

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008011619001**

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

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

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Commonwealth Church Finance, Inc. ("Commonwealth" or the "Firm") 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 Commonwealth alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Commonwealth hereby accepts and consents, 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, 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.

RELEVANT DISCIPLINARY HISTORY

Commonwealth has previously been the subject of an AWC (2006003959001) issued on October 5, 2007, citing violations SEA Sections 10(b), 15(c) and 17(a) and SEA Rules 10b-9, 15c2-4, 15c3-1 and 17a-3, as well as NASD Rules 2110 and 3110. The AWC imposed a censure and fine of \$20,000.

OVERVIEW

Commonwealth commenced two contingent offerings, in which escrow was broken without disclosing the possible use of interim loans to meet the contingency amounts. In addition, Commonwealth used unwarranted, exaggerated and oversimplified statements in connection with sales literature, *i.e.*, an oral presentation and a brochure.

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FACTS AND VIOLATIVE CONDUCT

1. Contingent Offering Violations

On November 19, 2007, Commonwealth commenced a bond offering on a “best efforts” basis including a minimum contingency to secure a first mortgage and security interest on a real estate parcel. In order to raise sufficient funds to purchase the property, the issuer obtained a loan from a bank prior to closing. The possibility of using loan proceeds to close the offering was not disclosed in the offering memorandum. While Commonwealth was not involved with obtaining the loan, it was aware that the loan had been obtained and that the escrow account had been broken prior to the sale of the required minimum.

On June 4, 2007, Commonwealth commenced a bond offering on a “best efforts” basis including a minimum contingency to refinance an existing first mortgage bond issue. To meet the required minimum, a loan was obtained by the issuer, which was in part considered by the escrow agent as satisfying the offering contingency. The funds were then used to retire the earlier bond issue as represented in the offering memorandum. Again, the possible use of a loan to close the offering was not disclosed in the offering memorandum. Commonwealth continued to sell the bonds after the escrow was released, and the offering was eventually sold out.

Interim loans were used to meet contingency amounts and to break escrow in both the offerings. The funds from the loans were not deposited into the escrow accounts. The prospectus for each of the offerings did not disclose the possible use of an interim loan to meet the contingency amount in this fashion. Accordingly, Commonwealth allowed the representations in the offering memorandums that investor funds would not be released until the contingency amounts were met to be rendered false and misleading.

Such acts, practices and conduct constitute a willful violation of Securities Exchange Act of 1934 Section 10(b) and Rule 10b-9 and violations of SEA Section 15(c) and Rule 15c2-4 thereunder, and NASD Conduct Rule 2110 by Commonwealth.

2. Communications with the Public

Commonwealth used statements that were inconsistent with FINRA Rule 2210(d) in connection with sales literature including a presentation and a brochure. The sales presentation regarding a bond offering was approved by Commonwealth and conducted by a Commonwealth regional vice president for investors in May 2008. FINRA identified concerns with the presentation relating to NASD Rule 2210, which included failing to provide a balanced discussion and disclosure of the risks involved, and using unwarranted and oversimplified statements.

The brochure was approved by Commonwealth and mailed to investors in February 2008. FINRA identified concerns with the brochure relating to NASD Rule 2210, which included failing to provide a sound basis to evaluate the bonds or risks involved, and using oversimplified and unwarranted statements.

Such acts, practices and conduct constitute violations of NASD Rules 2210(d)(1)(A) and (B) and Rule 2110 by Commonwealth.

- B. Commonwealth also consents to the imposition of the following sanctions: A censure and fine of \$40,000.

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

Commonwealth specifically and voluntarily waives 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

Commonwealth specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Commonwealth;
- B. To be notified of the 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, Commonwealth specifically and voluntarily waives 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.

Commonwealth further specifically and voluntarily waives 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

Commonwealth understands 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;

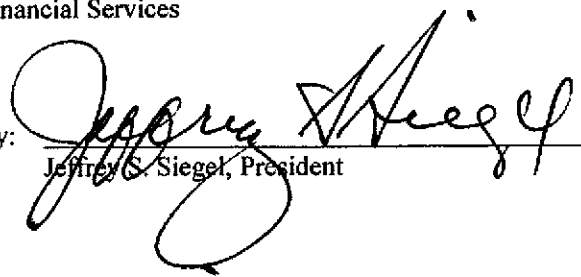
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Commonwealth; and
- C. If accepted:
1. This AWC will become part of Commonwealth's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about Commonwealth's disciplinary record;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. Commonwealth 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. Commonwealth 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 Commonwealth's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Commonwealth may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Commonwealth understands that it 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.

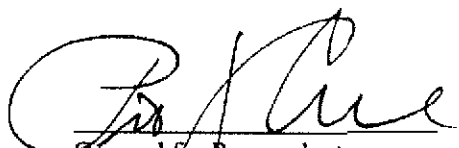
The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Commonwealth has agreed to its provisions voluntarily; and that no offer, 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 Commonwealth to submit it.

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

7/29/2010
Date

By:


Jeffrey S. Siegel, President

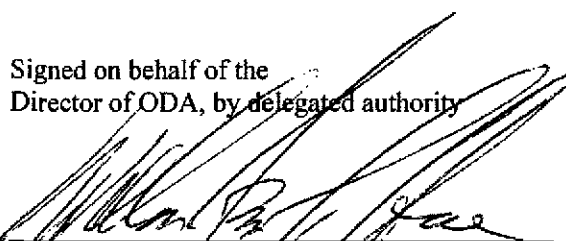


Counsel for Respondent
Peter Anderson, Esq.
Sutherland Asbill & Brennan LLP
999 Peachtree Street NE
Atlanta, Georgia 30309-3996
(404) 853-8093; Fax: (404) 853-8806
E-Mail: peter.anderson@sutherland.com

Accepted by FINRA:


Date

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



William Brice La Hue
Senior Regional Counsel
FINRA, Department of Enforcement
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, Georgia 30305
(404) 239-6111; Fax: (404) 264-1586
E-Mail: brice.lahue@finra.org