

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012034518801**

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

RE: AXA Advisors, LLC, Respondent
Member Firm
CRD No. 6627

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

The Respondent, AXA Advisors, LLC ("AXA Advisors" or the "Firm"), has been registered with FINRA since 1974. AXA Advisors conducts a general securities business and is primarily engaged in the distribution of mutual funds, variable life insurance, and variable annuity contracts. AXA Advisors has approximately 5,700 registered representatives and 1,200 branch offices. The Firm has no relevant disciplinary history.

OVERVIEW

Between January 1, 2008, and December 31, 2012 (the "relevant period"), AXA Advisors failed to arbitrate under FINRA's Code of Arbitration Procedure 102 disputes between the Firm and associated persons that arose from the business activities of the Firm and the associated persons.

FACTS AND VIOLATIVE CONDUCT

1. AXA's Corporate Structure

AXA Advisors is part of a comprehensive financial services organization, AXA Equitable Financial Services, LLC ("the AXA Companies"). The AXA Companies are comprised primarily of three affiliated subsidiaries: AXA Advisors, AXA Equitable Life Insurance Company ("AXA Equitable"), and AXA Network LLC ("AXA Network"). AXA Advisors is a registered broker-dealer and FINRA member firm that sells variable insurance products and other securities. AXA Equitable is a New York State domestic insurance company that issues fixed and variable life insurance and annuity products. AXA Network is an insurance general agent which markets and distributes products issued by AXA Equitable and other insurance carriers. AXA Advisors and AXA Network jointly offer and sell variable insurance products. AXA Network is permitted to participate in the offer and sale of variable insurance products without registering as a broker-dealer pursuant to no-action letters issued by the U.S. Securities and Exchange Commission and a networking agreement between AXA Advisors and AXA Network.

All of the AXA Companies' sales agents have Associates Agreements with AXA Network and are insurance licensed. Some of those sales agents also sell securities, including variable insurance products. Those agents have Registered Representative Agreements with AXA Advisors and are registered representatives of AXA Advisors, and also have Associates Agreements with AXA Networks.

2. AXA Network Serves as the AXA Companies' Paymaster

AXA Network acts as the AXA Companies' paymaster for commissions from the sales of fixed and variable insurance products and securities products. AXA Equitable pays commissions on the sale of all insurance products to AXA Network pursuant to state insurance laws that require that insurers pay commissions or compensation only to a licensed insurance agent or licensed insurance broker. As required by these laws, AXA Network, in turn, pays commissions to the agents.

Although AXA Network serves as paymaster, as required by the SEC no-action letters, AXA Advisors alone determines the amount of securities commissions to be paid to its registered representatives. All commission payments for securities business, including variable insurance business, made by AXA Network to registered representatives of AXA Advisors are directed by, and paid on behalf of, AXA Advisors as the registered broker-dealer. AXA Advisors also supervises the securities business and records the securities transactions on its books and records.

3. Suits Filed in State Court Against Former Registered Representatives to Recover Commission-Related Debt

During the relevant period, registered representatives of AXA Advisors could elect to receive pre-paid commissions for their sales of variable and fixed insurance products. When a registered representative who owed outstanding pre-paid commissions left or was terminated by AXA

Advisors and AXA Network, AXA Network attempted to recover the commission-related debts directly from the former registered representatives. When AXA Network was unsuccessful in collecting the commission-related debt it often sent the matters to third-party collection agencies. In most instances, the collection agencies successfully recovered the amounts owed through non-judicial means. When unable to collect through non-judicial means, the collection agencies filed lawsuits in state courts to recover the debt. In December 2012—during FINRA’s investigation of this matter—AXA Advisors and AXA Network directed those third-party collection agencies to discontinue filing lawsuits in state courts against former registered representatives of AXA Advisors to recover commission-related debt.

During the relevant period, 112 lawsuits were filed in state court to recover commission-related debts from former registered representatives of AXA Advisors. In 102 of the 112 lawsuits, the commission-related debts were attributable in whole, or in part, to pre-paid commissions on securities products. In the remaining ten lawsuits, the commission-related debts were solely attributable to pre-paid commissions for fixed-insurance products. Because those ten lawsuits involved debts solely related to pre-paid commissions for fixed insurance products, they were not disputes between the member firm and the registered representatives. Therefore, they were not required to be arbitrated under FINRA Rules.

Of the 102 lawsuits that sought the recovery of commissions on variable products, 96 were filed in the name of AXA Network and/or AXA Equitable. The remaining six cases were filed by AXA Advisors as a co-plaintiff with AXA Network, in a “dba” capacity with AXA Network or AXA Equitable or as an individual plaintiff. The average case sought approximately \$9,500 in outstanding debt while the largest amount sought was approximately \$38,000.

4. Violations

FINRA Rule 13200(a) of FINRA’s Code of Arbitration Procedure (the “Code”) and its predecessor, NASD Rule 13200(a), requires that disputes between member firms and associated persons be arbitrated if they arise out of the business activities of the member or associated person.¹ FINRA IM-13000 under the Code and its predecessor, NASD IM-13000, provides that a failure to submit a dispute for arbitration as required by the Code “may be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 2010.”²

As described above, during the relevant period 102 actions were filed in state courts to recover pre-paid securities commissions from former AXA Advisors registered representatives who had

¹ NASD Rule 13200 was superseded without change to its text by FINRA Rule 13200 on December 15, 2008. Accordingly, NASD Rule 13200(a) applies for the Firm’s conduct for the period January 1, 2008, through December 14, 2008, and FINRA Rule 13200(a) applies for the period December 15, 2008, through December 31, 2012.

² NASD IM-13000 was superseded by FINRA IM-13000 on December 15, 2008. NASD IM-13000 provided that a failure to submit a dispute for arbitration as required by the Code may be deemed a violation of NASD Rule 2110. FINRA IM-13000 was changed to reflect that a failure to submit a dispute for arbitration as required by the Code may be deemed a violation of FINRA Rule 2010, which superseded NASD Rule 2110 on December 15, 2008. Accordingly, NASD Rule 2110 and NASD IM-13000 apply for the Firm’s conduct for the period January 1, 2008, through December 14, 2008, and FINRA Rule 2010 and FINRA IM-13000 apply for the period December 15, 2008, through December 31, 2012.

received those commissions from AXA Network acting as paymaster. Because these proceedings sought recovery of securities commissions, they were disputes between AXA Advisors and the registered representatives relating to the business activities of both. As such, NASD Rule 13200(a) and FINRA Rule 13200(a) of the Code required that the proceedings be arbitrated. By bringing these proceedings in state court, the Firm failed to submit these disputes to arbitration as required by NASD Rule 13200(a) and FINRA Rule 13200(a). As set forth in NASD IM-13000 and FINRA IM-13000, in so doing, AXA Advisors violated NASD Rule 2110 and FINRA Rule 2010.

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

Censure and a fine of \$150,000.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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

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 the 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 Chief Legal Officer, 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

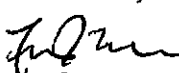
Respondent understands that:

- 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; and
- 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 accordance with FINRA Rule 8313;
 - 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: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- 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 Respondent 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.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understood all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the Firm 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 the Firm to submit it.

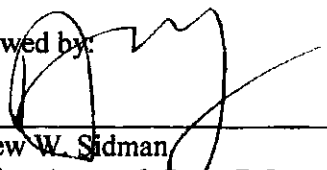
AXA Advisors, LLC

By: 

Print Name: Frank Massa

2/13/15
Date

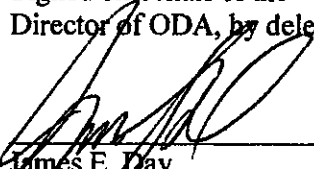
Reviewed by:


Andrew W. Sidman
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17 State Street
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Phone: (212) 510-6919

Accepted by FINRA:

2/20/15
Date

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


James E. Day
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FINRA Department of Enforcement
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