

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 84813 / December 13, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18929

In the Matter of

Stanley P. Bates,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
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”) against Stanley P. Bates (“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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.B.2 and III.B.4 below and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, 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 that:

1. Bates was president, 51% owner, and control person of FWLL, LLC (“FWLL”), a Texas limited liability company headquartered in San Antonio, Texas. Bates, 46 years old, is a resident of San Antonio, Texas. From approximately April 2014 through October 2015, Bates and a

co-owner of FWLL offered and sold investment-contract securities issued by FWLL, raising \$11.15 million from five investors. Bates acted as a broker in these securities transactions. He established a three-person sales team that solicited investors. He entered agreements with each member of the sales team to pay them transaction-based compensation for any FWLL securities they sold. He instructed them on what information to provide investors regarding the investment. For use in investor solicitation, he drafted and furnished documents containing projections relating to investment performance and describing FWLL's business and financial condition. He was also regularly involved at key points of the chain distribution of the securities, including personally soliciting investors. When soliciting, he made valuations as to the merits of the securities, provided estimates of future profits, and participated in sales negotiations. And he paid transaction-based compensation to the sales team for securities sold. Bates was not registered as a broker or associated with a registered broker-dealer at the time of these transactions.

2. On November 6, 2018, a final judgment was entered by consent against Bates, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Carlos I. Uresti and Stanley P. Bates, Civil Action Number 5:18-CV-1013-XR, in the United States District Court for the Western District of Texas, San Antonio Division.

3. The Commission's complaint alleged that, in connection with the offer and sale of investment-contract securities issued by FWLL, Bates misused and misappropriated investor funds, made untrue and misleading statements of material facts to investors regarding the nature and risk of their investment, disseminated false account statements regarding certain investments, and otherwise engaged in conduct which operated as a fraud and deceit on investors. The complaint also alleged that Bates effected unregistered transactions in FWLL securities as a broker while he was neither registered as a broker nor associated with a registered broker-dealer.

4. On January 8, 2018, Bates pled guilty to committing, among other crimes, securities fraud in violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5 before the United States District Court for the Western district of Texas, San Antonio Division, in *United States v. Uresti, et al*, Crim. No. 5: 17-CR-381-DAE. On September 11, 2018, he was sentenced to 180 months in prison.

5. The criminal indictment to which Bates pled guilty alleged, among other things, that he misused investor funds and induced investors using an altered FWLL bank statement to reflect a grossly inflated account balance. The indictment further alleged that he employed devices, schemes, and artifices to defraud, made untrue statements of material facts, and engaged in acts, practices, and courses of business that operated and would operate as a fraud and deceit on a person.

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, that Respondent Bates 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.

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.

Brent J. Fields
Secretary