchange Act of 1934 (“SEA” or “Exchange Act”) Rule 19h-1(a)(3)(iv)(A)&(B) (“Rule 19h-1”), the Financial Industry Regulatory Authority (“FINRA”) hereby gives notification to the United States Securities and Exchange Commission (“SEC” or “the Commission”) of the association of Theodore Rothman (“Rothman”) as a General Securities Representative (Series 7) with First Allied Securities, Inc. (“First Allied” or “the Firm”). The Firm filed a Membership Continuance Application (“MC-400” or “Application”) with FINRA on November 18, 2014.¹

Rothman’s Disqualifying Event

Rothman is subject to a statutory disqualification as a result of an SEC Order Instituting Administrative Proceeding Pursuant to Section 15(b) of the Exchange Act, *In the Matter of Rothman Securities, Inc. (“RSI”) and Theodore Rothman*, dated September 29, 2014, which found that Rothman, along with RSI, failed reasonably to supervise David Rothman² (“D. Rothman”), a registered representative and partial owner of RSI, with a view to preventing

¹See the MC-400 Application filed by the Firm on November 18, 2014, along with related attachments (attached as Exhibit 1).

²David Rothman is the son of Theodore Rothman and he was found to have issued inflated account statements to several investors; engaged in a scheme to conceal his fraudulent conduct by agreeing to pay the investors the returns he inflated; and then misappropriated funds from an elderly investor when he could no longer afford to make those payments.

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his violations of the federal securities laws.³ As a result of his misconduct, the SEC censured Rothman and barred him from associating in a supervisory capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. He was also ordered to pay a civil monetary penalty of \$40,000.⁴

Background Information

Rothman's Proposed Association & Responsibilities

Rothman is seeking to associate with the Firm in the capacity of a General Securities Representative (Series 7). Rothman executed an agreement with First Allied to operate as an independent contractor.⁵ The Firm represents that Rothman's responsibilities will be limited to 8 to 10 hours per week in the office calling existing clients to schedule portfolio reviews with other registered representatives of First Allied.⁶ He is expected to work two days weekly; on Tuesdays and Thursdays.⁷ Further the Firm represents that "Rothman may attend some of these meeting with clients, however, will not be permitted to give any financial advice during these meetings except in conjunction with Mr. [Joseph] Perry.⁸ First Allied has also represented that Rothman will not act in a supervisory capacity in his association with the Firm.⁹ Rothman will be compensated by commission.¹⁰

³See the SEC's Order Instituting Administrative Proceedings, *In the Matter of Rothman Securities, Inc. and Theodore Rothman*, dated September 29, 2014 (attached as Exhibit 2).

⁴Rothman was ordered to pay \$20,000 within 10 days of the entry of the Order and the remaining \$20,000 within nine months of the entry of the Order. Staff from the SEC's Office of General Counsel have confirmed that Rothman made the first payment of \$20,000 on October 1, 2014 and he is due to make the second and final payment of \$20,000 on June 29, 2015.

⁵See the Independent Contractor Agreement between Rothman and the Firm (attached as Exhibit 3).

⁶See Bates pp. 507 and 524 of Exhibit 1

⁷Id.

⁸Id.

⁹See letter from Mark Quinn of First Allied to Lorraine Lee-Stepney of FINRA, dated January 14, 2015 (attached as Exhibit 4).

¹⁰See Exhibit 3.

Employment and Registration History¹¹

Employment History¹²

Rothman has been registered with the following broker-dealers or investment advisors:

- | | |
|--|-------------------|
| • First Allied | 11/2013 – 7/2014 |
| • First Allied Advisory Services, Inc. | 11/2013 – 7/2014 |
| • Rothman Securities, Inc. (“RSI”) | 07/1983 – 6/2006 |
| • American Diversified Investors ¹³ | 09/1970 – 03/1984 |
| • Eastern States Investors ¹⁴ | 1966 - 1970 |

Registration History¹⁵

Rothman was first registered in the securities industry as a General Securities Representative (Series 7) in January 1966. He then qualified as a General Securities Principal (Series 00) in March 1972 and he received a waiver for the Series 24 in 1983. In November 1981, he was grandfathered in for the Series 63, in the state of Pennsylvania (GPA).

Prior SEA Rule 19h-1 and 19d-1 Notices

Rothman has no prior filings pursuant to SEA Rule 19h-1 or 19d-1.

Rothman’s Regulatory History

In addition to the SEC’s Order, Rothman has also been the subject of five customer complaints and one FINRA regulatory action.

Customer Complaints

A customer complaint was filed against Rothman in 1998.¹⁶ The customer alleged that her investments had lost money and that her accounts were moved without her knowledge. The

¹¹See Central Registration Depository (“CRD”) Report for Rothman (attached as Exhibit 5).

¹² Id.

¹³See Legacy Employment History for Rothman (attached as Exhibit 6).

¹⁴See email from Andrea Rothman to Heather Barry of First Allied, dated January 27, 2015, wherein Rothman represents that he was employed with Easter States Investors from 1966 to 1970 (attach as Exhibit 7).

¹⁵ See Exhibit 5.

alleged compensatory damage amount was \$35,000. The customer ultimately arbitrated the matter; the matter was settled for \$14,750. Rothman did not contribute to the settlement. Another customer complaint was filed against Rothman in 2005.¹⁷ The customer alleged unsuitability and over-concentration in technology related mutual funds. The alleged compensatory damage amount was \$121,000 and the case settled for \$25,000; Rothman did not contribute to the settlement. The next complaint filed against Rothman was in 2007, the claimant alleged unsuitability.¹⁸ The alleged compensatory damage amount was \$500,000. The case resulted in an arbitration and was settled for \$47,500. Two other complaints were filed against Rothman in 2011. In those complaints, it was alleged that he failed to supervise the handling of a claimants account.¹⁹ The fourth complaint was settled in February 2014²⁰ and the fifth complaint was withdrawn with prejudice and closed in March 2013.²¹

FINRA Regulatory Actions

In May 2004, Rothman entered into a letter of Acceptance, Waiver and Consent (“AWC”), filed with FINRA.²² The AWC found that Rothman recommended and effected purchases of Class S Shares of a mutual fund without having reasonable grounds to believe that such recommendations were suitable, a violation of NASD conduct rules 2110, 2310 and IM-2310-2. Rothman was fined \$45,000²³ and suspended from association with any NASD n/k/a FINRA member in any capacity for 30 days. His suspension was in effect from June 21, 2004 through July 21, 2004.

Background Information of First Allied

First Allied is headquartered in San Diego, CA. The Firm has been a NASD/FINRA member since March 1994. The Firm represents that it has 77 Offices of Supervisory Jurisdiction

¹⁶See CRD Disclosure Occurrence Composite # 284883 (attached as Exhibit 8).

¹⁷See CRD Disclosure Occurrence Composite # 1255146 (attached as Exhibit 9).

¹⁸See CRD Disclosure Occurrence Composite # 1360132 (attached as Exhibit 10).

¹⁹See CRD Disclosure Occurrence Composite # 1596527 (attached as Exhibit 11).

²⁰See CRD Disclosure Occurrence Composite # 1596258 (attached as Exhibit 12).

²¹See email response from Kelly Unger of FINRA's Dispute Resolution group, dated January 14, 2015 (attached as Exhibit 13).

²²See NASD Letter of Acceptance, Waiver and Consent, No. C9A040012, accepted by NASD on May 6, 2004 (attached as Exhibit 14).

²³FINRA's Finance Department confirmed that Rothman paid the fine in full on June 10, 2004.

("OSJ") and 650 branch offices. The Firm employs 1004 registered representatives, 476 registered principals and 370 employees.²⁴

Proposed Supervisors

Rothman's Primary Supervisor – Joseph Perry (CRD # 2683158)

Rothman will be employed at a branch office located at 1111 Street Road, Suite #204, Southampton, Pennsylvania. He will be supervised onsite by Joseph Perry ("Perry"). Perry has been registered as a General Securities Principal since April 2003. He was first registered in the securities industry in November 1995 as a General Securities Representative (Series 7) and he also qualified as a Uniform Securities Agent – State Law Exam (Series 63) during that month.²⁵ He later qualified for the NASAA-Investment Advisors Law Examination (Series 65) in May 1997; as a National Commodity Futures Representative (Series 3) in November 2004; and as an Operations Professional in November 2011.²⁶

Perry has been employed with the Firm since September 2011. He has been registered with the following broker-dealers or investment advisors:

- | | |
|---|-------------------|
| • First Allied Advisory Services, Inc. | 01/2013 – Present |
| • Aviso Wealth Management | 06/2007– Present |
| • JHS Capital Advisors, Inc. | 03/2010 –09/2011 |
| • Gunnallen Financial, Inc. | 06/2007 – 03/2010 |
| • Wachovia Securities Financial Network, LLC | 09/2002 – 06/2007 |
| • UBS PaineWebber, Inc. | 05/2000 – 09/2002 |
| • Merrill Lynch, Pierce, Fenner & Smith, Inc. | 04/1995 – 05/2000 |

Perry has not been the subject of any informal or formal proceedings, criminal events or customer complaints.

Rothman's Alternate Supervisor – Scott Hoxie (CRD # 5107524)

In Perry's absence, Rothman will be supervised by Scott Hoxie ("Hoxie").²⁷ Hoxie has been employed with First Allied since October 2013 and he has not been the subject of any formal

²⁴See Bates p. 482 from Exhibit 1.

²⁵See CRD records for Perry, CRD # 2683158 (attached as Exhibit 15).

²⁶See registrations with current employers for Perry (attached as Exhibit 16).

²⁷See email from Heather Barry of First Allied to Lorraine Lee of FINRA, dated January 14, 2015 (attached as Exhibit 17).

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or informal disciplinary proceedings or customer complaints. Hoxie works from the Firm's home office located in San Diego, California.

Hoxie was first registered in the securities industry in July 2007 as a General Securities Representative (Series 7).²⁸ He passed the NASAA Uniform Combined State Law Examination (Series 66) in March 2008; he then qualified as a General Securities Principal (Series 24) in October 2008; as a Registered Options Principal (Series 4) in November 2010; as a Municipal Securities Principal (Series 53) in December 2010; and as an Operations Professional in November 2011.²⁹

In addition to First Allied, Hoxie has been registered with the following broker-dealers or investment advisors:

- First Allied Advisory Services, Inc. 11/2013 – Present
- Linsco/Private Ledger Corp. 02/2006³⁰– 10/2013

First Allied's Heightened Supervision of Rothman

As a registered representative of First Allied, Rothman will be subject to the following plan of heightened supervision:³¹

- 1) Mr. Rothman's responsibilities will be limited to 8 to 10 hours per week in the office calling existing clients to schedule portfolio review with Joseph Perry, William Verrill or Timothy MicKey. Mr. Rothman may attend some of these meetings with clients, however, will not be permitted to give any financial advice during these meetings. All financial recommendations will be made by Joseph Perry, William Verrill and/or Timothy MicKey. Mr. Perry will oversee that Mr. Rothman does not dispense any financial advice or recommendations during these meetings. Mr. Perry will promptly report any violations to his regional supervisor and First Allied will take appropriate action.
- 2) Mr. Rothman is not to seek direct contact with clients outside of the office and if any incidental contact occurs he is not to provide any financial advice to clients and is to report the contact to Joseph Perry who will follow up with the clients directly. Mr. Perry will document any conversations with Mr. Rothman pertaining to incidental client contact.

²⁸ See CRD records for Scott Hoxie, CRD # 5107524 (attached as Exhibit 18).

²⁹ See registrations with current employers for Hoxie (attached as Exhibit 19).

³⁰ Hoxie was employed in non-registered capacity with Linsco/Private Ledger Corp. from February 2006 through July 2007. See email from Scott Hoxie of First Allied, dated January 27, 2015 (attached as Exhibit 20).

³¹ See First Allied's Heightened Supervision Agreement for Rothman (attached as Exhibit 21).

- 3) Mr. Perry will call five clients each month to ensure that Mr. Rothman is not seeking contact outside the agreed upon terms. Mr. Perry will ensure that Mr. Rothman is not providing financial advice or recommendations to these clients. Mr. Perry will document his client calls and will provide documentation of these calls to his regional supervisor upon request.

In addition to the plan of supervision, the Firm has also represented that Rothman will only be in the office in Southampton, Pennsylvania on the days that Perry is physically located in that office.³²

Basis for FINRA's Filing of the 19h-1 Notification

SEA Rule 19h-1(a)(3)(iv)(A)&(B) reads, in part:

A notice need not be filed with the Commission pursuant to this rule if . . .

- iv. The disqualification previously
 - A. was a basis for the institution of an administrative proceeding pursuant to a provision of the federal securities laws, and
 - B. was considered by the Commission in determining a sanction against such person in the proceeding; and the Commission concluded in such proceeding that it would not restrict or limit the future securities activities of such person in the capacity now proposed or, if it imposed any such restrictions or limitations for a specified time period, such time period has elapsed[.]

This Application meets all applicable conditions of this rule. As previously discussed, Rothman's disqualification was previously the basis for the institution of an administrative proceeding, and this proceeding did not restrict or limit his future securities activities as a General Securities Representative, rather he was barred in a supervisory capacity.³³ It is therefore appropriate for FINRA to file this notification pursuant to SEA Rule 19h-1(a)(3)(iv)(A)&(B).

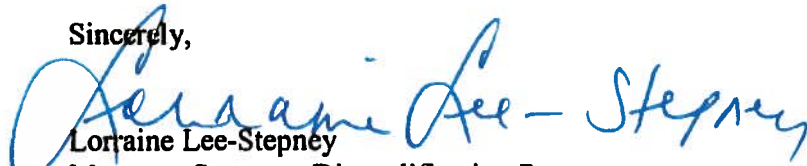
³²See email from Heather Barry of First Allied to Lorraine Lee of FINRA, dated January 15, 2015 (attached as Exhibit 22).

³³See Exhibit 2.

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The Firm is not a member of any other self-regulatory organization.

Sincerely,



Lorraine Lee-Stepney
Manager, Statutory Disqualification Program
FINRA

Enclosures

cc: Heather Barry First Allied Securities, Inc. Compliance Analyst 655 W. Broadway, 12 th Floor San Diego, CA 92101	(Via Commercial Courier & Electronic Mail)
Daniel M. Sibears Executive Vice President Regulatory Operations, Shared Services FINRA	(Via Electronic Mail)
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