

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9160 / November 30, 2010

SECURITIES EXCHANGE ACT OF 1934
Release No. 63394 / November 30, 2010

INVESTMENT ADVISERS ACT OF 1940
Release No. 3116 / November 30, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-14145

In the Matter of

PRISCILLA G. SABADO,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933,
SECTIONS 15(b)(6) AND 21C OF THE
SECURITIES EXCHANGE ACT OF
1934, AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF
1940**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Priscilla G. Sabado (“Respondent” or “Sabado”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

Sabado, 60, resides in Irvine, California, and worked as both a broker-dealer and investment adviser representative at AXA Advisors, LLC until April 1, 2010. Currently, Sabado sells fixed income products for a life insurance company.

B. OTHER RELEVANT ENTITIES

1. **AXA Advisors, LLC** (“AXA”) is a Delaware limited liability company headquartered in New York, New York. AXA, which is a subsidiary of AXA Financial, Inc., became a Commission-registered broker-dealer on December 30, 1973, and a Commission-registered investment adviser on July 19, 1999.

2. **Halek Energy, LLC** is a Texas limited liability company located in Southlake, Texas, that purports to drill and operate oil and gas wells in Texas. On August 31, 2010, the Commission filed a partially settled civil injunctive action alleging that between June 2007 and September 2009, Halek Energy, CBO Energy, Inc., and Jason Halek fraudulently sold investments in Texas oil and gas projects, raising approximately \$22 million from 300 investors nationwide. *SEC v. Halek Energy, LLC, et al.*, Civil Action No. 3:10-cv-0719-K (N.D. Tex.), Lit. Release No. 21637 (Sept. 1, 2010).

C. MATERIAL MISREPRESENTATIONS AND OMISSIONS

1. From August 2008 to November 2009, Sabado offered and sold Halek Energy and CBO Energy (collectively “Halek Energy”) oil and gas working interests to several of her clients. While soliciting her clients, Sabado made material misrepresentations and omissions regarding the risks of the returns, the projected returns and her family’s investment. As a result of Sabado’s recommendations, six of her clients purchased working interests in Halek Energy oil and gas leases in the aggregate amount of \$491,880.

2. Sabado, who had no experience in selling or investing in oil and gas working interests, did no meaningful due diligence on Halek Energy or the investments it was selling. Halek Energy agreed to pay Sabado an 8% to 10% commission for each working interest sold, which it paid in the form of working interests in one of its projects.

3. Sabado offered and sold Halek Energy working interests to her AXA clients. In doing so, she violated AXA’s compliance policies and procedures prohibiting selling away and requiring disclosure to, and approval by, the firm of all outside business. Sabado was aware of AXA’s requirement that she obtain AXA’s approval prior to selling oil and gas working interests and failed to obtain the required approval. She also failed to disclose her Halek Energy sales on her annual outside business activities forms.

4. In addition, she made several material misrepresentations and omissions while offering the oil and gas working interests to her clients. For example, Sabado told some of her clients to expect monthly “dividends” of \$1,200 to \$2,500, beginning within three months of their initial investment. Sabado also falsely represented to some investors that her family invested in Halek Energy. In reality, her relatives received their working interests as compensation for Sabado’s sales. Further, Sabado falsely told certain investors that her family was receiving \$5,000 a month from their Halek Energy investment.

5. Sabado also failed to adequately disclose the risks involved in the oil and gas investments, telling her clients that the project included a proven well and that they would “most likely” receive the promised returns. Sabado assured one of her clients, a financially unsophisticated 24-year-old blind man, that he would receive \$2,500 to \$5,000 from his Halek Energy investment. She even instructed him to represent in Halek Energy subscription documents that he was a sophisticated, accredited investor, when he was not. In reality, he was an unaccredited investor seeking a safe, income-producing product for over \$139,000 he received as part of the settlement of a lawsuit over the accident that caused his blindness.

6. Sabado continued to solicit new sales of Halek Energy oil and gas projects even after her earlier clients complained that they were not receiving the promised returns. In particular, in November 2009, Sabado recommended that two clients, one of whom was unaccredited, buy another Halek Energy oil and gas project, telling these clients that they would receive significant monthly income. She failed to tell them, however, that her other clients had yet to receive their projected returns from a similar Halek Energy investment.

D. VIOLATIONS

1. As a result of the conduct described above, Sabado willfully violated:

a. Sections 5(a) and 5(c) of the Securities Act, which prohibit the offer or sale of any security, absent an exemption, when no registration statement has been filed or is in effect as to the security.

b. Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

c. Section 15(a) of the Exchange Act, which prohibits persons or entities, while acting as a broker or dealer, from effecting transactions in or attempting to induce the purchase or sale of securities when such person or entities was not registered with the Commission as a broker or dealer or when such person was not associated with an entity registered with the Commission as a broker or dealer.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act including, but not limited to, civil penalties pursuant to Section 203(i) of the Advisers Act;

E. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a) and 5(c) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder and whether Respondent should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against her upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually

related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b)(6) and 21C of the Securities Exchange Act of 1934, and Section 203(f) of the Investment Advisers Act of 1940 ("Order"), on the Respondent and her legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
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Washington, DC 20549-2557

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Securities and Exchange Commission
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