

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9461 / September 30, 2013

SECURITIES EXCHANGE ACT OF 1934
Release No. 70578 / September 30, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15543

<p>In the Matter of</p> <p style="text-align:center">Robert Patrick Stephens</p> <p>Respondent.</p>
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**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND A
CEASE-AND-DESIST ORDER**

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”) and Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Robert Patrick Stephens (“Stephens” or “Respondent”).

II.

In anticipation of the institution of 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 him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 15(b) of the Securities Exchange Act of 1934 Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

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

Summary

These proceedings arise out of a \$40 million Ponzi scheme orchestrated by Robert P. Copeland ("Copeland"). Respondent referred investors to Copeland who then fraudulently induced them to invest in the unregistered securities offering. Respondent received more than \$1 million in sales commissions paid by Copeland for referring investors.

Respondent

1. Stephens, 58 years old, is a resident of Atlanta, Georgia. Between 1987 and 2009, Stephens was a registered representative with various broker-dealers and investment advisers registered with the Commission.

Other Relevant Individuals

2. **Robert P. Copeland**, age 47, is a Georgia resident currently incarcerated in federal prison for his role in orchestrating a \$40 million Ponzi scheme. Copeland pleaded guilty to one count of wire fraud and consented to injunctions in a prior Commission action against him for violations of the registration and antifraud provisions of the federal securities laws.²

3. **James S. Quay** ("Quay"), age 50, is a resident of Atlanta, Georgia. Between 1999 and 2004, Quay was a registered representative with various broker-dealers and investment advisers registered with the Commission. Quay was the primary salesperson for the Copeland scheme. On October 2, 2012, the Commission filed an action against Quay in United States District Court for the Northern District of Georgia for violations of the registration and anti-fraud provisions of the federal securities laws.³ Quay settled without admitting or denying the allegations against him in the Commission's complaint and consented to a final judgment permanently enjoining him from future violation of the securities laws and ordering him to pay disgorgement of \$1,403,638.62 and a civil money penalty of \$450,000. The Commission also instituted settled administrative proceedings pursuant to Commission Rule of Practice 102(e) and Section 15(b) of the Exchange Act, in which Quay consented to a bar from appearing or practicing before the Commission as an attorney or an accountant and from association with any

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 SEC v. Robert P. Copeland, Civil Action File No. 1:09-CV-00943 (N.D. Ga. 2009); U.S. v. Robert P. Copeland, Criminal Action File No. 1:09-CR-00178 (N.D. Ga. 2009).

³ SEC v. James S. Quay, et al., Civil Action File No. 1:12-cv-03429-RWS (N.D. Ga. 2012).

broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, as well as a penny stock bar.

Background

4. From at least 2004 through January 2009, Copeland fraudulently raised approximately \$40 million from at least 140 investors in several states, including Georgia. He promoted investments earning 15% to 18% interest per year, claiming that investor funds would be loaned in connection with real estate transactions. Through his controlled entities, Copeland directed unregistered offers and sales of interest-bearing notes to evidence at least some of the investments.

5. In reality, Copeland lied to investors, omitted material facts to investors, operated a fraudulent Ponzi scheme, and misappropriated investor funds. Copeland located most of the investors through referrals from Quay and Stephens, who each received more than \$1 million in commissions paid by Copeland.

6. To recruit investors for the scheme, Quay would send mailers to retirees inviting them to attend steak-house dinners, at times attended by Stephens, where he and Stephens would, at times, recommend potential investors to schedule private consultations to discuss their financial situation in greater detail. Follow-up consultations with potential investors would typically take place at Quay's personal office. For those investors procured by Stephens, he generally attended these follow-up meetings, described Copeland's investment program, and introduced the investors directly to Copeland. Stephens' role in procuring investors for the offering, as evidenced by his locating potential investors, assisting in seminars to attract the investors, discussing the Copeland investment program with investors, and introducing the investors directly to Copeland – all of which led to more than \$1 million in commissions for Stephens – made him a necessary participant and substantial factor in the offering of securities.

7. At no time were the offerings of securities for Copeland's program that were introduced by Stephens registered with the Commission.

8. As a result of the conduct described above, Stephens willfully violated Sections 5(a) and 5(c) of the Securities Act.⁴ Section 5(a) of the Securities Act provides that, unless a registration statement is in effect as to a security, it is unlawful for any person to, directly or indirectly, engage in the offer or sale of securities. Section 5(c) of the Securities Act provides a similar prohibition against offers to sell, or offers to buy, unless a registration statement has been filed.

⁴ A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

Disgorgement

9. Respondent has submitted a sworn Statement of Financial Condition dated May 15, 2013 and as amended on June 17, 2013 and other evidence and has asserted his inability to pay disgorgement plus prejudgment interest.

IV.

In view of the foregoing, the Commission deems it appropriate, to impose the sanctions agreed to in Respondent Stephens' Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Section 15(b) of the Exchange Act, it is hereby ORDERED that:

A. Respondent Stephens cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

B. Respondent Stephens be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; 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.

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 pay disgorgement of \$999,881.43 and prejudgment interest of \$166,654.92, but that payment of all prejudgment interest and all but \$15,000.00 of disgorgement is waived based upon Respondent's sworn representations in his Statement of Financial Condition dated May 15, 2013 and as amended on June 17, 2013 and other documents submitted to the Commission. The payment required by this Order shall be made to the Securities

and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Robert Patrick Stephens as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Aaron W. Lipson, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 950 East Paces Ferry Road, N.E., Suite 900, Atlanta, Georgia, 30326-1382.

E. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of disgorgement and pre-judgment interest. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of disgorgement and interest should not be ordered; (3) contest the amount of disgorgement and interest to be ordered; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

F. The Division of Enforcement (“Division”) may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Elizabeth M. Murphy
Secretary