

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025495701**

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

RE: Great American Investors, Inc.
CRD No. 28489

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Great American Investors, Inc. 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 Great American alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Great American 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

Great American Investors, Inc. has been a FINRA broker-dealer since March 1992. Great American conducts a general securities business from its main office located in Overland Park, Kansas.

Great American was the subject of two disciplinary actions by FINRA that are not relevant to the instant matter. *See* AWC No. C04980040 (censure and \$2,500 fine for continuing education violations) and AWC No. E0420030367-02 (\$12,500 fine for supervision and books and records violations).

OVERVIEW

Great American had an inadequate supervisory system to achieve compliance with the securities laws and regulations, in violation of NASD Conduct Rules 3010, 3040 and 2110; FINRA Rule 2010; and SEC Rule 17a-4.

FACTS AND VIOLATIVE CONDUCT

In July 2011, FINRA staff commenced a routine examination of Great American. During this examination, FINRA staff found that Great American had an inadequate supervisory system to achieve compliance with the securities laws and violations from January 2008 through June 2011. Great American's supervisory system was deficient in the following areas:

Supervision of Private Securities Transactions of Investment Advisors – From November 2009 through June 2011, Great American had three registered representatives who were also registered investment advisors with a non-affiliated investment advisory firm. Great American did not adequately review all documentation or account activity statements relating to these representatives' investment advisory activities in order to supervise these activities as private securities transactions.

Supervision of Electronic Correspondence – From January 2008 through June 2011, Great American did not adequately review all of the electronic correspondence of its registered representatives. Contrary to its own procedures, Great American did not conduct a daily review of electronic correspondence and did not evidence its review of electronic correspondence.

Office Inspections – From January 2008 through June 2011, Great American did not conduct adequate inspections of its offices. According to its procedures, Great American shall conduct inspections of all Office of Supervisory Jurisdiction offices on an annual basis and all other branch offices every third year. Great American failed to conduct inspections of its OSJ and branch offices in compliance with its own procedures.

Supervision of Outside Brokerage Accounts – From January 2008 through June 2011, Great American did not adequately supervise all of the outside brokerage accounts of all of its registered representatives. Great American was made aware of these outside brokerage accounts, but did not receive duplicate statements for these accounts or actually supervise these accounts.

Through this conduct, Great American violated NASD Conduct Rules 3010, 3040 and 2110; FINRA Rule 2010; and SEC Rule 17a-4.

- B. Great American also consents to the imposition of the following sanctions:
1. A censure; and
 2. a fine of \$15,000

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

Great American specifically and voluntarily waives any right to claim that it is 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

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

- A. To have a Complaint issued specifying the allegations against Great American;
- 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 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, Great American 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.

Great American 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

Great American 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 Great American; and
- C. If accepted:
1. this AWC will become part of Great American's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 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. Great American 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. Great American 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 Great American's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Great American may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Great American 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 Great American, certifies that a person duly authorized to act on its behalf has read and understand all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Great American 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 Great American to submit it.

Oct 9, 2013
Date

GREAT AMERICAN INVESTORS, INC.

By: David K. Richards

David K. Richards, President

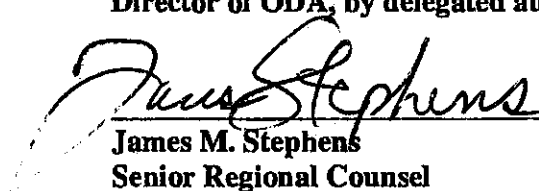
Reviewed by:

2/12
Counsel for Great American Investors, Inc.

Accepted by FINRA:

10-29-13
Date

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


James M. Stephens
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FINRA Department of Enforcement
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By: Mark Koesner
Regional Chief Cust.
FINRA