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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2807007150401**

REGISTRATION & DISCLOSURE

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

RE: LF Financial, LLC, Respondent
Member Firm
CRD No. 38619

Jed P. Kaplan, Respondent
General Securities Representative
CRD No. 1622929

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondents submit 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 Respondents alleging violations based on the same factual findings described herein.

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ACCEPTANCE AND CONSENT

A. Respondents 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

LF Financial, LLC (d/b/a Kaplan & Co. Securities Inc. and L.F. Rothschild & Company) is a FINRA member firm and has been such since 1995. The firm has approximately 30 registered persons working in six branch offices. The firm conducts a general securities business and generates a majority of its revenue from proprietary trading and from selling securities to retail investors.

Jed P. Kaplan initially became registered with a FINRA member firm in November 1988. He has been registered with several member firms since that date. He has been registered with LF Financial since May 1995. Kaplan is the firm's majority owner and CEO. Kaplan currently holds Series 4, 7, 27, 53, and 63 licenses. For most of 2003 through 2007, Kaplan was

responsible for LF Financial's reporting of disclosable events under NASD Conduct Rule 3070 and on Forms BD, U4, and U5.

RELEVANT PRIOR DISCIPLINARY HISTORY

In a December 2006 Order, the SEC censured LF Financial and Kaplan; found that, among other things, they failed to reasonably supervise two registered representatives with a view towards preventing the representatives' violations of federal securities laws and failed to have sufficient policies or procedures in place to detect and prevent the representatives from using fraudulent and deceptive practices to circumvent mutual fund restrictions on market timing and late trading; required the firm, among other things, to hire an independent consultant to remedy its deficiencies and to pay disgorgement of \$46,521.60, interest of \$3,478.40, and a civil penalty of \$50,000; required Kaplan, among other things, to pay a separate civil penalty of \$30,000 and to be jointly and severally liable for the foregoing disgorgement and interest payments; suspended Kaplan in a supervisory capacity for nine months; and required him to re-take the Series 24 examination.

In a June 2004 Consent Order with the State of Alabama, LF Financial and Kaplan agreed to a finding that they transacted securities business in Alabama without being registered to do so, and agreed to be jointly and severally liable for an administrative assessment of \$2,500 and investigative costs of \$2,500.

OVERVIEW

For disclosable events occurring between 2003 and 2007, LF Financial, through Kaplan, failed to: (1) report six disclosable events under NASD Conduct Rule 3070(a); (2) timely report five disclosable events under NASD Conduct Rule 3070(b); and (3) timely report statistical and summary information relating to three customer complaints under NASD Conduct Rule 3070(c). As a result of the foregoing, LF Financial and Kaplan violated NASD Conduct Rule 3070(a), (b), and (c) and NASD Conduct Rule 2110.

For disclosable events occurring between 2003 and 2007, LF Financial, through Kaplan, failed to: (1) timely file two amendments to Form BD; (2) file one amendment to Form U4; and (3) timely file eight amendments to Forms U4 or U5. As a result of the foregoing, LF Financial violated Article IV, § 1 and Article V, § 2 of the FINRA By-Laws and NASD Conduct Rule 2110, and Kaplan violated NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

NASD Conduct Rule 3070 Reporting Violations

For events occurring between 2003 and 2007, LF Financial, through Kaplan, failed to report six disclosable settlements under NASD Conduct Rule 3070(a) and failed to timely report four disclosable regulatory orders and one disclosable settlement under NASD Conduct Rule 3070(b). In addition, during the same period, LF Financial, through Kaplan, failed to file summary and statistical information for three customer complaints by the 15th day of the month following the

calendar quarter in which they were received by the firm. As a result of the foregoing, LF Financial and Kaplan violated NASD Conduct Rule 3070(a), (b), and (c) and NASD Conduct Rule 2110.

Forms BD, U4, and U5 Amendment Violations

For events occurring between 2003 and 2007, LF Financial, through Kaplan, failed to timely file two amendments to Form BD regarding regulatory orders. In addition, during the same period, LF Financial, through Kaplan, failed to file one amendment to Form U4 and to timely file eight amendments to Forms U4 or U5. The required Forms U4 or U5 amendments arose out of reportable arbitrations, complaints, or settlements. As a result of the foregoing, LF Financial violated Article IV, § 1 and Article V, § 2 of the FINRA By-Laws and NASD Conduct Rule 2110, and Kaplan violated NASD Conduct Rule 2110.

OTHER FACTORS

B. Respondents also consent to the imposition of the following sanctions:

Respondents LF Financial, LLC and Jed P. Kaplan are censured and fined, jointly and severally, \$15,000.

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

Respondents specifically and voluntarily waive any right to claim that they 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

Respondents 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 them;
- 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, Respondents specifically and voluntarily waive any right to claim bias or prejudice 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.

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

Respondents 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 FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondents; and
- C. If accepted:
 - 1. This AWC will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against them;
 - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' disciplinary records;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

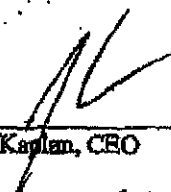
4. Respondents may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondents may not take any position in any 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 Respondents' rights to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

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

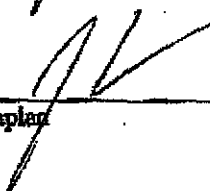
LF Financial, LLC

By:


Jed P. Kaplan, CEO

Date

1/21/09

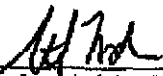

Jed P. Kaplan

Date

1/21/09



Reviewed by:


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Counsel for Respondents

1/22/09
Date

Accepted by FINRA:

2/9/09
Date

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


Michael A. Gross
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