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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080164500-01

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

RE: Darren K. Lee, Respondent
Associated Person
CRD No. 5622342

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FINRA
SAN FRANCISCO DISTRICT OFFICE

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

On December 16, 2008, Respondent became an associated person of FINRA member AXA Advisors, LLC by submitting a Form U4. Respondent was terminated by AXA on December 26, 2008 and he has not since been associated with any FINRA member.

RELEVANT DISCIPLINARY HISTORY

Respondent has no disciplinary history.

OVERVIEW

Respondent failed to disclose a theft-related misdemeanor charge and conviction on a Form U4. He further failed to provide complete information requested by FINRA concerning other criminal charges and convictions.

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FACTS AND VIOLATIVE CONDUCT

1. Willful Misrepresentation of Material Facts on Form U4

On April 10, 2006, in the State of California, Respondent was charged by the Orange County District Attorney with Petty Theft of Lost Property, a misdemeanor. Respondent pled guilty and was convicted of the charge that same day.

On December 16, 2008, AXA filed with FINRA a Form U4 completed and signed by Respondent. Question 14B(1)(a) on the Form U4 asked:

Have you ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a misdemeanor involving: investments or an investment-related business or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?

Question 14B(1)(b) on the Form U4 asked:

Have you ever been charged with a misdemeanor specified in 14B(1)(a)?

Though he was aware of his 2006 charge and conviction for petty theft, Respondent answered "No" to each of these questions. He thereby willfully made false statements with respect to material facts on an application to become associated with a FINRA member, in violation of NASD Rule 2110.

2. Failure to Provide Information

On January 13, 2009, FINRA staff sent a letter to Respondent requesting information about his failure to disclose his criminal history on his Form U4. Respondent provided information responsive to that request in a letter dated March 7, 2009. In his response, Respondent indicated that he had been charged in 2006 with various offenses stemming from a traffic ticket, including one charge that he characterized as, "evidence of financial responsibility." After further investigation, FINRA staff determined that Respondent had actually been charged with displaying false evidence of registration. On March 30, 2009, FINRA staff sent a letter to Respondent requesting that he provide information by April 13, 2009 concerning the details of that charge. Respondent did not provide the requested information.

On April 22, 2009, the staff sent Respondent a second request for the information, with a due date of April 29, 2009. Respondent never provided

the requested information. He thereby violated FINRA Rules 8210 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

1. A suspension from association with all FINRA members in all capacities for a period of two years; and
2. A \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the two-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Respondent 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).

Respondent understands that this settlement includes a finding that, on or about December 16, 2008, he willfully misrepresented a material fact on a Form U4, and that under Section 15(b)(4)(A) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this misrepresentation makes Respondent subject to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondent;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent;
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's 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. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that she may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has 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 Respondent to submit it.

10/28/09
Date

David Lee
Respondent

Accepted by FINRA:

11/20/2009
Date

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

John S. Han
John S. Han
Senior Regional Counsel
FINRA Department of Enforcement
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