

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100225164**

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

RECEIVED

RE: Lonnie L. Dusenberry, Respondent
General Securities Representative
CRD No. 3084887

JUL 22 2011

FINRA
SAN FRANCISCO DISTRICT OFFICE

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Lonnie L. Dusenberry 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. Respondent 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

Respondent entered the securities industry in July 1998 by filing a Form U4 to apply for registration with FINRA member Edward Jones ("the Firm"). He passed the Series 7 and 63 examinations in August 1998. From August 20, 1998 through April 26, 2010, Respondent was registered at the Firm as a General Securities Representative. He has not since become associated with or registered at any other FINRA member.

Respondent has no disciplinary history.

OVERVIEW

Respondent borrowed over \$740,000 from his customers under circumstances prohibited by NASD Conduct Rule 2370. He also forged customer signatures in order to effect two of these loans.

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FACTS AND VIOLATIVE CONDUCT

1. Borrowing from Customers

Between March 2007 and March 2010, Respondent borrowed \$742,500 from his customers. The table below summarizes the various loans he received:

03/27/07	JS & PS	\$16,000.00
11/29/07	JW	\$60,000.00
02/12/08	RG	\$89,500.00
04/08/09	JW	\$50,000.00
04/13/09	JB & MB	\$20,000.00
04/14/09	JB	\$20,000.00
04/16/09	PG	\$65,000.00
06/25/09	BW	\$25,000.00
07/31/09	BW	\$30,000.00
08/06/09	MJ	\$30,000.00
09/23/09	JB & MB	\$20,000.00
10/21/09	BW	\$100,000.00
11/02/09	JW	\$32,000.00
12/11/09	JB	\$20,000.00
12/16/09	BW	\$65,000.00
03/12/10	PG	\$100,000.00

In several instances, Respondent used the proceeds of one loan to repay an earlier loan from a different customer. So, for example, Respondent used the \$20,000.00 he borrowed from customers JB & MB on April 13, 2009 to partially repay the \$89,500.00 loan he received from customer RG on February 12, 2008. Nevertheless, Respondent failed to repay a total of approximately \$500,000 to his customers.

At all relevant times, the Firm prohibited borrowing money from customers unless the borrowing arrangement fell within certain enumerated exceptions, such as a loan from an immediately family member. Regardless of the circumstances, however, employees were required to obtain the Firm's written pre-approval for all loans. With respect to each loan detailed in the table above, Respondent neither requested nor received written pre-approval from the Firm.

By borrowing money from his customers in violation of his firm's procedures, Respondent violated NASD Conduct Rules 2370 and 2110 and FINRA Rule 2010.

2. *Forgery*

On August 6, 2009, in order to effect a loan from customer MJ as detailed in the table above, Respondent signed MJ's name to a Letter of Authorization ("LOA") and submitted it to the Firm. The LOA caused the Firm to transfer \$30,000.00 from MJ's account to PG's account.

On November 2, 2009, in order to effect a loan from customer JW as detailed in the table above, Respondent signed JW's name to an LOA and submitted it to the Firm. The LOA caused the Firm to transfer \$32,000.00 from JW's account to BW's account. Respondent signed JW's name to the LOA without her knowledge, authorization or consent.

By forging his customers' signatures, Respondent violated FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- A bar from association with all FINRA members in all capacities.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, as amended.

Accordingly, Respondent 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

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

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

Respondent 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

Respondent understands that:

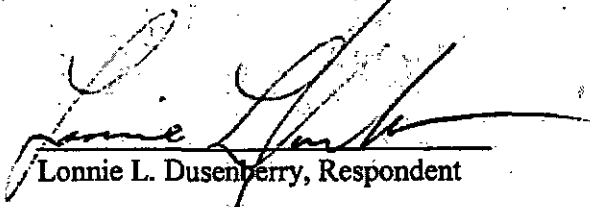
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent'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. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

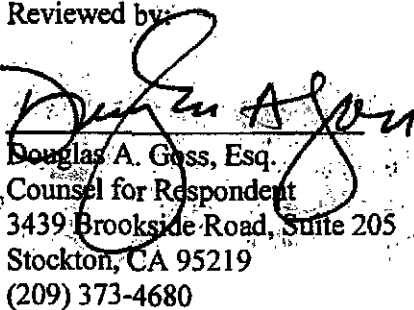
Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth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

7-15-11

Date (mm/dd/yyyy)


Lonnie L. Dusenberry, Respondent

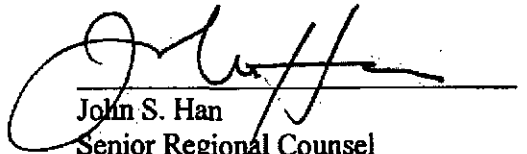
Reviewed by:


Douglas A. Goss, Esq.
Counsel for Respondent
3439 Brookside Road, Suite 205
Stockton, CA 95219
(209) 373-4680

Accepted by FINRA:

8/15/11
Date

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


John S. Han
Senior Regional Counsel
FINRA Department of Enforcement
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San Francisco, California 94104
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