

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009017116301**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Connie Hong Tao Zhao, Respondent
(CRD No. 4592497)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Connie Hong Tao Zhao ("Zhao"), submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Zhao first entered the securities industry in October 2002 when she became associated with FINRA regulated firm MetLife Securities Inc. ("MetLife"). In February 2003, Zhao obtained her Investment Company and Variable Products Representative (Series 6) license. Zhao was registered as an Investment Company and Variable Products Representative with MetLife from February 2003 to August 2004 and again from January 2005 until her termination on February 6, 2009.

Zhao has not been associated with any FINRA regulated firm since her termination from MetLife. FINRA retains jurisdiction over Zhao pursuant to Article V, Section 4 of the FINRA By-Laws since the conduct that serves as the basis for this action commenced prior to her termination of registration from a FINRA regulated broker-dealer and this AWC has been issued within two years after the effective date of Zhao's last termination of registration from a FINRA regulated broker-dealer.

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OVERVIEW

Zhao converted the funds of one of her insurance customers and improperly used an address that she maintained as the address of record for nine of her insurance customers' insurance policies, in violation of NASD Rule 2110.

FACTS AND VIOLATIVE CONDUCT

While registered with MetLife, Zhao sold life insurance policies through MetLife's life insurance affiliate, Metropolitan Life Insurance Company. In late 2007, one of Zhao's customers, S.C., attempted to renew a universal life insurance policy that she had previously purchased from Zhao. S.C.'s policy premium was \$9,898.56, which was to be paid on an annual basis. On December 19, 2007, S.C.'s family paid to Zhao, on S.C.'s behalf, the full annual premium amount. However, Zhao, without S.C.'s authorization or knowledge, changed the frequency of payments on the policy from annual to quarterly. Zhao delayed transferring S.C.'s premium to Metropolitan Life Insurance Company until she made the first quarterly payment in the amount of \$3,419.56 on March 18, 2008. Zhao converted the remainder of S.C.'s funds.

Following the March 18, 2008 payment to Metropolitan Life Insurance Company, Zhao failed to remit any additional payments towards S.C.'s policy. As a result, S.C.'s policy lapsed on October 21, 2008. In late December 2008, after learning that the policy lapsed for nonpayment, S.C.'s grandson complained to MetLife. When Zhao became aware of the complaint, on January 7, 2009, she had the policy reinstated by completing and sending a reinstatement application for S.C.'s policy along with a payment of \$5,000 towards the premium. S.C. was unaware that Zhao had reinstated the policy and did not sign the documents necessary to have the policy reinstated. On January 23, 2009, Zhao made a second payment of \$5,450.65 towards S.C.'s policy premium.

Between July 2005 and June 2008, contrary to MetLife policy, Zhao used an address that she maintained as the address of record for S.C.'s insurance policy, as well as eight other customer insurance policies.

By converting the funds intended for S.C.'s policy, Zhao violated NASD Rule 2110. Zhao also violated NASD Rule 2110 by improperly using an address that she maintained for nine of her clients' insurance policies.

B. I also consent to the imposition of the following sanctions:

A bar from associating with any FINRA member firm in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

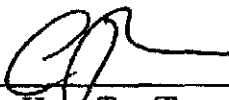
OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;**
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and**
- C. If accepted:**
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;**
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;**
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and**
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.**

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

10/29/10
Date



Connie Hong Tao Zhao
Respondent

Accepted by FINRA:

11/15/10
Date

Signed on behalf of the
Director of ODA, by delegated authority



Samuel L. Israel
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