

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

\_\_\_\_\_  
IN THE MATTER OF: LORI J. BARNES )  
\_\_\_\_\_)

FILE NO. 0800164

**CORRECTED CONSENT ORDER OF WITHDRAWAL**

TO THE RESPONDENT:   Lori J. Barnes  
                                  (CRD#: 3032726)  
                                  224 N. Pennsylvania  
                                  Greenfield, Indiana 46140

C/o City Securities Corporation  
30 South Meridian Street  
Suite 600  
Indianapolis, Indiana 46404

C/o Paul F. Donahue Attorney at Law Bell,  
Boyd & Lloyd LLP.  
70 W. Madison Street Suite 3100  
Chicago, Illinois 60602-4207

WHEREAS, Respondent on the 7<sup>th</sup> day of January 2009 executed a certain Stipulation to Enter Consent Order of Withdrawal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department dated May 14, 2008 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

2. That on March 6, 2008 FINRA entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. 2005003298301 Which sanctioned the Respondent as follows:
  - a. 10 business-day suspension in all capacities; an
  - b. \$5,000 fine.
  
3. That the AWC found:

**OVERVIEW**

- a. The Respondent exercised discretion in one customer account without the customer's prior written authorization and without the firm's acceptance of the discretionary account.

**FACTS AND VIOLATIVE CONDUCT**

- b. In 1998, public customer JE opened a securities account with the Member. The Respondent began servicing the account in 1999. The new account form shows that no one was granted trading authorization within the account. On May 30, 2005, JE updated his financial profile and again did not give anyone trading authority for his account. The Member's written supervisory procedures prohibit discretionary trading within customer accounts. The Respondent was aware that the Member prohibited discretionary trading in customer accounts.
  
- c. Nonetheless, she exercised discretion and purchased securities for JE's account without proper firm approval. JE gave the Respondent verbal authority to exercise discretion, but no written permission was given. Sometime in November 2005, JE was sent a letter asking him to approve of the past trading activity in his account. JE refused to sign the activity letter and, for the first time, disclosed to the Member that the Respondent was exercising discretion within the account.
  
- d. Between December 2004 and April 2005, the Respondent implemented a covered call writing strategy and used her discretion to effectuate approximately 154 securities transactions in JE's account without obtaining prior written authorization from JE, and written acceptance from the Member, in violation of NASD Conduct Rules 2510(b) and 2110.

4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration Of a salesperson may be revoked if the Secretary of State finds that such Salesperson has been suspended by any self-regulatory organization Registered under the Federal 1934 Act or the Federal 1974 Act arising from Any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory Organization.
5. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

The Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E (1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that she shall cause to have her registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and shall not re-apply for registration for a period of two (2) years from the entry of this Consent Order.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that she shall be levied costs incurred during the investigation of this matter in the amount of One Thousand dollars (\$1,000.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that she has submitted with the Stipulation a certified or cashier's check in the amount of One Thousand dollars (\$1,000.00) to cover costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

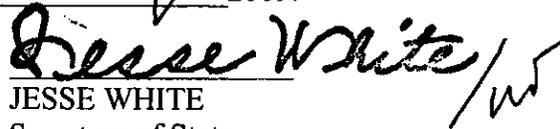
1. The Respondent shall cause to have her registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of two (2) years from the entry of this Consent Order.

Corrected Consent Order of Withdrawal

4

2. The Respondent is levied costs of investigation in this matter in the amount of One Thousand dollars (\$1,000.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on January 7, 2008 has submitted One Thousand dollars (\$1,000.00) in payment thereof.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 22nd day of January 2009.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Daniel A. Tunick  
Enforcement Attorney  
Illinois Securities Department  
Office of Secretary of State  
69 West Washington St.- Suite 1220  
Chicago, IL 60602  
Telephone: 312.793.4433  
Facsimile: 312.793.1202