

# AXA: ONLY THE TIP OF THE ICEBERG SEEN SO FAR IN NEW YORK STATE CUSTOMER COMPLAINTS?

## A Peiffer Wolf Carr & Kane Fact Sheet

AXA is a company that is particularly dependent on variable annuity (VA) sales. [According to published data](#), the company's \$373 million in VA revenues in 2017 accounted for 47 percent of total revenues, ranking AXA #4 in the nation.

As [one consumer watchdog told Congress](#): “Award-winning personal finance writer Liz Pulliam Weston has called variable annuities ‘the worst retirement investment you can make.’ Another industry commentator has called them ‘one of the most overhyped, most oversold, and least understood investment products.’ And one analyst, who each year compares the performance of variable annuities to an alternative approach using low-cost index funds, estimates that variable annuities transfer approximately \$25.6 billion a year ‘of spendable investment returns’ from vulnerable investors to the insurance industry and its sales force.”

Not surprisingly, AXA's emphasis on pushing VAs on unwary investors has triggered widespread concerns, including from New York regulators:

- In 2014, AXA was the subject of [the largest fine ever levied by the New York State Department of Financial Services](#) for failing to report changes in its variable annuity structure. The fine was \$20 million.
- In 2010, the New York State Department of Insurance [fined AXA \\$1.9 million for violations](#), including making inaccurate or incomplete disclosures to consumers buying replacement annuity contracts and life insurance policies.

In addition, AXA has consistently attracted the attention of the industry self-regulatory organization FINRA:

- Oct. 2015: FINRA Orders an Additional Five Firms to Pay \$18 Million in Restitution to Charities and Retirement Accounts Overcharged for Mutual Funds: <http://www.finra.org/newsroom/2015/finra-orders-5-firms-pay-18-million-failing-waive-fund-sales-charges>
- July 2009: FINRA Permanently Bars Broker Operating Ponzi Scheme Involving Customers of Broker-Dealers: <http://www.finra.org/newsroom/2009/finra-permanently-bars-broker-operating-ponzi-scheme-involving-customers-broker>
- Sept. 2007: FINRA Fines AXA Advisors \$1.2 Million for Fee-Based Account Violations, Orders Return of \$1.4 Million in Fees to Approximately 1,800 Customers: <http://www.finra.org/newsroom/2007/finra-fines-axa-advisors-12-million-fee-based-account-violations-orders-return-14>

- Feb. 2004: NASD Fines AXA Advisors \$250,000 for Failure to Waive Sales Charges on Customers' Mutual Fund Transfers: <http://www.finra.org/newsroom/2004/nasd-fines-axa-advisors-250000-failure-waive-sales-charges-customers-mutual-fund>

But it is two recent cases – the [new \\$3 million arbitration award to retired egg farmers in Whitesville, NY](#), and a pending case involving [the entire life savings of an 81-year-old widow in a suburb of Rochester, NY](#). – point to serious problems in upstate New York that may only be the tip of the iceberg of AXA sales abuses related to annuities.

Compounding the problem is that AXA has shown no hesitancy to employ or extend the employment of problem brokers with troubled backgrounds:

- Current [AXA broker in Buffalo, NY, Ronald Hicks](#), has eight customer disputes, four financial liens and one criminal disclosure in his records.
- Current [AXA broker in the Utica area, Richard Hazard](#), has eight customer disputes (six related to VA and/or life insurance policies). Publicly available records indicate AXA and/or Hazard has paid out over half a million dollars to settle those disputes.

There is troubling additional evidence that consumers in the Buffalo/Rochester/Syracuse region are being exposed routinely by AXA to other brokers with backgrounds that raise multiple red flags. According to [Broker Check records available online from FINRA](#):

- Brokers currently registered in AXA's Rochester operation have four annuity and life insurance disputes and one criminal disclosure.
- Brokers currently registered in AXA's Buffalo operation have 15 annuity and life insurance disputes and other disclosures, the criminal disclosures and 11 financial lien disclosures.
- Brokers currently registered in AXA's Syracuse operation have seven annuity and life insurance disclosures, one criminal disclosure and over 15 financial lien disclosures.