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 Clifton E. Stanley ("Stanley" 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 and the findings contained in paragraph III.2. 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, 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. Stanley, age 67, currently resides in Galveston, Texas. Stanley is the President and sole owner of The Lifepay Group, LLC, a retirement-planning and real-estate investment company. Stanley is also the Managing Member and President of SMDRE, LLC, an oil-and-gas related company. Stanley was previously a licensed insurance agent in Texas and held insurance licenses in several other states.

2. On February 14, 2019, a judgment was entered by consent against Stanley, permanently enjoining him from, among other things, future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. The Lifepay Group, LLC, et al., Civil Action Number 4:18-CV-1098, in the United States District Court for the Southern District of Texas (Houston Division).

3. The Commission’s Complaint alleged that from 2010 to 2017, Stanley ran a Ponzi scheme through Lifepay, raising approximately $2.4 million by selling Lifepay promissory-note securities in unregistered transactions to at least 30 elderly investors located in Louisiana and Texas. The Complaint also alleged that Stanley targeted the retirement savings of investors in their 80s and 90s by promising high-interest returns of up to 36% per year, and by misrepresenting that the investments were safe and that Lifepay would use the proceeds to fund profitable real-estate projects. As a result, many investors used significant portions of their retirement savings to purchase Lifepay notes. The Complaint further alleged that of the approximately $2.4 million raised from investors in the Lifepay note offering, Stanley misappropriated approximately $1.3 million to cover his personal living expenses and to support his lavish lifestyle. Further, Stanley kept the Ponzi scheme afloat for years by misusing approximately $1.1 million in investor funds to make Ponzi payments—purported interest payments derived not from real-estate profits but from the proceeds of later note sales. As a result of the Ponzi payments, Stanley convinced a Louisiana couple in their 80s to increase their investment from $25,000 to more than $700,000, which represented almost the entire amount they received when they cashed out a pension earned working decades in the petroleum industry. Further, as a result of repeated Ponzi payments, Stanley deceived a Texas man, who suffered brain injuries from a stroke, into increasing his investment from $10,000 to approximately $600,000. The Complaint further alleged that Stanley orchestrated a second promissory-note scheme with co-Defendant Michael Watts that raised approximately $1.4 million from 13 Texas and Oklahoma investors from February 2015 through February 2017. The Complaint further alleged that no registration statement was filed with the Commission as to any of the securities transactions described in the Complaint.
IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Stanley 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

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Stanley be, and hereby is, 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, compliance with the Commission’s order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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.

Vanessa A. Countryman
Secretary