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MARY ANN SMITH
Deputy Commissioner
DOUGLAS M. GOODING (83518)
Assistant Chief Counsel
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Tel: 415/972-8548
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of)
)
THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
)
Complainant,)
)
v.)
)
LONNIE L. DUSENBERRY)
)
Respondent.)

ORDER BARRING LONNIE L.
DUSENBERRY FROM ANY POSITION
OF EMPLOYMENT, MANAGEMENT OR
CONTROL OF ANY BROKER-DEALER
OR INVESTMENT ADVISER

ORDER BARRING LONNIE L. DUSENBERRY FROM ANY POSITION OF
EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY BROKER-DEALER OR
INVESTMENT ADVISER

1
2 TO: Lonnie L. Dusenberry
3 10270 E. Taron Dr., #61
4 Elk Grove, CA 95757

5 On June 18, 2013, then California Corporations Commissioner, now known as the
6 Commissioner of Business Oversight¹ (“Commissioner”) brought an action to permanently bar
7 Lonnie L. Dusenberry, CRD#3084887 from any position of employment, management or control of
8 any broker-dealer or investment adviser pursuant to Corporations Code section 25213. At relevant
9 times, Dusenberry was a broker-dealer agent employed by Edward Jones, a broker-dealer registered
10 in California with a place of business in Manteca, California.

11 Dusenberry entered into an Acceptance, Waiver and Consent with the Financial Industry
12 Regulatory Authority (“FINRA”) whereby he consented to a permanent bar from the securities
13 industry. In that proceeding, Dusenberry consented to factual findings that he borrowed \$742,500
14 from various firm customers in violation of his firm’s procedures; that, in several instances, he used
15 the proceeds of one loan to repay an earlier loan from a different customer; that he failed to repay a
16 total of approximately \$500,000 to his customers; and that on several occasions, Dusenberry, without
17 consent, signed a customer’s name on letters of authorization to transfer money from one customer’s
18 accounts to another customer’s accounts.

19 Corporations Code section 25213 provides, in pertinent part:

20 The commissioner may, after appropriate notice and opportunity for hearing,
21 by order censure, or suspend for a period not exceeding 12 months, or deny or bar
22 from any position of employment, management or control of any broker-dealer or
23 investment adviser. . . any officer, director, partner, agent, employee of . . . a broker-
24 dealer, or any other person if the commissioner finds that the . . . denial or bar is in the
25 public interest and the person committed any act or omission enumerated in
26 subdivision (a), (e), (f) or (g) of Section 25212 . . . or is enjoined from any act, conduct
27 or practice specified in subdivision (c) of Section 25212 or is subject to any order
28 specified in subdivision (d) of section 25212.

1 The action by the Commissioner proceeded under subdivisions (d) and (e) of Corporations
 2 Code section 25212, both of which are included in section 25213 as grounds for barring an agent.
 3 Those subdivisions provide as follows:

4 The commissioner may, after appropriate notice and opportunity for
 5 hearing, by order censure, deny a certificate to, suspend for a period not
 6 exceeding 12 months or revoke the certificate of, any broker-dealer if the
 7 commissioner finds that the censure, denial, suspension, or revocation is in
 8 the public interest and that the broker-dealer, whether prior or subsequent
 9 to becoming a broker-dealer, or any partner, officer, director, or branch
 10 manager of the broker-dealer, whether prior or subsequent to becoming
 11 associated with the broker-dealer, or any person directly or indirectly
 12 controlling the broker-dealer, whether prior or subsequent to becoming
 13 such, or any agent employed by the broker-dealer while so employed has
 14 done any of the following: . . .

11 (d) Is or has been subject to... (2) any order of any national securities
 12 association or national securities exchange (registered under the Securities
 13 Exchange Act of 1934) suspending or expelling that person from
 14 membership in the association or exchange or from association with any
 15 member thereof....

15 (e) Has willfully violated any provision of the Securities Act of 1933, the
 16 Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the
 17 Commodity Exchange Act, or **Title 4 (commencing with Section 25000)**... or
 18 of any rule or regulation under any of those statutes, or any order of the
 19 commissioner which is or has been necessary for the protection of any investor.
 20 (Emphasis ours.)

19 As described in Paragraph 4, above, Respondent Dusenberry is subject to an order of a
 20 national securities association (FINRA) suspending him or expelling him from membership, one of
 21 the grounds set forth in subdivision (d) of section 25212, and is therefore subject to being barred by
 22 the Commissioner under section 25213.

23 Corporations Code section 25218 provides as follows:

24 No broker-dealer licensed under this chapter shall effect
 25 any transaction in, or induce or attempt to induce the purchase or
 26 sale of, any security in this state in contravention of such rules as
 27 the commissioner may prescribe designed to promote just and
 28 equitable principles of trade, to provide safeguards against

1 See Corporations Code section 25005 amended by Governor's Reorganization Plan No. 2 of 2011-12, §35, effective July 3, 2012 and operative July 1, 2013.

1 unreasonable profits or unreasonable rates of commissions or other
2 charges, and in general to protect investors and the public interest,
3 and to remove impediments to and perfect the mechanism of a free and
open market.

4 California Code of Regulations, title 10, section 260.218 (a rule promulgated by the
5 Commissioner under section 25218) provides as follows:

6 Each broker-dealer and each agent employed by such a broker-dealer shall
7 observe high standards of commercial honor and just and equitable
8 principles of trade in the conduct of such person's business.

9 By engaging in the activity described in Paragraph 4, above, Dusenberry failed to observe
10 high standards of commercial honor and just and equitable principles of trade in the conduct of his
11 business. He thereby willfully committed violations of section 25218 and 10 CCR § 260.218. These
12 are willful violations of Title 4 (the Corporate Securities Law under which agents are regulated), and
13 constitute further grounds for a bar under section 25213.

14 On or about June 19, 2013, the Commissioner served Respondent at his last known address by
15 certified mail to 10270 E. Taron Drive, #61, Elk Grove, CA 95757 with the following documents:

- 16 1. Cover letter dated June 19, 2013;
- 17 2. Notice of Intent to Issue Bar Order;
- 18 3. Accusation;
- 19 4. Statement to Respondent;
- 20 5. Government Code sections 11507.5, 11507.6 and 11507.7; and
- 21 6. Notice of Defense [Blank].

22 GOOD CAUSE APPEARING THEREFORE, IT IS ORDERED that Respondent Lonnie L.
23 Dusenberry is permanently barred from any position of employment, management or control of any
broker-dealer or investment adviser pursuant to Corporations Code section 25213.

24 Dated: December 11, 2014
25 San Francisco, California

JAN LYNN OWEN
Commissioner of Business Oversight

26
27 By: _____
MARY ANN SMITH

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Deputy Commissioner
Enforcement Division

ORDER BARRING LONNIE L. DUSENBERRY FROM ANY POSITION OF
EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY BROKER-DEALER OR
INVESTMENT ADVISER