

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 62208 / June 2, 2010**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3033 / June 2, 2010**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13919**

**In the Matter of**

**Stephen F. Clifford,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Stephen F. Clifford (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“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, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

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

1. Clifford, doing business under the name "Clifford Financial Associates," was registered with the Commission as an investment adviser from January 1993 through May 1997. Clifford was also associated with two different Massachusetts-based investment advisers/broker-dealers, LPL Financial Corporation ("LPL") from August 1990 to March 2005 and Investors Capital Corporation ("ICC") from March 2005 to December 31, 2007. Subsequent to his registrations and affiliations, Clifford continued to hold himself out to prospective investors as a registered investment adviser. Clifford, 58, is presently incarcerated.

2. The Commission filed a complaint in the United States District Court for the District of Massachusetts entitled SEC v. Stephen F. Clifford d/b/a Clifford Financial Associates, Civil Action No. 08-CV-11023 (RGS). The Commission's complaint alleges that, beginning no later than July 2004, Clifford, under the rubric of Clifford Financial Associates ("CFA"), acquired control over approximately \$2.9 million in investors' assets, promising easy access to their funds and guaranteed returns to at least one investor. In many instances, the individuals who provided Clifford with funds for investing had initially entrusted him with managing their investments when he was affiliated with LPL or ICC. Clifford encouraged these investors to liquidate the holdings they held with LPL and ICC and sign the money over to CFA. At least eight investors gave their savings - totaling approximately \$2.9 million - to Clifford. According to the Commission's complaint, Clifford never invested any of the funds as promised on behalf of investors; instead he used most of the funds for his own benefit.

3. On May 4, 2010, Clifford pled guilty to one count of willfully violating Sections 206 and 217 of the Advisers Act in violation of Title 18 of the United States Code, Sections 80b-6(1), 80b-6(2), 80b-6(4) & 80b-17, one count of wire fraud in violation of Title 18 of the United States Code, Section 1343, one count of mail fraud in violation of Title 18 of the United States Code, Section 1341, and three counts of subscribing to false tax returns in violation of Title 26 of the United States Code, Section 7206(1), before the United States District Court for the District of Massachusetts, in United States v. Stephen Clifford, Criminal Information No. 09-CR-10387.

4. The counts of the criminal information to which Clifford pled guilty alleged, inter alia, that, between in or about no later than July 2004 and continuing until in or about June 2008, Clifford defrauded various individuals, and obtained money and property by means of materially false and fraudulent pretenses. The counts of the criminal information to which Clifford pled guilty also alleged that Clifford engaged in acts, practices, and a course of business which operated as a fraud and deceit upon persons in connection with the purchase and sale of securities.

#### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent Clifford be, and hereby is barred from association with any broker, dealer, or investment adviser.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

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 Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), on the Respondent and his 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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