

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86877 / September 5, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19418

In the Matter of

**TERRY WAYNE KELLY and
KELLY MANAGEMENT LLC,**

Respondents.

**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 Terry Wayne Kelly (“Kelly”) and Kelly Management LLC (“Kelly Management”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings and the findings contained in paragraph III.2 below, which are admitted, Respondents consent 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 Respondents' Offers, the Commission finds that:

1. Kelly has been the sole owner and operator of Kelly Management since its founding in 2008. Since 2009, Kelly has, both directly and through Kelly Management, worked as a commissioned salesperson and informal supervisor for Arthur Lamar Adams ("Adams") and Madison Timber Properties, LLC ("Madison Timber") and its predecessor. Kelly, age 46, is a resident of Madison, MS.

2. On August 27, 2019, a final judgment was entered by consent against Respondents, permanently enjoining them from future violations of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act"), and Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Terry Wayne Kelly, et al., Case No. 3:19-cv-00585-CWR-FKB, in the United States District Court for the Southern District of Mississippi.

3. The Commission's complaint alleged that Respondents offered and sold fraudulent promissory notes issued by Adams and Madison Timber. In addition, Kelly informally managed a team of salespersons who also sold the notes, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors. Between 2009 and when the Ponzi scheme collapsed in April 2018, Kelly, individually and through Kelly Management, and his sales team sold promissory notes to hundreds of investors, and he personally earned net commissions of approximately \$8 million.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondents be, and hereby are barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act Respondents be, and hereby are 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 Respondents 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 Respondents, 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.

By the Commission.

Vanessa A. Countryman
Secretary