

**BrokerCheck Report**

**DION REY PADILLA**

CRD# 4432230

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## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <http://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

[brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).

**DION R. PADILLA**

CRD# 4432230

**Currently employed by and registered with the following Firm(s):****NEXT FINANCIAL GROUP, INC.**

9901 IH-10w, SUITE 800/OFFICE 8007

SAN ANTONIO, TX 78230

CRD# 46214

Registered with this firm since: 02/24/2006

**Report Summary for this Broker**

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

**Broker Qualifications****This broker is registered with:**

- 1 Self-Regulatory Organization
- 4 U.S. states and territories

**This broker has passed:**

- 0 Principal/Supervisory Exams
- 1 General Industry/Product Exam
- 1 State Securities Law Exam

**Registration History****This broker was previously registered with the following securities firm(s):****SECURITIES AMERICA, INC.**

CRD# 10205

LAVISTA, NE

10/2003 - 03/2006

**UBS FINANCIAL SERVICES INC.**

CRD# 8174

WEEHAWKEN, NJ

12/2002 - 08/2003

**VALIC FINANCIAL ADVISORS, INC.**

CRD# 42803

HOUSTON, TX

08/2002 - 03/2003

**Disclosure Events**

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **Yes**

**The following types of disclosures have been reported:**

Type	Count
Regulatory Event	1
Customer Dispute	2

**Investment Adviser Representative Information**

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at

<https://www.adviserinfo.sec.gov>



## Broker Qualifications

### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

**This individual is currently registered with 1 SRO and is licensed in 4 U.S. states and territories through his or her employer.**

### Employment 1 of 1

Firm Name: **NEXT FINANCIAL GROUP, INC.**  
 Main Office Address: **2500 WILCREST DRIVE  
 SUITE 620  
 HOUSTON, TX 77042**  
 Firm CRD#: **46214**

SRO	Category	Status	Date
FINRA	General Securities Representative	APPROVED	02/24/2006

U.S. State/ Territory	Category	Status	Date
California	Agent	APPROVED	10/02/2006
Colorado	Agent	APPROVED	03/07/2012
Missouri	Agent	APPROVED	10/26/2015
Texas	Agent	APPROVED	02/24/2006

### Branch Office Locations

**NEXT FINANCIAL GROUP, INC.**  
 9901 IH-10w, SUITE 800/OFFICE 8007  
 SAN ANTONIO, TX 78230



## Broker Qualifications

### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

**This individual has passed 0 principal/supervisory exams, 1 general industry/product exam, and 1 state securities law exam.**

### Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	08/17/2001

### State Securities Law Exams

Exam	Category	Date
Uniform Combined State Law Examination	Series 66	09/20/2001

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).



## Registration and Employment History

### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
10/2003 - 03/2006	SECURITIES AMERICA, INC.	10205	LAVISTA, NE
12/2002 - 08/2003	UBS FINANCIAL SERVICES INC.	8174	WEEHAWKEN, NJ
08/2002 - 03/2003	VALIC FINANCIAL ADVISORS, INC.	42803	HOUSTON, TX
08/2001 - 03/2002	MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	7691	NEW YORK, NY

### Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

**Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.**

Employment Dates	Employer Name	Employer Location
02/2006 - Present	NEXT FINANCIAL GROUP INC	SAN ANTONIO, TX

### Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

#### 1) PADILLA & ASSOCIATES WEALTH MANAGEMENT GROUP

POSITION: Investment Professional NATURE: DBA INVESTMENT RELATED: Yes NUMBER OF HOURS: 150

SECURITIES TRADING HOURS: 110 START DATE: 02/24/2006

ADDRESS: 9901 IH-10W, Suite 800 / Office 8007, San Antonio TX 78230

DESCRIPTION: sale of investment products and services via NEXT Financial Group, Inc.

#### 2) DION R. PADILLA

POSITION: Notary Public NATURE: NOTARY PUBLIC INVESTMENT RELATED: No NUMBER OF HOURS: 5

SECURITIES TRADING HOURS: 5 START DATE: 02/24/2006

ADDRESS: 9901 IH-10W, Suite 800 / Office 8007, San Antonio TX 78230

DESCRIPTION: provide notary services to the general public



## Registration and Employment History

### Other Business Activities, continued

3) THE PADILLA WEALTH MANAGEMENT CHARITABLE FOUNDATION

POSITION: Board Member NATURE: Charity/Non-Profit Organization INVESTMENT RELATED: No NUMBER OF

HOURS: 5 SECURITIES TRADING HOURS: 5 START DATE: 09/01/2014

ADDRESS: 9901 IH-10W, Suite 800 / Office 8007, San Antonio TX 78230

DESCRIPTION: I am the Chairman of the Board for this non-profit and responsible for all major decisions regarding its objectives and goals.

4) PADILLA & ASSOCIATES WEALTH MANAGEMENT GROUP

POSITION: Owner NATURE: INSURANCE - Fixed Annuities; Life/Health; Long-Term Care. INVESTMENT RELATED:

No NUMBER OF HOURS: 10 SECURITIES TRADING HOURS: 10 START DATE: 02/26/2006

ADDRESS: 9901 IH-10W, Suite 800 / Office 8007, San Antonio TX 78230

DESCRIPTION: Provide and sell life and long-term care insurance policies.

5) A WOMANS HAVEN

POSITION: Board Member NATURE: Charity/Non-Profit Organization INVESTMENT RELATED: No NUMBER OF

HOURS: 5 SECURITIES TRADING HOURS: 0 START DATE: 01/01/2015

ADDRESS: 8647 Wurzbach Rd., Suite C, San Antonio TX 78230

DESCRIPTION: collaborate with other board members to establish direction of non-profit's mission to assist women in a pregnancy crisis.

6) PADILLA WEALTH MANAGEMENT GROUP

POSITION: Investment Professional NATURE: Doing Business As ("DBA") INVESTMENT RELATED: Yes NUMBER OF

HOURS: 150 SECURITIES TRADING HOURS: 110 START DATE: 02/21/2016

ADDRESS: 9901 IH-10W, Suite 450, San Antonio TX 78230

DESCRIPTION: sale of investment products and services via NEXT Financial Group, Inc.

7) PADILLA WEALTH MANAGEMENT

POSITION: Investment Professional NATURE: Doing Business As ("DBA") INVESTMENT RELATED: Yes NUMBER OF

HOURS: 150 SECURITIES TRADING HOURS: 110 START DATE: 02/21/2016

ADDRESS: 9901 IH-10W, Suite 800 / Office 8007, San Antonio TX 78230

DESCRIPTION: sale of investment products and services via NEXT Financial Group, Inc

8) PADILLA WEALTH MANAGEMENT

POSITION: Owner NATURE: INSURANCE - Fixed Annuities; Life/Health; Long-Term Care. INVESTMENT RELATED:

No NUMBER OF HOURS: 10 SECURITIES TRADING HOURS: 10 START DATE: 02/26/2006

ADDRESS: 9901 IH-10W, Suite 800 / Office 8007, San Antonio TX 78230

DESCRIPTION: Provide and sell life and long-term care insurance policies.



## Disclosure Events

### What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
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3. **Disclosure events in BrokerCheck reports come from different sources:**
  - As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
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4. **There are different statuses and dispositions for disclosure events:**
  - A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - A "pending" event involves allegations that have not been proven or formally adjudicated.
    - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - A "final" event has been concluded and its resolution is not subject to change.
  - A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

**For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.**

	Pending	Final	On Appeal
Regulatory Event	1	0	0





Customer Dispute	1	1	N/A
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## Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Regulatory - Pending

This type of disclosure event involves a pending formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory agency such as the Securities and Exchange Commission, foreign financial regulatory body) for alleged violations of investment-related rules or regulations.

#### Disclosure 1 of 1

**Reporting Source:** Regulator

**Regulatory Action Initiated By:** FINRA

**Sanction(s) Sought:** Other: n/a

**Date Initiated:** 06/09/2016

**Docket/Case Number:** [2014040362001](#)

**Employing firm when activity occurred which led to the regulatory action:** NEXT Financial Group, Inc.

**Product Type:** Annuity-Variable

**Allegations:** Padilla was named a respondent in a FINRA complaint alleging that he effected unauthorized purchases of a variable annuity for a customer of his member firm and concealed this information from the customer for over nine months through repeated misrepresentations that he had not invested the customer's funds into a variable annuity. The complaint alleges that Padilla knowingly, willfully or recklessly made misrepresentations of material fact in connection with the sale of the variable annuity to the customer. At the time Padilla presented the variable annuity application to the customer, Padilla assured the customer that the application was not for a variable annuity. Padilla convinced the customer to keep the variable annuity beyond the Right to Examine period by reassuring him orally and in writing that the investment the customer had purchased was not a variable annuity.



Padilla caused the customer to invest an additional \$558,889 into the variable annuity by falsely claiming that the investment purchased was not a variable annuity. In reliance upon Padilla's material misrepresentations, the customer initially invested \$220,787 in the variable annuity and, in further reliance on the material misrepresentations, made an additional investment in the variable annuity of \$558,889. The customer consistently and unequivocally told Padilla that he did not wish to purchase a variable annuity. As a result, Padilla willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and violated FINRA Rule 2020.

**Current Status:** Pending

**Reporting Source:** Broker

**Regulatory Action Initiated By:** FINRA

**Sanction(s) Sought:** Other: n/a

**Date Initiated:** 06/09/2016

**Docket/Case Number:** [2014040362001](#)

**Employing firm when activity occurred which led to the regulatory action:** NEXT Financial Group, Inc.

**Product Type:** Annuity-Variable

**Allegations:** On June 9, 2016, FINRA issued a complaint against Dion Padilla as a respondent. The complaint alleges that Mr. Padilla effected unauthorized purchases of a variable annuity for a customer of his member firm and concealed this information from the customer for over nine months. The complaint further alleges that Mr. Padilla knowingly, willfully or recklessly misrepresented material facts in connection with the sale of the subject variable annuity to the customer, purportedly reassuring the customer orally and in writing that the investment purchased was not a variable annuity and causing the customer to make two investments of \$220,787 and \$558,889, respectively, one subsequent to the expiration of the Right to Examine period. As a result, the complaint accuses Padilla of willfully violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2020 and 2010.

**Current Status:** Pending

**Broker Statement** Mr. Padilla adamantly denies that any unauthorized transaction occurred, or that he deliberately concealed or otherwise intentionally misrepresented any facts,



including the nature of the annuity investment product, to the customer at any point during the application or investment process. The customer received numerous disclosure documents, including a variable annuity prospectuses, variable annuity applications, variable annuity disclosure forms and monthly statements directly from the carrier showing that he was invested in variable annuity products. The customer did not express that he did not want to be invested in any variable annuity products until over nine (9) months had passed since the time of the initial investment. The customer not only had knowledge that the investments were made in variable annuity products, but on several occasions expressed his desire to be in this product-type.



## Customer Dispute - Settled

This type of disclosure event involves (1) a pending consumer-initiated, investment-related arbitration or civil suit that contains allegations of sales practice violations against the broker; or (2) a pending, consumer-initiated, investment-related written complaint containing allegations that the broker engaged in, sales practice violations resulting in

### Disclosure 1 of 1

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	NEXT FINANCIAL GROUP LLC
<b>Allegations:</b>	ALLEGED TO HAVE EXECUTED AN UNAUTHORIZED TRADE.
<b>Product Type:</b>	Annuity-Variable
<b>Alleged Damages:</b>	\$62,617.30
<b>Is this an oral complaint?</b>	Yes
<b>Is this a written complaint?</b>	No
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	No

### Customer Complaint Information

<b>Date Complaint Received:</b>	02/05/2014
<b>Complaint Pending?</b>	No
<b>Status:</b>	Settled
<b>Status Date:</b>	02/05/2014
<b>Settlement Amount:</b>	\$69,400.73
<b>Individual Contribution Amount:</b>	\$54,400.73



## Customer Dispute - Pending

This type of disclosure event involves (1) a pending consumer-initiated, investment-related arbitration or civil suit that contains allegations of sales practice violations against the broker; or (2) a pending, consumer-initiated, investment-related written complaint containing allegations that the broker engaged in, sales practice violations resulting in compensatory damages of at least \$5,000, forgery, theft, or misappropriation, or conversion of funds or securities.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Broker
<b>Employing firm when activities occurred which led to the complaint:</b>	NEXT Financial Group, Inc.
<b>Allegations:</b>	Customer alleges that in April 2007, registered representative failed to include a principal protection for life rider in connection with a recommended variable annuity investment.
<b>Product Type:</b>	Annuity-Variable
<b>Alleged Damages:</b>	\$342,000.00
<b>Alleged Damages Amount Explanation (if amount not exact):</b>	Customer is requesting \$342,000 plus \$5,000 for attorney's fees for a total amount of \$347,000
<b>Is this an oral complaint?</b>	No
<b>Is this a written complaint?</b>	Yes
<b>Is this an arbitration/CFTC reparation or civil litigation?</b>	No

### Customer Complaint Information

<b>Date Complaint Received:</b>	04/25/2016
<b>Complaint Pending?</b>	No
<b>Status:</b>	Evolved into Arbitration/CFTC reparation (the individual is a named party)
<b>Status Date:</b>	08/08/2016
<b>Settlement Amount:</b>	
<b>Individual Contribution Amount:</b>	

### Arbitration Information



**Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):** FINRA

**Docket/Case #:** 16-02163

**Date Notice/Process Served:** 08/08/2016

**Arbitration Pending?** Yes

**Broker Statement** The subject variable annuity was suitable for and purchased by customer in accordance with customer's instructions in March 2007. Despite having numerous opportunities to identify the issue complained of, customer did not raise concerns to me or my broker-dealer until October 2015 - over eight years later. We are investigating whether customer is time-barred by the applicable statute of limitations, and seeking immediate resolution of this matter.

## End of Report



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