

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090194872-01**

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

RE: Clyde A. Benninghoff, Respondent
Registered Representative
CRD No. 18463

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Clyde A. Benninghoff ("Benninghoff" or "Respondent") 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I 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

Benninghoff was registered with FINRA as a General Securities Representative ("GSR") and a General Securities Principal ("GSP") through an association with former member firm American General Securities, Inc. ("AGSI") (BD No. 13626), from on or about October 1, 2002 through October 31, 2008. On October 31, 2008, Benninghoff's registrations were transferred to another broker-dealer, as a result of a change in AGSI's ownership. Benninghoff remained at that firm until August 31, 2009, at which time he was discharged for violating firm policies. Benninghoff first began working in the securities industry in April 1971.

Benninghoff is not currently associated with a FINRA member firm.

000002231 2011

RELEVANT DISCIPLINARY HISTORY

Benninghoff has no relevant disciplinary history with the Securities and Exchange Commission, any state securities regulator, FINRA or any other self-regulatory organization.

OVERVIEW

While registered with FINRA through an association with AGSI, Benninghoff facilitated investments in Diversified Lending Group ("DLG") that were not made through AGSI. He did not provide AGSI with written or other notice of those investments. In addition, Benninghoff failed to appear for an on-the-record interview, requested by FINRA, pursuant to Rule 8210.

FACTS AND VIOLATIVE CONDUCT

1. In 2007, while Benninghoff was associated with AGSI, Benninghoff facilitated securities investments away from AGSI. Specifically, he introduced three individuals to an investment in DLG "secured premium finance plans." More specifically:
 - a. On or about August 8, 2007, HP and JM, HP's daughter, neither of whom were AGSI customers, invested \$1,232,646.00 into a DLG "secured premium finance plan" which purported to promise a 12% return on an accompanying promissory note (the "DLG 12% note"). The secured premium finance plan was marketed to HP as an investment that included financing for premiums on a life insurance policy with a face value of \$4 million. The life insurance policy was written by Benninghoff for JM through AGSI's life insurance company affiliate.
 - b. On or about August 21, 2007, AP, HP's wife, invested \$327,885.80 in a DLG "secured premium finance plan" which functioned in the same manner as her husband's investment, described above. AP's life insurance policy had a face value of \$150,000. As with JM's policy, AP's policy was written by Benninghoff for AP through AGSI's life insurance company affiliate.

The above investments (totaling \$1,560,532) were not made through AGSI and were unknown to AGSI. Benninghoff did not provide written notice to, or obtain approval from, AGSI prior to facilitating the DLG investments.

By reason of the foregoing, Benninghoff violated NASD Rules 3040 and 2110.

2. On February 25, 2011, FINRA Staff sent Benninghoff a request to appear for an on-the-record interview (the "OTR request"), pursuant to and in accordance with FINRA Rule 8210. The OTR request required Benninghoff to appear for sworn testimony at FINRA's New York office on May 24, 2011. By letter dated April 21, 2011, Benninghoff, through his counsel, declined to appear at the OTR.

By reason of foregoing, Benninghoff violated FINRA Rules 8210 and 2010.

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

- A bar from associating in any capacity with any FINRA member firm.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against me;
- 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, I 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.

I 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

I understand that:

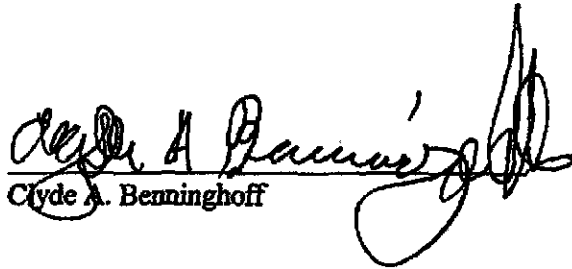
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
1. this AWC will become part of my 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. I 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.

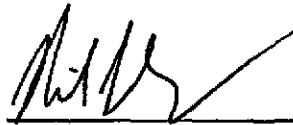
I certify that I have and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

7/25/2011

Date (mm/dd/yyyy)


Clyde A. Benninghoff

Reviewed by:

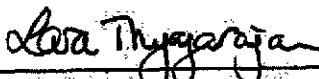


Richard J. Scholz, Esq.
Counsel for Respondent
Jacob Scholz & Associates LLC
961687 Gateway Blvd., Suite 2014
Fernandina Beach, FL 32034
Phone: 904-261-3693

Accepted by FINRA:

August 18, 2011
Date

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

Lara C. Thyagarajan
Senior Regional Counsel
FINRA Department of Enforcement
One Liberty Plaza
New York, NY 10006
212-858-4176