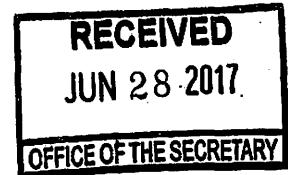


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-17941

In the Matter of

AXESSTEL, INC.

Respondent.

**DIVISION OF ENFORCEMENT'S REPLY BRIEF IN SUPPORT
OF MOTION FOR RULING ON THE PLEADINGS
AND SUMMARY DISPOSITION AS TO AXESSTEL, INC.**

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I. Summary Disposition Is The Appropriate Result

Axisstel, in its response brief, admits that it failed to file required periodic reports for the past several years. Axisstel also admits to the Administrative Law Judge that it has neither the intention nor the financial ability to cure its delinquencies and become current with its periodic filings. Given these admissions, summary disposition is appropriate in this action under Section 12(j) because there are no material facts in dispute. See *Michael Puorro*, Initial Decision Rel. No. 253, 2004 SEC LEXIS 1348, at *3 (June 28, 2004).

II. Revocation is the Appropriate Sanction For Axisstel's Violations

Despite Axisstel's admission that it failed to make its periodic public filings, Axisstel contends that revocation is "not the appropriate remedy." (Axisstel Response Brief ("Axisstel Br.") at 2). Rather, Axisstel asks the Administrative Law Judge to delay her decision for 120 days to allow Axisstel to complete its going private transaction with an unnamed Chinese buyer.

The Administrative Law Judge should reject Axisstel's request because of Axisstel's demonstrated failure to accept the serious, egregious, and recurrent nature of its conduct. Axisstel seeks additional time, but not to remedy its multiple past failures to comply with Section 13. Instead, Axisstel's request for forbearance is based on its assertion that this potential transaction will result in a private company which will have no periodic reporting requirements. Axisstel essentially is asking for a complete "pass" on all its past failures simply because the "new" Axisstel will be free of the burden of periodic filings. The fact that Axisstel now hopes to become a private company at some point in the future in no way excuses its egregious failures to meet its periodic reporting obligations as a public company for the past three years.

Moreover, in making this extraordinary request, Axisstel provides only vague details about its going private transaction. Axisstel provides no details about the alleged Chinese buyer,

other than claiming that it “has business connections with several of Axesstel’s largest creditors in China.” (Axesstel Br. at 1). Further, Axesstel provides no assurances that this buyer will execute the deal Axesstel describes in its Response Brief.

The alleged closing date for this transaction is similarly vague. For example, Axesstel claims that, as of June 23, it “continue[s] to anticipate that the tender offer will commence in June 2017.” (Id.) This is the same claim Axesstel made in its Answer on May 31, 2017. (Gottlieb Decl. Ex. 8).¹ Thus, it appears there has been no change in the purportedly pending transaction’s status in the past three weeks, and with the month of June almost over, it remains a prospective and uncertain event. Nothing about Axesstel’s alleged deal is certain and everything appears to be contingent upon future events. Indeed, as Axesstel admits “[t]he negotiations are nearly complete. As of now the necessary funds needed to complete the transaction have been staged and will be placed in escrow in the United States shortly.” (Axesstel Br. at 2).

Against this backdrop of potential, future, non-descript events, Axesstel argues that the Administrative Law Judge should not revoke its registration. Axesstel is wrong and its request to “please delay” any decision is hardly a defense or reason to forgive its admitted failures to act in a manner required of public companies. The Division respectfully requests that the Administrative Law Judge follow the language of the statute, apply the factors discussed in *Gateway International Holdings, Inc.*, Exchange Act Rel. No. 53907, 2006 SEC LEXIS 1288, at *26 (May 31, 2006), and revoke the registration of Axesstel’s securities. This is the only appropriate remedy given Axesstel’s serious, egregious and recurrent violations of Section 13, as evidenced by facts that Axesstel itself does not dispute.

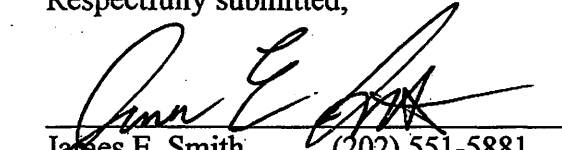
¹ The Division references the Declaration of Adam B. Gottlieb, and supporting exhibits, submitted with the Division’s Motion for Ruling on the Pleadings and Summary Disposition and Brief in Support.

III. Conclusion

For the reasons set forth above, the Division respectfully requests that the Administrative Law Judge grant the Division's Motion for Ruling on the Pleadings and Summary Disposition and revoke the registrations of each class of Axesstel's Exchange Act Section 12 registered securities.

Dated: June 28, 2017

Respectfully submitted,


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CERTIFICATE OF SERVICE

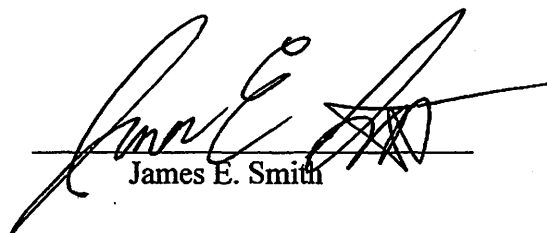
I hereby certify that I caused true copies of the Division of Enforcement's Reply Brief in Support of Motion for Ruling on the Pleadings and Summary Disposition as to Axesstel, Inc., to be served on the following on this 28th day of June, 2017, in the manner indicated below:

By Email and by Hand:

The Honorable Carol Fox Foelak
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