

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C10050011

TO: Department of Enforcement
NASD

RE: Akeem F. Bello, Respondent
Investment Company Products/Variable Contracts Representative ("IR")
(CRD No. 2461569)

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

I understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. 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 allegation in this AWC or create the impression that the

AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

On or about September 1, 1994, I first became registered with NASD as an IR through NASD member firm Equico Securities, Inc. (BD No. 6627) ("Equico"), which merged into member firm AXA Advisors, LLC ("AXA") in or around September 1999. On or about December 6, 2000, I became registered with NASD through AXA as a general securities representative ("GSR").

At all times relevant to the violations cited in Part II (A) of this AWC, I was registered with NASD through Equico as an IR and then with AXA as both an IR and GSR.

Although I am not currently associated with an NASD member firm, NASD retains jurisdiction to prosecute him for the violations set forth in the AWC. The termination of my registration with NASD through my last securities industry employer, AXA, became effective on September 2, 2003. Pursuant to Article V, Section 4 of NASD's By-Laws, NASD retains jurisdiction to prosecute me through September 1, 2005 for the violations cited in this AWC.

I do not have a prior disciplinary history with the United States Securities and Exchange Commission ("SEC"), any self-regulatory organization or any state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal 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 NAC and then to the SEC 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 Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

FIRST CAUSE

(Unsuitable Recommendations of Variable Product Purchases to Customers) Violations of NASD Conduct Rules 2310 and 2110

During my association with Equico, I engaged in the activities described in the following:

1. In 1996, I recommended to customer GS, who was a seventy and one-half (70-1/2) retiree receiving social security benefits, that GS purchase an Equi-vest contract, a variable annuity offered by The Equitable Life Assurance Society of the United States ("The Equitable"), which wholly owned Equico. ("Equi-vest Contract") without having reasonable grounds to believe that the recommendation was suitable for GS based on the facts disclosed to me as to GS's financial situation and needs. I did not have reasonable grounds to believe that the recommendation was suitable because at the time of the recommendation, I knew, or should have known, that: (i) GS did not need the tax advantages offered through the purchase of a variable annuity given her age and annual income; (ii) the GS's contribution to Equi-vest Contract would represent approximately 74% of GS's estimated net worth; and (iii) GS lacked investment sophistication and ability to understand the complexity of variable products generally, and to monitor investments in the separate subaccounts for

the variable annuity. Based on my recommendations, GS purchased from an Equi-vest Contract (No. 96959769), issued on or about September 17, 1996, contributing a total of \$73,928.77 to fund the annuity.

2. In 1997, I recommended to customer GS, who was a seventy-two (72) year old retiree, that GS purchase Incentive Life Plus, a variable life insurance policy offered by The Equitable without having reasonable grounds to believe that the recommendation to purchase the variable life insurance policy based on the facts disclosed to me as to GS's financial situation and needs. I did not have reasonable grounds to believe that the recommendation was suitable because at the time of the recommendation, I knew, or should have known, that: (i) the recommendation was inconsistent with one of GS's investment objectives, retirement income; (ii) GS had owned a life insurance policy when I conveyed the recommendation, and thus did not need to purchase another life insurance policy that was tied to market risk; (iii) approximately one year before, I had sold to GS an Equi-vest variable annuity product, which, together with the variable life insurance product, were illiquid products that exposed GS to undue market risk; (iv) the annual premiums for the variable life policy would have represented a substantial portion of GS's annual adjusted gross income; and (v) GS lacked investment sophistication and the ability to understand the complexity of variable products generally, and to monitor investments in the separate subaccounts for the variable life insurance policy. Based on my recommendation, GS purchased Incentive Life Plus from Equico (Policy No. 47251184), issued on or about January 20, 1998.
3. In 1998, I recommended to customer JH, age forty-eight (48), that JH purchase an Equi-vest Contract without having reasonable grounds to believe that the recommendation was suitable for JH based on the facts disclosed to me as to JH's financial situation and needs. I did not have reasonable grounds to believe that the recommendation was suitable because at the time of the recommendation, I knew, or should have known, that: (i) JH had an immediate need for income and liquidity and thus the recommendation of a variable annuity product was inconsistent with that need. JH expected to rely upon monthly withdrawals from the variable annuity immediately upon issuance of the annuity to meet JH's needs and consequently, could incur early withdrawal charges if the amount withdrawn exceeded 10% of the annuity account value; and (ii) JH lacked investment sophistication and the ability to understand the complexity of variable products generally. Based on my recommendation, JH purchased an Equi-vest Contract (No. 98987008), issued on or about December 30, 1998, contributing a total of \$320,000.00 to fund the annuity.
4. In or around 1998, I recommended to customer JG, age forty-eight (48), that JG purchase an Equi-vest Contract without having reasonable grounds to

believe that the recommendation was suitable for JG based on the facts disclosed to me as to JG's financial situation and needs. I did not have reasonable grounds to believe that the recommendation was suitable because at the time of the recommendation, I knew, or should have known, that: (i) JG had an immediate need for income and liquidity and thus the recommendation of a variable annuity product was inconsistent with that need. JG expected to rely upon monthly withdrawals from the variable annuity immediately upon issuance of the annuity to meet JG's needs and consequently, could incur early withdrawal charges if the amount withdrawn exceeded 10% of the annuity account value; and (ii) JG lacked investment sophistication and the ability to understand the complexity of variable products generally. Based on my recommendation, JG purchased an Equi-vest Contract (No. 98950563), issued on or about July 9, 1998, contributing a total of \$341,463.54 to fund the annuity.

5. In or around 1997 or 1998, I recommended to customer TG, age forty-eight (48), that TG purchase an Equi-vest Contract without having reasonable grounds to believe that the recommendation was suitable for TG based on the facts disclosed to me as to TG's financial situation and needs. I did not have reasonable grounds to believe that the recommendation was suitable because at the time of the recommendation, I knew, or should have known, that: (i) TG had an immediate need for income and liquidity and thus the recommendation of a variable annuity product was inconsistent with that need. TG expected to rely upon monthly withdrawals from the variable annuity immediately upon issuance of the annuity to meet TG's needs and consequently, could incur early withdrawal charges if the amount withdrawn exceeded 10% of the annuity account value; and (ii) TG lacked investment sophistication and the ability to understand the complexity of variable products generally. Based on my recommendation, TG purchased an Equi-vest Contract (No. 98963000), issued on or about September 9, 1998, contributing a total of \$302,733.41 to fund the annuity.
6. In each and every instance, in making the recommendations described, I failed to abide by my responsibility for fair dealing with customers GS, JH, JG and TG.

Based on the foregoing, and in each and every instance, I violated NASD Conduct Rules 2310(a) and 2110.

SECOND CAUSE
(Outside Business Activities)
Violations of NASD Conduct Rules 3030 and 2110

During the period of 2000-2003, while associated with AXA in a registered capacity, I was employed by, and/or accepted compensation from, an entity, other than AXA, as a result of business activity outside the scope of my relationship with AXA, without having provided prompt written notice to AXA. Specifically, during this period, I was an investment consultant for and received compensation from a foreign entity, TOB.

Based on the foregoing, I violated NASD Conduct Rules 3030 and 2110.

- B. I also consent to the imposition, at a maximum, of the following sanctions:
1. A one-year suspension from associating with any NASD member firm in any capacity.
 2. A fine in the amount of \$26,718.92, which includes disgorgement to NASD in the amount of \$26,718.92. The fine shall be due and payable either immediately upon re-association with a member firm following the one-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.

I have asserted an inability to pay and have submitted a sworn financial statement. In light of my financial status, a fine in the amount of \$26,718.92 has been imposed.

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

III.

OTHER MATTERS

- A. I agree to pay any monetary sanction upon re-entry as noted above that is imposed on me by this AWC. I understand that I cannot re-associate with an NASD member firm until this sanction has been paid.
- B. I have raised the issue of my inability to pay and understand that my assertion of inability to pay has been considered in connection with the monetary sanction imposed in this matter and I specifically and voluntarily waive any right to claim that I am unable to pay at any time hereafter, any monetary sanction imposed in this matter.

- C. I understand that if I am suspended from associating with any NASD member, I become 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, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the suspension. (See NASD Rule 8310 and IM-8310-1.)

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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

1/20/05
Date

Akeem F. Bello
Akeem F. Bello, Respondent

1-20-05
Date

Reviewed by:

Michael A. Jones
Michael A. Jones, Esq., Counsel for Respondent

Accepted by NASD:

March 30, 2005
Date

Jay M. Lippman
Jay M. Lippman, Deputy Chief Counsel
District No. 10
Signed on behalf of the Director of ODA,
by delegated authority