

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016003801**

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

RE: GA Financial, Inc., Respondent
Broker-Dealer
CRD No. 42293

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, GA Financial, Inc ("GA Financial" or "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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. GA Financial 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

GA Financial became a member of FINRA (f/k/a National Association of Securities Dealers, Inc.) and registered with the Securities and Exchange Commission ("SEC") on February 10, 1997. GA Financial is a mutual fund retailer and seller of variable life insurance and annuities. GA Financial's registrations with the SEC and with FINRA remain currently in effect.

RELEVANT DISCIPLINARY HISTORY

GA Financial has no relevant disciplinary history.

OVERVIEW

In connection with a complex life settlement transaction, GA Financial improperly paid transaction based compensation to a non-registered entity in

violation of NASD Conduct Rules 2420 and 2110. In addition, as part of the same life settlement transaction, GA Financial failed to provide its customer with a written confirmation for the transaction, and failed to provide the customer with written notification of the amount of remuneration it received in connection with the transaction in violation of SEC Rule 10b-10, and NASD Conduct Rules 2230 and 2110.

FACTS AND VIOLATIVE CONDUCT

A. Overview of Life Settlement Transactions.

1. A life settlement transaction is a sale of an existing life insurance policy in the secondary market to a third party for less than the net death benefit, but more than the cash surrender value of the policy. In a life settlement transaction, typically the purchaser of the existing life insurance policy becomes the owner and new beneficiary of the policy and is responsible for the payment of all future premiums.
2. Life settlement transactions that involve variable life insurance products are securities transactions and, therefore, broker-dealers that participate in such transactions must comply with the federal securities laws and FINRA rules.

B. The Life Settlement Transaction and Sharing of Transaction Based Compensation by GA Financial.

3. In April 2008, GA Financial acted as the broker on behalf of a public customer ("AL"), in a life settlement transaction involving the sale of a variable universal life policy for which AL was the insured (the "VUL Policy"). The VUL Policy was held in an insurance trust registered in Alaska.
4. As part of the life settlement transaction, GA Financial entered into an agreement with a non-registered entity ("ACF"), whereby ACF agreed to locate and identify potential purchasers for the VUL Policy located in California. In exchange for ACF acting as a "finder" in the life settlement transaction, GA Financial agreed to pay to ACF a percentage of the commission generated by the transaction.
5. Ultimately, the purchaser of the VUL Policy was an entity identified by ACF. As a result, GA Financial paid transaction based compensation in excess of \$200,000 to ACF.
6. By virtue of the above acts, practices and conduct, GA Financial violated NASD Conduct Rules 2420 and 2110.

C. Failure to Provide a Written Confirmation or Written Disclosure of the Amount of Compensation.

7. In connection with the referenced life settlement transaction, GA Financial failed to provide to AL a written confirmation. In addition, GA Financial failed to provide to AL a written notification disclosing the source and amount of compensation it received in connection with the life settlement transaction.
8. By virtue of the above acts, practices and conduct, GA Financial violated SEC Rule 10b-10, and NASD Conduct Rules 2230 and 2110.

B. GA Financial also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine in the amount of \$25,000.

GA Financial agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. GA Financial has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

GA Financial specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against it;
- 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, GA Financial specifically and voluntarily waives 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.

GA Financial 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

GA Financial 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 me; and
- C. If accepted:
 - 1. this AWC will become part of GA Financial'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 my 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. GA Financial 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

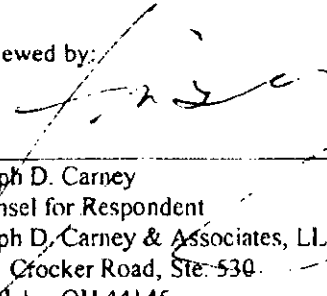
The undersigned, on behalf of GA Financial, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that GA Financial has agreed to its provisions voluntarily; and that no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

07/20/2012
Date (mm/dd/yyyy)

GA Financial, Inc., Respondent

By: 
Donald Garlikov, President and CEO

Reviewed by:

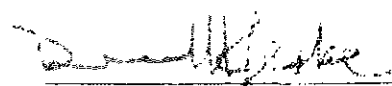


Joseph D. Carney
Counsel for Respondent
Joseph D. Carney & Associates, LLC
2001 Crocker Road, Ste. 530
Westlake, OH 44145
440.249.0850

Accepted by FINRA:

8/3/12
Date

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



Dean M. Jeske
Deputy Regional Chief Counsel
FINRA Department of Enforcement
55 West Monroe Street, Ste. 2700
Chicago, IL 60603-5052
312.899.4353 (t); 312.899.4600 (f)