

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006003959001**

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REGISTRATION & DISCLOSURE

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

RE: Commonwealth Church Finance, Inc. d/b/a Charter Financial Services, Respondent
Member
[BD No. 11768]

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Respondent submits 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 us alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. We 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

Commonwealth Church Finance, Inc., d/b/a Charter Financial Services ("Commonwealth") is currently, and was during all times relevant hereto, a member of FINRA (f/k/a National Association of Securities Dealers or NASD) and registered as a broker/dealer with the United States Securities and Exchange Commission. Commonwealth became registered with FINRA in June 1983, and is engaged primarily in the sale of church bonds. Commonwealth is an introducing firm that clears its transactions on a fully disclosed basis and operates pursuant to Securities Exchange Act of 1934 ("SEA") Rule 15c3-1(a)(2)(vi) as a \$5,000 broker/dealer. Commonwealth has no prior formal disciplinary history.

OVERVIEW

Commonwealth failed to maintain its required minimum net capital for month end August 2006. It also modified a contingent offering without disclosure and broke escrow without attaining the contingency amount.

FACTS AND VIOLATIVE CONDUCT

1. Commonwealth Church Finance, Inc. ("Commonwealth") failed to accrue liabilities by month end August 31, 2006, and conducted a securities business on that day. As a result, Commonwealth conducted a securities business while failing to maintain its required net capital. Specifically, Commonwealth had a net capital deficiency of \$5,227 on August

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31, 2006. In addition, Commonwealth's net capital calculation, and books and records were inaccurate based upon the same failure to accrue liabilities in a timely manner.

Such acts, practices and conduct constitute separate and distinct violations of SEA Sections 15(c) and 17(a), SEA Rules 15c3-1, 17a-3, and NASD Conduct Rules 2110 and 3110 by Commonwealth.

2. On October 15, 2005, Commonwealth commenced an offering of first mortgage bonds issued by an evangelical association. The primary purpose of the bond offering was to raise funds to pay off existing debts to a number of parties. The offering sought to raise \$750,000 and had a contingency of \$611,250.

On November 7, 2005, Commonwealth accepted a total of \$55,000 in pre-existing debt owed by the issuer from two investors in lieu of cash in the offering. These debts were scheduled to be satisfied from the proceeds of the offering but instead were exchanged for bonds issued in the offering. The willingness of the firm to effect these types of "debt in lieu of cash" transactions was not disclosed in the offering document. Instead, the offering document indicated that bond sales proceeds, which are presumed to be cash, would be held in escrow until the \$611,250 contingency amount was on deposit.

Commonwealth relied on the debt accepted in lieu of cash in this offering, for purposes of determining whether the offering had met its contingency and, as a result, broke escrow on November 29, 2005, without depositing the full contingency amount in escrow, as represented in the offering document. Such actions rendered false the representations in the offering document regarding the handling of the escrow account, and the satisfaction of the contingency.

Such acts, practices and conduct constitute separate and distinct violations of SEA Sections 10(b) and 15(c), SEA Rules 10b-9 and 15c2-4 thereunder, and NASD Conduct Rule 2110 by Commonwealth Church Finance, Inc..

- B. We also consent to the imposition of the following sanctions:

A censure and a fine of \$20,000.

We agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. We have submitted an Election of Payment form showing the method by which we propose to pay the fine imposed.

We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against us;

- 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 National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, we 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.

We further specifically and voluntarily waive any right to claim that a person violated the *ex parte* prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD 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

We 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 NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against us; and
- C. If accepted:
 - 1. This AWC will become part of our permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against us;
 - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about our disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 - 4. We 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. We 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 our right to take legal or factual

positions in litigation or other legal proceedings in which FINRA is not a party.

- D. We may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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.

We certify that we have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that we 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 us to submit it.

Commonwealth Church Finance, Inc. d/b/a
Charter Financial Services

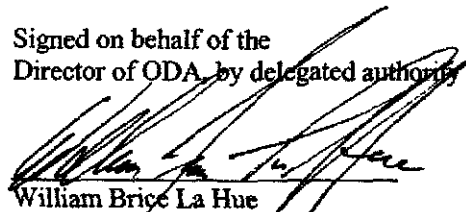
9/18/07
Date

By: 
Aaron D. Turner, President

Accepted by FINRA:

10/5/07
Date

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


William Brice La Hue
Regional Counsel
FINRA, Department of Enforcement
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