

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Ying Zhao

Case Number: 20-02800

vs.

Respondent
Next Financial Group, Inc.

Hearing Site: Birmingham, Alabama

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Associated Person vs. Member

This case was administered under the Special Proceeding option for simplified cases.

REPRESENTATION OF PARTIES

For Claimant Ying Zhao: Zachary Hayes-Macaluso, FA Expungement, Denver, Colorado.

For Respondent Next Financial Group, Inc.: John T. Unger, General Counsel, Next Financial Group, Inc., Houston, Texas.

CASE INFORMATION

Statement of Claim filed on or about: August 26, 2020.

Ying Zhao signed the Submission Agreement: August 26, 2020.

Amended Statement of Claim filed on or about: October 27, 2020.

Statement of Answer filed by Respondent on or about: November 5, 2020.

Next Financial Group, Inc. signed the Submission Agreement: November 5, 2020.

CASE SUMMARY

In the Statement of Claim, as amended, Claimant asserted a claim seeking expungement of information from registration records maintained by the Central Registration Depository (“CRD”).

In the Statement of Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, as amended, Claimant requested expungement of Occurrence Numbers 1631340 and 1631341 and compensatory damages in the amount of \$1.00 from Respondent.

In the Statement of Answer, Respondent requested denial of Claimant's request for damages and assessment of all forum fees, costs and other expenses against Claimant.

At the hearing, Claimant withdrew the request for \$1.00 in damages.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

AWARD

After considering the pleadings, the testimony and evidence presented at the expungement hearing, and any post-hearing submissions, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

The Arbitrator recommends the expungement of the Reason for Termination and Termination Explanation in Section 3 of Claimant Ying Zhao's (CRD Number 5360572) Form U5 filed by Next Financial Group, Inc. on October 17, 2012 and maintained by the CRD. The Termination Explanation shall be changed to "Failure to obtain required pre-approvals on advertising, variable annuities and REITs." The Reason for Termination shall remain the same. This directive shall apply to all references to the Reason for Termination and Termination Explanation.

With respect to Occurrence Number 1631340, the Arbitrator recommends expungement of the answer to Question 4 of the Termination Disclosure Reporting Page (DRP). The response to this question should be deleted in its entirety and replaced with the following language: "Failure to obtain required pre-approvals on advertising, variable annuities and REITs." The Arbitrator further recommends the expungement of the response to Question 6 (Optional Comment). The response to Question 6 should be deleted in its entirety and should appear blank.

With respect to Occurrence Number 1631341, the Arbitrator recommends expungement of the answer to Question 3 of the Internal Review DRP. The response to Question 3 should be deleted in its entirety and replaced with the following language: "Supervising principal mistakenly issued letter of caution which was withdrawn when mistake was discovered."

The above recommendations are made based on the defamatory, inaccurate and professionally harmful nature of the information. The registration records are not automatically amended to include the changes indicated above. Claimant Ying Zhao must forward a copy of this Award to FINRA's Credentialing, Registration, Education and Disclosure Department for review.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution Services assessed a filing fee* for each claim:

Initial Claim Filing Fee =\$ 50.00

**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Respondent is assessed the following:

Member Surcharge =\$ 150.00

Hearing Session Fees and Assessments

The Arbitrator has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator, including a pre-hearing conference with the Arbitrator, which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing session with a single Arbitrator @ \$50.00/session =\$ 50.00
Pre-Hearing Conference: December 8, 2020 1 session

One (1) hearing session on expungement request @ \$50.00/session =\$ 50.00
Hearing: May 4, 2021 1 session

Total Hearing Session Fees =\$ 100.00

The Arbitrator has assessed the total hearing session fees to Claimant.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

ARBITRATOR

G. Maynard Green

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Sole Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

Arbitrator's Signature

G. Maynard Green

G. Maynard Green
Sole Public Arbitrator

05/20/2021

Signature Date

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May 20, 2021

Date of Service (For FINRA Dispute Resolution Services use only)