

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of :
: INITIAL DECISION
NEXT FINANCIAL GROUP, INC. : June 18, 2008
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APPEARANCES: Paul N. Feindt, Karen L. Martinez, and Thomas M. Melton for the
Division of Enforcement, Securities and Exchange Commission.

Peter J. Anderson, Shane B. Hansen, and Brian L. Rubin for NEXT
Financial Group, Inc.

BEFORE: James T. Kelly, Administrative Law Judge.

The Securities and Exchange Commission (SEC or Commission) issued its Order Instituting Proceedings (OIP) on August 24, 2007, pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (Exchange Act). Respondent NEXT Financial Group, Inc. (NEXT or Respondent), received the OIP on August 29, 2007, and filed a timely Answer.

The OIP alleges that NEXT, a registered broker and dealer, willfully violated Regulation S-P, 17 C.F.R. Part 248, by disclosing nonpublic personal information about its customers to nonaffiliated third parties without notice or a reasonable opportunity to opt out of such disclosure, by allowing registered representatives to disseminate customer nonpublic personal information to other brokerage firms when leaving NEXT, and by failing to safeguard customer records and information. The OIP also alleges that NEXT willfully aided and abetted and caused violations of Regulation S-P by other, non-party brokers and dealers. According to the OIP, NEXT did so by encouraging and, in many cases, helping registered representatives from other brokerage firms (recruits) to disclose their customers' nonpublic personal information to NEXT without proper notice to the customers and without affording the customers a reasonable opportunity to opt out of such disclosure. As relief for the alleged violations, the Division of Enforcement (Division) seeks a cease-and-desist order and a civil monetary penalty.

I held a four-day public hearing in Houston, Texas, during December 2007. The Division and NEXT have filed proposed findings of fact, proposed conclusions of law, and supporting briefs, and the matter is ready for decision. I base my findings and conclusions on the entire

