

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 2535 / July 12, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12364**

**In the Matter of**

**TERRY F. ALLEN**

**Respondent.**

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

**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 Terry F. 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 paragraph III.2., which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings, Making Findings, and Imposing Remedial Sanctions Pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

**III.**

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

1. Respondent, Terry F. Allen, age 65, is a resident of Ferrisburg, Vermont. Allen is the founder, owner and control person of Terry's Tips, Inc. Allen acted as an unregistered investment adviser.

2. On June 12, 2006, a final judgment was entered by consent against Allen, permanently enjoining him from future violations of 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. Terry's Tips, Inc., et al., Civil Action Number 2:05-CV-188, in the United States District Court for the District of Vermont. Respondent was ordered to disgorge \$100,000 and pay a civil penalty of \$120,000.

3. The Commission's complaint alleged that Allen solicited customers for Terry's Tips autotrading program through the use of false and misleading performance projections. Terry's Tips autotrading program allowed individuals to designate Terry's Tips as the entity authorized to send trading instructions to a broker-dealer to execute trades based on those instructions in the client's personal brokerage account. Allen made all the decisions regarding which trades to place in the client's autotrading accounts.

4. The Complaint also alleges that, in addition to the trading instructions sent to the broker-dealer, Allen and his staff provided advice regarding the autotrading program to clients over the telephone and by e-mail. Allen or a member of his staff personally responded to all client e-mail and telephone inquiries regarding autotrading. Allen or a member of his staff provided clients, on an individualized basis, specific advice on matters such as the degree of risk associated with each autotrading strategy, which of the several strategies to select given the client's investment objectives and when to switch from one strategy to another. Through this conduct, the complaint alleged that Allen acted as an investment adviser.

#### IV.

In view of the foregoing, the Commission deems it appropriate in the public interest to impose the sanctions agreed to in Respondent'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, with the right to reapply for association after two years to the appropriate self-regulatory organization, or if there is none, to the Commission.

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.

Nancy M. Morris  
Secretary