

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9238 / July 14, 2011

SECURITIES EXCHANGE ACT OF 1934
Release No. 64890 / July 14, 2011

INVESTMENT ADVISERS ACT OF 1940
Release No. 3241 / July 14, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14145

In the Matter of

PRISCILLA G. SABADO,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
AND A CEASE-AND-DESIST ORDER
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.

On November 30, 2010, the Securities and Exchange Commission (“Commission”) instituted public administrative and cease-and-desist proceedings against Priscilla G. Sabado (“Sabado” or “Respondent”) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”).

II.

In connection with these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the

Commission's jurisdiction over her and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 203(f) of the Advisers Act ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

A. RESPONDENT

Sabado, 61, 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 is unemployed.

B. 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 or 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, LLC and CBO Energy, Inc. (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.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

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 similar Halek Energy investments.

D. VIOLATIONS

Based on the foregoing, the Commission finds that Respondent willfully violated:

1. 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.

2. 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.

3. 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 entity 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.

IV.

In view of the foregoing, the Commission deems it necessary and appropriate in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 203(f) of the Advisers Act, it is hereby ORDERED that:

A. Respondent Sabado shall cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Sabado be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock,

with the right to apply for reentry after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-

regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall, within ten (10) days of the entry of this Order, pay disgorgement of \$2,341 and prejudgment interest of \$275 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Sabado as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and wire transfer, money order or check shall be sent to Stephen Korotash, Division of Enforcement, Securities and Exchange Commission, Burnett Plaza, Suite 1900, 801 Cherry Street, Unit 18, Fort Worth, TX, 76102.

E. Respondent shall pay a civil penalty of \$25,000 to the United States Treasury. Payment shall be made in the following installments:

1. \$10,000 on August 1, 2011 or ten (10) days following the entry of this order, whichever is earlier;
2. \$1,363.63 on or before August 15, 2011;
3. \$1,363.63 on or before September 15, 2011;
4. \$1,363.63 on or before October 15, 2011;
5. \$1,363.63 on or before November 15, 2011;
6. \$1,363.63 on or before December 15, 2011;
7. \$1,363.63 on or before January 15, 2012;
8. \$1,363.63 on or before February 15, 2012;
9. \$1,363.63 on or before March 15, 2012;
10. \$1,363.63 on or before April 15, 2012;
11. \$1,363.63 on or before May 15, 2012; and
12. \$1,363.63 on or before June 15, 2012.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Penalty payments shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Sabado as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and wire transfer, money order or check shall be sent

to Stephen Korotash, Division of Enforcement, Securities and Exchange Commission, Burnett Plaza, Suite 1900, 801 Cherry Street, Unit 18, Fort Worth, TX, 76102.

By the Commission.

Elizabeth M. Murphy
Secretary