

**UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940  
Release No. 2394 / June 13, 2005**

**ADMINISTRATIVE PROCEEDING  
File No. 3-11949**

**In the Matter of  
JEFF THOMAS ALLEN,  
Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Jeff Thomas Allen (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### **III.**

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Jeff Thomas Allen was the Chairman, President, Chief Investment Officer and majority shareholder of Advanced Investment Management, Inc. ("AIM"), a now defunct investment adviser formerly registered with the Commission. Allen managed, controlled and directed all of the activities of the firm. AIM ceased operations in December 2002 and, in February 2003, filed a Form ADV-W. Allen, age 48, is a resident of Pittsburgh, Pennsylvania.

2. On May 5, 2005, a final judgment was entered by consent against Allen, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Jeff Thomas Allen, et al., Civil Action Number 05-0453, in the United States District Court for the Western District of Pennsylvania.

3. The Commission's complaint alleged that between January 2002 and July 2002, Allen orchestrated a fraudulent trading scheme whereby he improperly leveraged AIM advisory client assets, which resulted in more than \$415 million in client losses. The complaint further alleged that, in an effort to conceal his fraudulent conduct, Allen purchased and then sold the securities that created the unauthorized leverage on or near the last day of the month to avoid the disclosure of his excessive use of leverage in client monthly account statements. The complaint alleged that Allen further made misstatements and omissions of material facts in client monthly account statements when he failed to disclose his unauthorized and improper trading scheme.

### **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Allen's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Allen be, and hereby is, barred from association with any investment adviser.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a

customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Jonathan G. Katz  
Secretary