Alabama Securities Commission

Annual Report

Fiscal Year Ending September 30, 2012

The mission of the Alabama Securities Commission is to protect investors from securities fraud and preserve legitimate capital markets in Alabama.

ALABAMA SECURITIES COMMISSION (ASC)
ANNUAL REPORT FY 2011
TABLE OF CONTENTS

	Page
ASC Mission and Overview	1
ASC Statutory Authority	2
ASC Purpose	3
ACS Commission Members	4
ASC Personnel Roster	5
ASC Appropriations Description	6
ASC Fee Schedule	7-9
ASC Statistical Summary & Slides	10-14
ASC Financial Statement/Revenue & Expenditures	15
ASC Enforcement Division Activity	16
ASC Registration and Exemption Activity	17
Industrial Revenue Bonds	18
ASC Director's Commentary	19-20
ASC Office/Division Functions & Accomplishments	21-22
ASC Education Corner	23-29
- Investor Education, Senior Outreach, and partnerships to reach working adults and seniors	23-24
- ASC Military Outreach Program with Special Website Area	24-25
- High School Youth, Student and Teacher Programs	25-27
- Investor Education Presentations/Events/Meetings by location FY2012	27-29
North American Securities Administrators Association	30
ASC Enforcement and Action Headlines	31-42
ASC News Articles of Special Interest	43
ASC National News Coverage	44
Commission Meeting Minutes	45-55

Prepared and submitted pursuant to *Code of Alabama, 1975*, § 8-6-53(d).

MISSION & OVERVIEW

The Alabama Securities Commission (ASC) endeavors to protect Alabama citizens from deceptive and illegal practices associated with offers, sales and purchases of securities in Alabama. In order to meet this goal, the ASC carries out three important functions: registration, enforcement and education, and strives to continually refine and strengthen its role as a staunch advocate for Alabama's "main street" investors. By protecting Alabama's investors the ASC preserves and encourages legitimate capital markets in the state.

The ASC's efforts to shape investor protection legislation at both the state and national levels help sustain investor confidence by promoting efficient regulatory policy, controlling fraudulent practices through stringent enforcement and promoting financial literacy, investor education and fraud prevention awareness to all Alabama citizens.

The ASC administers and enforces the Alabama Securities Act, Sale of Checks Act, and Pre-Issuance Procedures for Industrial Revenues Bonds. These laws empower the ASC to exercise jurisdiction over securities offered, issued and sold in Alabama or to Alabama residents, including the registration of certain securities, the granting of specific exemptions from registration of securities and securities transactions and the denial, suspension and revocation of registration or licensing. The ASC helps foster legitimate capital opportunities for businesses and industries throughout Alabama in the following ways:

- By requiring the registration of securities prior to their public sale;
- By requiring the registration of dealers, agents, investment advisors, investment advisor representatives and by regulating their activities;
- By providing civil remedies for violations of the Act; and
- By providing administrative, civil and criminal penalties for those who participate in the unlawful or fraudulent sale of securities.
- By providing a series of exemptions to cover situations where, because of the nature of the security or the characteristics of the transaction, registration is not deemed to be necessary in the public interest or for the protecttion of investors.

The Alabama Securities Commission is committed to providing the strongest possible investor protection and will continue to apply all its resources and expertise to ensure fair and transparent markets for Alabama investors and to continue to aggressively enforce applicable laws for the protection of investors as the source of capital for the creation and continued development of Alabama's capital markets.

MISSION

The mission of the Alabama Securities Commission (ASC) is to protect investors from securities fraud and preserve legitimate capital markets in Alabama.

ASC STATUTORY AUTHORITY

ASC STATUTORY AUTHORITY

The Commission is responsible for administering and enforcing the laws of State of Alabama relative to:

Sec. 8-6-1, *et seq.* - Securities Act No. 740
(1969 Regular Session) and as amended

Sec. 8-6-110, *et seq.* - Industrial Revenue Bonds Act
No. 586 (1978 Regular Session)

Sec. 8-7-1, *et seq.* - Sale of Checks Act No. 177
(1961 Special Session)

The Commission's authority extends to **any activity involving the issuance, offering, sale, and other related transactions involving securities made within, into, or from the State of Alabama.**

The purpose of the Securities Act is to protect investors from fraud and to preserve legitimate capital markets. The accomplishment of these objectives is legislatively provided for in five different ways by:

Requiring the registration or the specific exemption from registration of securities prior to their public or private offer of sale;

Requiring the licensing of Broker/Dealers and salesmen and regulation of their activities;

Requiring the licensing of Investment Advisers and Investment Adviser Representatives and regulation of their activities;

Providing certain civil remedies to purchasers of securities sold in violation of the Acts; and

Providing administrative, civil, and criminal penalties for those who participate in the unlawful sale of securities.

Through its legislative mandate, the Commission and its staff assist Alabama businesses during capital formation and protects Alabama issuers, businesses, and residents from fraudulent securities transactions. The Commission does not recommend or endorse broker/dealer firms, salesmen, investment adviser firms, representatives, or the purchase of any securities, nor does it pass upon the accuracy or completeness of any prospectus, private placement memorandum or sales literature.

ASC PURPOSE

The Alabama Securities Commission (the "Commission") administers and enforces the following Alabama statutes: THE ALABAMA SECURITIES ACT, including the Sale of Checks Act and the Pre-Issuance Procedures for Industrial Revenue Bonds. The Commission is comprised of seven Commissioners, consisting of the Attorney General, the Superintendent of Banks, the Commissioner of Insurance, two State Bar Association licensed attorneys and two Certified Public Accountants.

The Commission is functionally divided into the following seven divisions: (1) Directorate; (2) Legal; (3) Accounting/Personnel; (4) Data Systems; (5) Education and Public Affairs; (6) Enforcement; (7) Registration/Examinations.

The function of the Commission and its staff is to regulate the sale of securities and the securities industry in Alabama. The Commission's jurisdiction encompasses all securities offered, issued or sold within or into, Alabama or to Alabama residents. The Securities Act requires the registration of all securities offered for sale in Alabama unless there is an applicable exemption. The Securities Act provides a series of exemptions to cover situations where, because of the nature of the security or the characteristics of the transaction, registration is not deemed to be necessary in the public interest or for the protection of investors.

With regard to the responsibility for regulating the securities industry in Alabama, the Commission maintains as its primary objective the encouragement of investor protection and confidence in the investment industry. In this respect, all persons who propose to act as broker-dealers, agents (registered representatives), investment advisers or associated persons (investment adviser representatives) must be licensed by the Commission prior to engaging in such activities.

The Sale of Checks Act requires the filing of an application and issuance of a license before engaging in the business of selling, issuing or dispensing checks or receiving money as an agent for obligors for the purpose of paying obligor's bills, invoices or accounts (money transmitters), including debt management and credit consolidation programs.

The Commission's functions also include pre-clearance of industrial revenue bonds, the investigations of alleged violations of the provisions of the above-referenced statutes together with the initiation of administrative, civil and criminal proceedings and case referrals to other agencies where appropriate.

The primary purpose of the regulatory responsibilities and objectives described above is to protect the public from fraudulent practices in connection with the offer, sale, and purchase of securities in Alabama while encouraging, at the same time, the financing of legitimate business and industry in the state.

ASC COMMISSION

The Alabama Securities Commission members are the Attorney General, the State Superintendent of Banks, the State Insurance Commissioner (by virtue of their offices). Also, two attorneys and two certified public accountants are appointed by the Governor from lists of nominees submitted by the Alabama Bar Association and the Alabama Society of Certified Public Accountants and confirmed by the Senate. The Commission maintains oversight, provides policy guidance and establishes rules for the performance of its functions and the accomplishment of its purpose. The members of the Commission during Fiscal Year 2012 were:

ACTIVE

JAMES L. HART, Chairman	Certified Public Accountant Birmingham, Alabama	12/10 - Present
LUTHER STRANGE Member	Attorney General Montgomery, Alabama	01/11 - Present
JOHN D. HARRISON, Member	Superintendent of Banking Montgomery, Alabama	02/05 - Present
JIM L. RIDLING, Member	Commissioner of Insurance Montgomery, Alabama	09/08 - Present
ANDREW P. CAMPBELL, Member	Attorney at Law Birmingham, Alabama	05/08 - Present
EVERETTE A. PRICE, Jr. Member	Attorney at Law Birmingham, Alabama	5/12 - Present
MARLENE M. McCain Member	Certified Public Accountant Birmingham, Alabama	5/12 - Present

---

PAST

MARCUS J. WOLF Chairman	Certified Public Accountant Montgomery, Alabama	05/08 - 5/7/12
S. DAGNAL ROWE, SR., Member	Attorney at Law Huntsville, Alabama	05/08 - 5/5/12

ASC PERSONNEL (End of FY2012)

Directorate

Joseph P. Borg, Director
Edwin L. Reed, Deputy Director, Administration
Stephen P. Feaga, Deputy Director, Enforcement
Christie A. Rhodes, Executive Assistant II
Marion D. Newcomb, Admin. Support Asst. II
Cassidy N. Rohan, Clerical Aide

Legal Division

Gregory M. Biggs, Attorney IV
Amanda L. Senn, Attorney I/II
Leslie D. Worrell, Attorney III
Kimathy J. Booher, Legal Research Assistant
LaDonna W. Vinson, Legal Research Assistant
Michael B. Lee, Student Aide

Accounting/Personnel Division

Renee S. Sanders, Accounting Manager
Gwendolyn Lover, Account Clerk

Data Systems Division

David E. Gilmore, IT Systems Specialist
Stephen E. Brantley, Jr., IT Operations Tech.

Education and Public Affairs Division

Daniel G. Lord, Training Specialist II
Clint L. Niemeyer, Public Information Specialist

Enforcement Division

John M. Foley, Senior Special Agent; Manager/Enforcement

Ricky G. Locklar, Senior Special Agent Manager/Administrative

Charles A. Traywick, Special Agent
Michael L. Gantt, Special Agent
Jerry T. Hankins, Senior Special Agent
Paul A. Gugliotta, Special Agent
Charles G. Harrison, Special Agent
Steven R. Jones, Special Agent
Kimberly S. Lewis, Special Agent
Michael D. Wilkerson, Special Agent
Rossie L. Peters, Special Agent
Charles R. James, Jr., Special Agent
Anita F. Wilkerson, Executive Secretary
Carrie L. Springer, ASA III
Shirley S. Fetters, ASA II
Christina M. Pate, ASA II
Kathrine D. Boston, Clerical Aide

Registration Division

Lisa M. Tolar, Manager
Department of Licensing and Registration

Marvernitha B. Kyles, Securities Analyst
LaShonda D. Moultrie, Securities Analyst
Sandra D. Smith, Securities Analyst
Tina M. Tell, Securities Analyst
Ashlee S. Brereton, Securities Analyst
Cay Z. Weaver, Securities Analyst
Teri T. Johns, ASA III
Mary G. Rollan, ASA III
Patricia J. Wilson, ASA II

Rena H. Davis, Manager
Department of Auditing and Examinations

Marilyn D. Bullard, Securities Analyst
Lauren W. Hitt, Securities Analyst
Spencer D. Lee, Securities Analyst
Robert W. Sharp, Securities Analyst
Thomas H. DeBardelaben, Securities Analyst
Sarah J. Pike, ASA II

ALABAMA SECURITIES COMMISSION
REGULATORY SERVICES PROGRAM

ASC APPROPRIATIONS

APPROPRIATION DESCRIPTION

The Commission is self-funding and self-sustaining; assists Alabama businesses during capital formation; and protects Alabama's issuers, businesses and residents from fraudulent securities transactions. The Commission does not recommend or endorse broker-dealer firms, salesmen, investment adviser firms, representatives or the purchase of any securities; nor does it pass upon the accuracy or completeness of any prospectus, private placement memorandum or sales literature. The Commission does, however, bring administrative, civil, and criminal actions including receiverships, the issuance of warrants, preparation of indictments, and conducts trials when necessary. Extensive examinations and investigations are conducted by Commission personnel, including multi-jurisdictional investigations and joint cases with Federal, state and local law enforcement or regulatory agencies.

FUND 374: Sale of Checks Fund. The Sale of Checks Act requires the filing of an application and issuance of a license before engaging in the business of selling, issuing, or dispensing checks or receiving money as an agent for obligors for the purpose of paying obligors bills, invoices or accounts. Section 8-7-1, *et seq*., Sale of Checks Act No. 177 authorizes the Commission to accept applications, conduct investigations with respect to said applications, require bond and conduct examinations as necessary.

FUND 375: Securities Commission Fund. The Commission is responsible for administering and enforcing laws of the State of Alabama relative to the Alabama Securities Act, § 8-6-1, *et seq*., Securities Act No. 740. The purpose of the Act is to protect investors from fraud and to preserve legitimate capital markets. These objectives are accomplished legislatively by: (1) requiring the registration or the specific exemption from registration of securities prior to their public or private offer of sale; (2) requiring the licensing of dealers, agents, investment advisers and investment adviser representatives and regulating their activities; (3) requiring Reg. D filing notices under the Securities Acts of 1933; (4) requiring the filing of mutual funds and certain other specialized securities offerings through exemption; and, (5) providing civil remedies for violations of the Act and providing administrative, civil and criminal penalties for those who violate the Act.

FUND 376: Industrial Revenue Bond Notification Fund. The Alabama Securities Commission acts as a pre-clearance check on certain industrial revenue bonds as provided for under Section 8-6-110, *et seq*., Industrial Revenue Bonds Act No. 586. The Commission reviews and analyzes filings made prior to sale of said bonds to investors and issues appropriate No Stop Orders.

NOTE: The Commission has generated significant revenues for the General Fund (see chart at bottom of page 12).

Notification	Generally available for seasoned issuers and requires limited disclosure.	$40 filing fee + registration fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state. Registration fee not to exceed $1000	*§ 8-6-8(d) Code of Alabama, 1975*
Coordination	Registered statement has been filed in connection with the same offering. State filing in conjunction with SEC filing.	$40 filing fee + registration fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state. Registration fee not to exceed $1500 nor be less than $100	§ 8-6-8(d) Code of Alabama, 1975
Qualification	Any other security.	$40 filing fee + registration fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state. Registration fee not to exceed $1500 nor be less than $100	§ 8-6-8(d) Code of Alabama, 1975
Open End Management Company	Face amount certificate company or Unit Investment Trust registering indefinite amount	$100 filing fee + $1,500 registration fee	§8-6-8(d) Code of Alabama, 1975
Exemption	Securities not required to be registered by virtue of exemption under federal, state, or provincial statutes.		
Limited Offerings	(1) Alabama ULOE	$150	§ 8-6-11(a)(14)(m)(4), Code of Alabama,1975
	(2) Regulation D filing under Rules 505 and 506	$300	§ 8-6-11(c), Code of Alabama, 1975 Commission Rule 830-X-6-.11(1)(a)(3)(iv)
	(3) Expansion Order filing to increase the number of purchasers in a limited offering that has already been exempted from registration.	$300	§ 8-6-11(c), Code of Alabama, 1975
	(4) For sale up to 25 Alabama purchasers in 12 months. Extension of the term up to 12 months	$300 $300	Commission Rule 830-X-6-.12(1)(d)(iv) Commission Rule 830-X-6-.12(1)(d)(iv)

(Continued on next page)

(Continued)

ASC FEE SCHEDULE

ASC FEE SCHEDULE

Mutual Fund Exemption	Registration exemptions for Open-End Management Investment Company: Total assets less than or equal to $25 million: Total assets greater than $25 million, less than $100 million: Total assets greater than $100 million: Unit Investment Trusts:	 $350 $700 $1,200 $200	§ 8-6-10(11)(b)(2), Code of Alabama, 1975 § 8-6-10(11)(b)(2), Code of Alabama, 1975
IDB	Industrial Revenue Bonds are municipal bonds issued for purpose of constructing facilities.	1/20 of 1% of principal amount of described bonds. No less than $25, but not to exceed $1,000	§ 8-6-115, Code of Alabama, 1975
Sale of Checks	Sale of any check, draft, money order, or other instrument for transmission or payment of money. (1)Investigative fee for initial application (2) Registration fee for principal office (3) Additional location and agents in the state	 $250 $250 $5 per office not to exceed $250. (Max registration fee $500, exclusive of investigative fee)	§ 8-7-6, Code of Alabama, 1975 § 8-7-9, Code of Alabama, 1975
Opinions	Interpretations	$150	§ 8-6-29, Code of Alabama, 1975
Agent	Any individual, other than a dealer, who represents a dealer or issuer in effecting or attempting to effect sales of securities.	$60	§ 8-6-3(h), Code of Alabama, 1975
Dealer	Any person engaged in the business of effecting transactions in securities for the account of others or for his own account.	$250	§ 8-6-3(h), Code of Alabama, 1975

(Continued on next page)

ASC FEE SCHEDULE

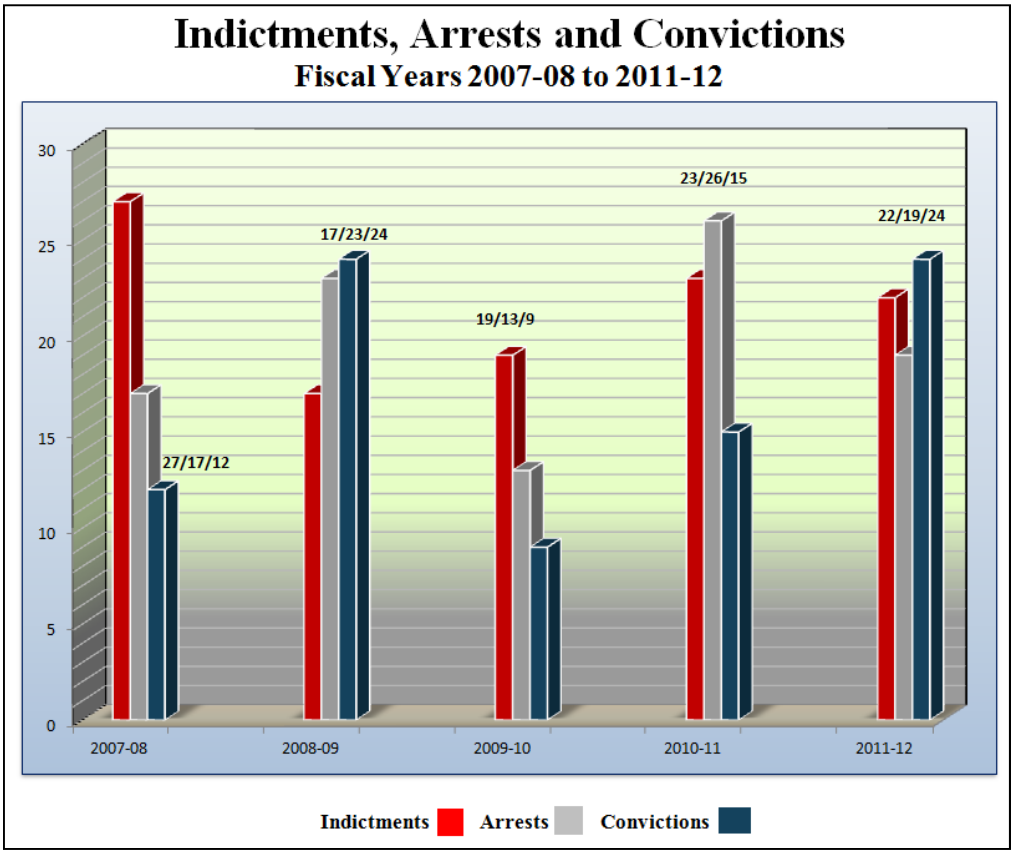
Investment Adviser	Any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities.	$250	§ 8-6-3(h), Code of Alabama, 1975
Investment Adviser Representative	Any partner, officer, director of or other individual employed by or associated with an investment adviser, except clerical or ministerial personnel, who (a) makes recommendations or renders advice regarding securities; (b) manages accounts or portfolios of clients; (c) determines which recommendations or advice regarding securities should be given; (d) solicits, offers or negotiates for the sale of or sells investment advisory services; and (e) supervises employees who perform any of the foregoing.	$60	§ 8-6-3(h), Code of Alabama, 1975
Administrative Assessment	Fee imposed upon any person who violates any provision of the article or rule or order issued under the article.	Not to exceed $5,000 for each act or omission. Total assessment not to exceed $50,000	§ 8-6-19(j)(2), Code of Alabama, 1975
Investigative Examinations	Investigative costs for examinations of violations of any provision of the article or violations of any rule.	Actual costs of investigation	§ 8-6-19(k)(1), Code of Alabama, 1975

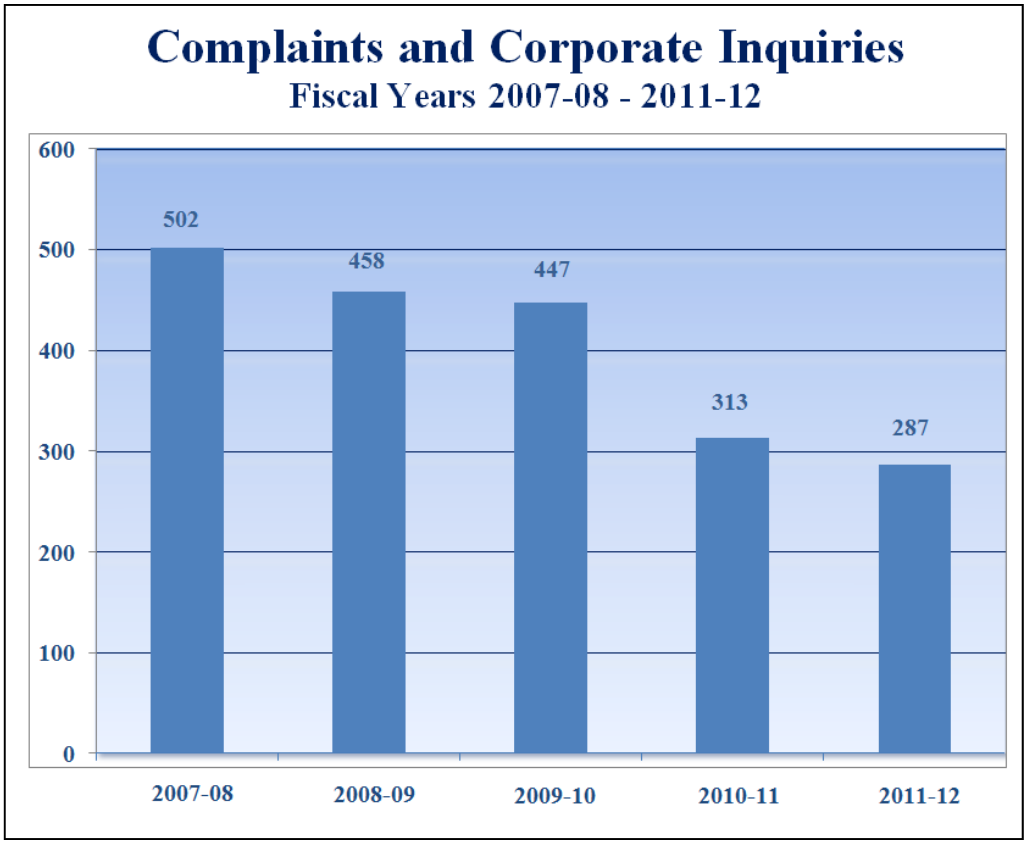
ASC Statistical Summary from FY 2012

ASC STATISTICS

- ASC total staff – 52 (includes 6 attorneys, 12 special agents, and 13 securities analysts)
- Registrations and exemptions issued – 143,493
- Complaints and corporate inquiries received – 287
- Industrial Revenue Bonds reviewed – **$** 251,417,000
- Administrative Orders issued – 46
- Administrative Order respondents – 108
- Rescissions ordered – $ 157,927
- Restitution ordered to victims – $ 3,131,715*
- Public warnings issued – 6
- Indictments (22) and arrest warrants (2) obtained – 24
- Convictions – 24
- Arrests made – 19
- Years of incarceration ordered – 125
- Individuals awaiting grand jury action, arrest or trial – 32
- Contributed to State General Fund - $12,689,077
- Public presentations about safe and wise investing – 71
- Alabamians receiving educational presentations – 5,512

*NOTE: $14,200,000 was ordered returned to Alabama investors in March, 2012. Payment to all 5837 investors was completed November 5, 2012 and therefore not included in 2012 total.



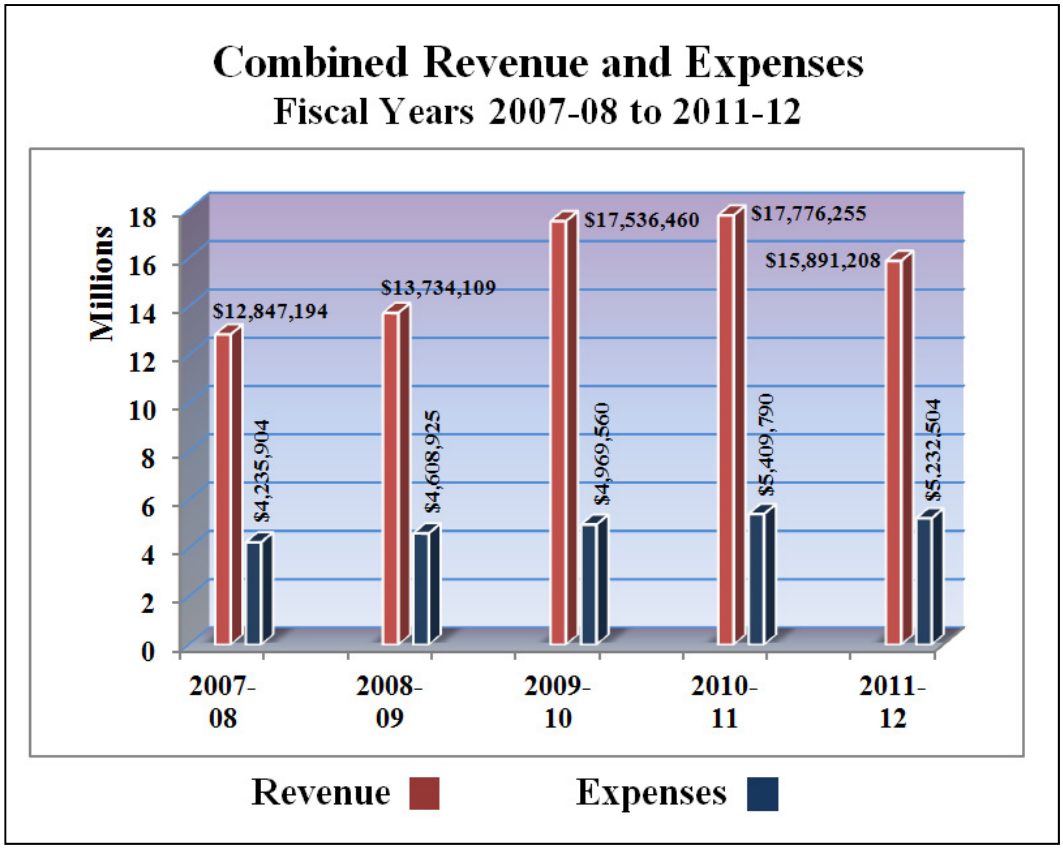


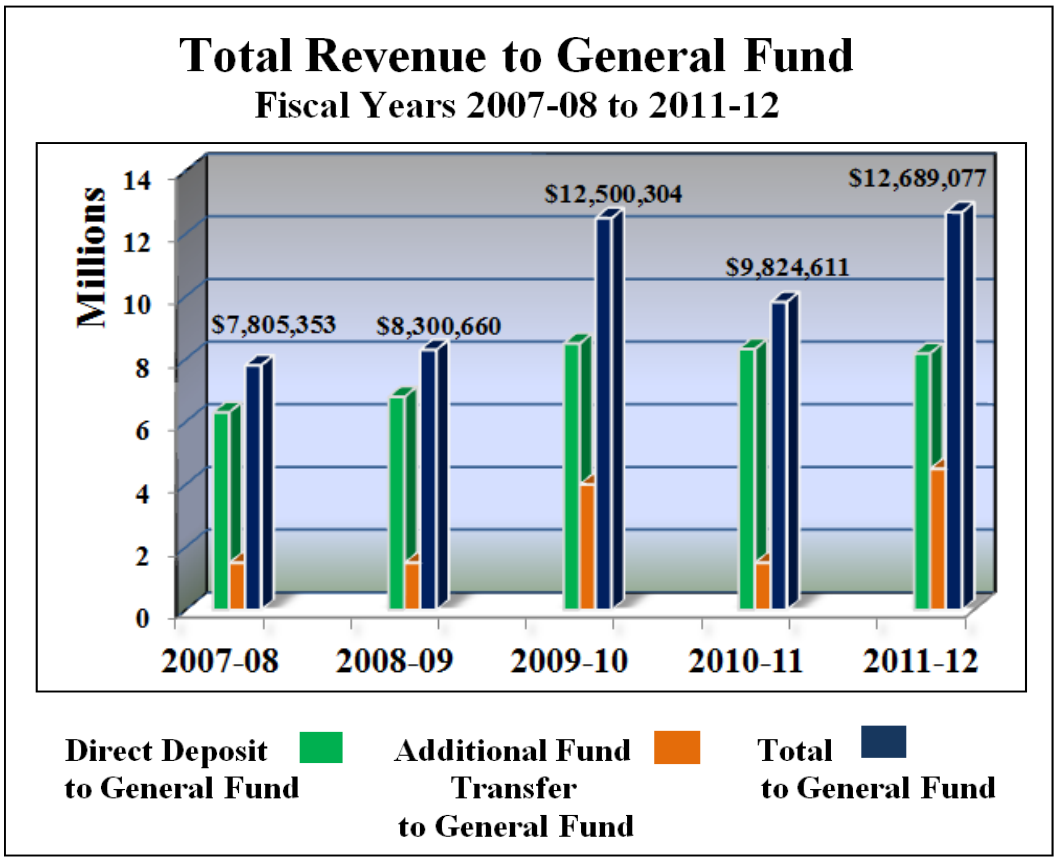
(Continued on next page)

ASC STATISTICS

(Continued)

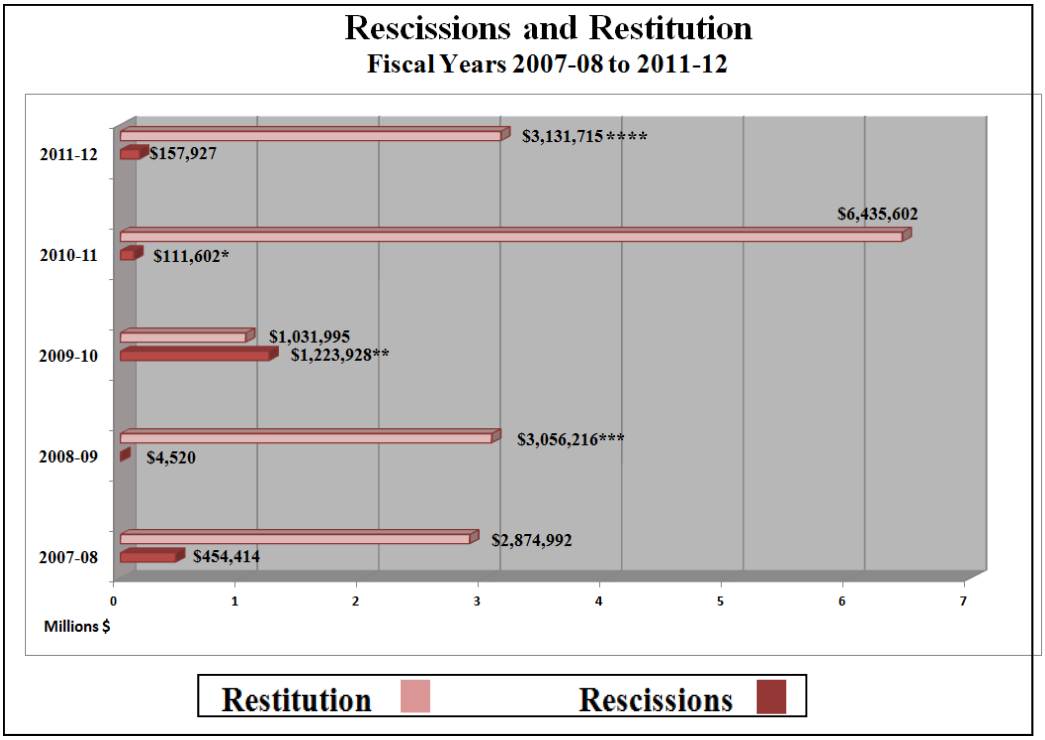
ASC STATISTICS



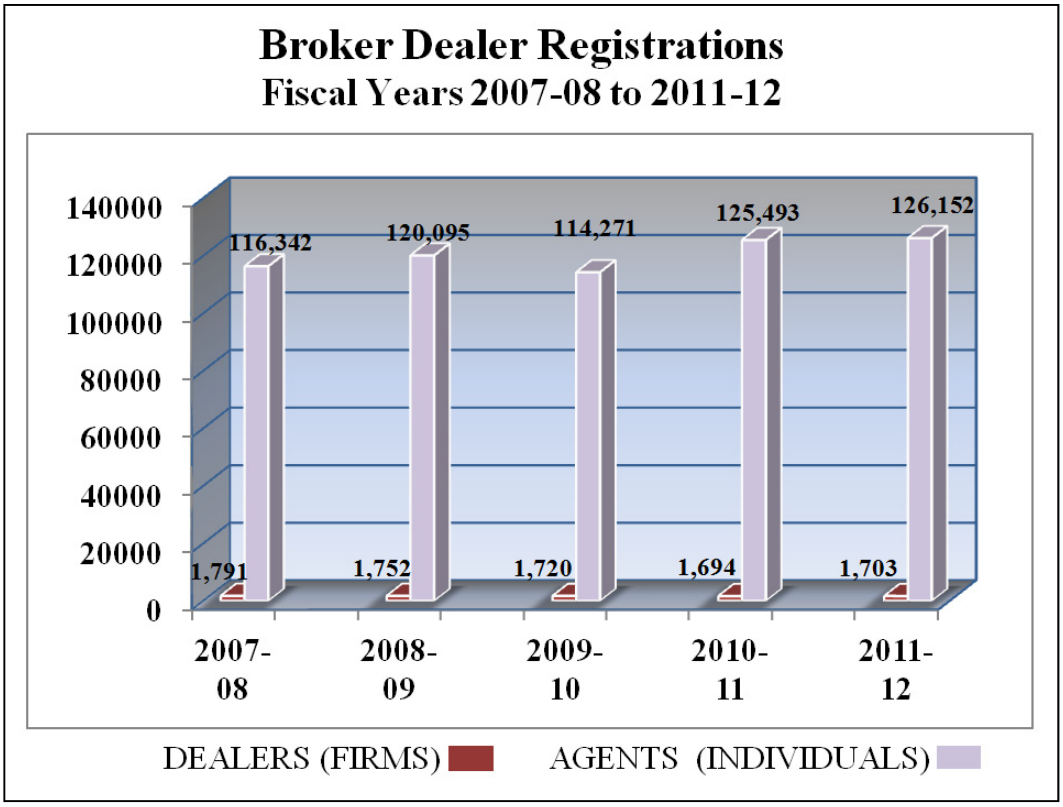


(Continued on next page)

(Continued)



* Not included: $10.4 million in ARS repurchase to Alabama investors from ARS frozen accounts pursuant to an ASC order.
** Not included: $1.6 billion of Auction Rate Securities repurchased by 11 firms as part of a multi-state settlement.
*** Not included: $67.3 million in victim restitution from joint federal and multi-state case.
**** Not included: $14.2 Million in 5,837 checks mailed to Alabamians in Nov. 2012. This was a result of an order issued during FY2012 and the amount will be reported in the FY2013 annual report.

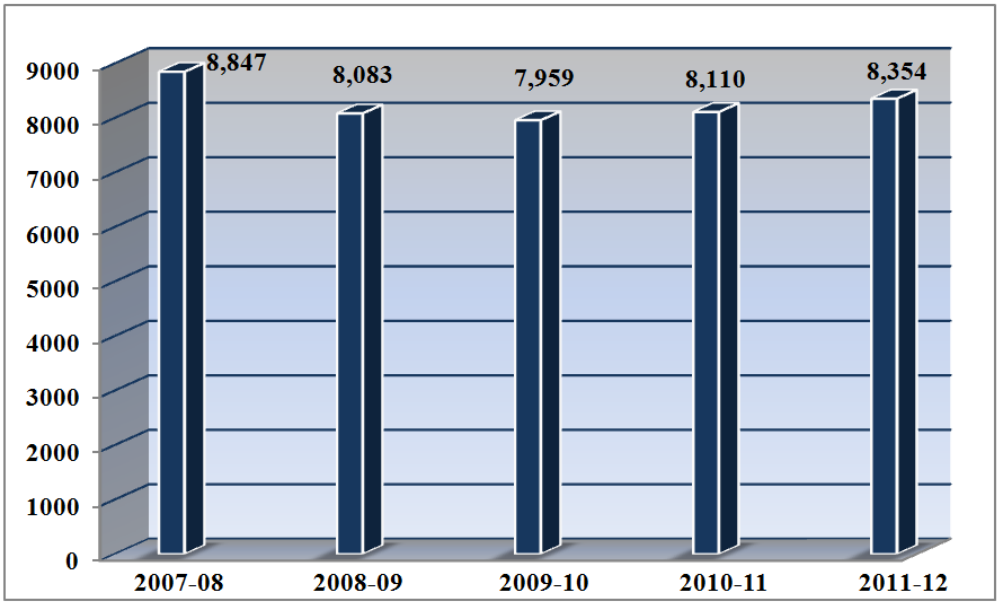


(Continued on next page)

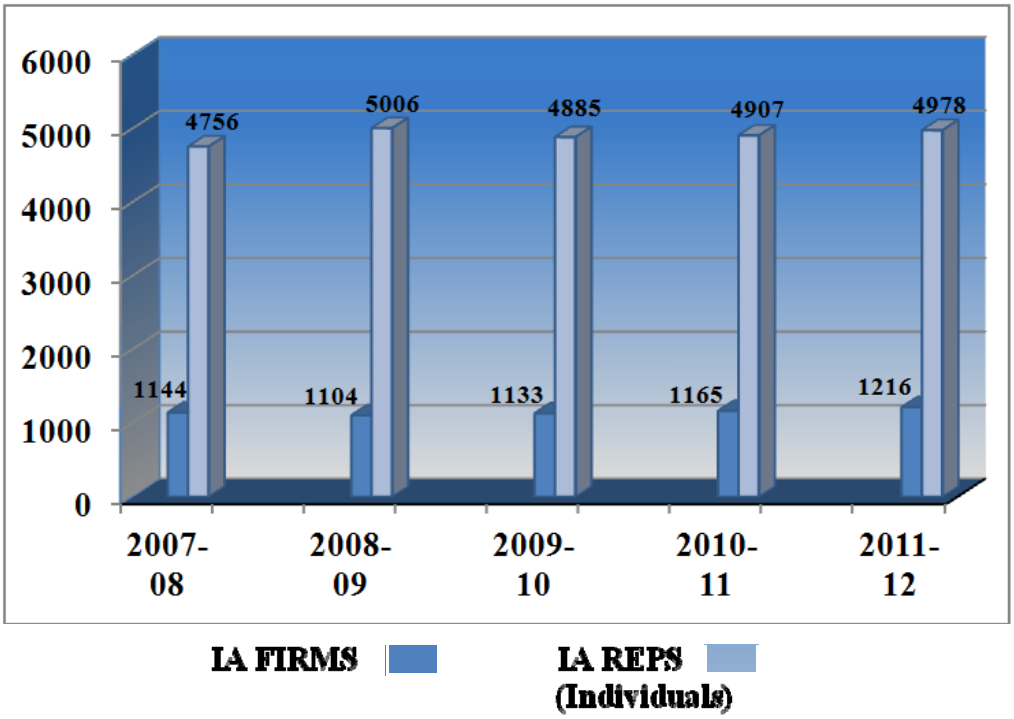
(Continued)

ASC STATISTICS

Mutual Fund Registration and Exemptions
Fiscal Years 2007-08 to 2011-12



Investment Adviser Registrations
Fiscal Years 2007-08 to 2011-12



FINANCIAL STATEMENT

FISCAL YEAR 2012

Agency Revenues

Authority		
§ 8-6-3(h)	Investment Advisers & Representatives	$ 8,663,240
	Broker-Dealers & Representatives	
§ 8-6-8	Securities Registration	49,892
§ 8-6-11	Exemptions	173,600
§ 8-6-19	Administrative Assessments/Investigative Executions	193,691
§ 8-6-10(11)(b)(2)	Mutual Fund Exemptions	6,736,700
§ 8-6-29	Opinions	750
§ 8-6-115	Industrial Revenue Bonds	10,460
§§ 8-7-6; 8-7-9	Sale of Checks	43,790
	Miscellaneous Revenues	19,085
	TOTAL REVENUES	$ 15,891,208

To General Fund	$ 8,189,077
To Sale of Checks Fund	43,790
To Securities Commission Fund	7,647,881
To Industrial Revenue Fund	10,460
TOTAL	$ 15,891,208

Expenditures

Personnel Costs	$ 2,929,074
Employee Benefits	919,457
Travel (In-State)	36,232
Travel (Out of State)	68,370
Repairs & Maintenance	1,534
Rentals & Leases	735,534
Utilities & Communications	45,393
Professional Services	203,947
Supplies, Materials & Operating Expenses	146,490
Transportation Equipment Operations	49,416
Grants and Benefits	0
Transportation Equipment Purchases	67,275
Other Equipment Purchases	33,563
TOTAL	$ 5,236,285
Additional Transfer to State General Fund from ASC operations	$ 4,500,000
TOTAL EXPENDITURES	$ 9,736,285
TOTAL TO GENERAL FUND FOR FISCAL YEAR 2012	$ 12,689,077

Alabama Securities Commission
Enforcement Division

Enforcement Activity

Corporate Inquiries Open	167
Corporate Inquiries Closed	167
Investigations Opened - "I"	59
Investigations Closed – "I"	72
Investigations Opened - "S"	61
Investigations Closed – "S"	52
Administrative Actions	46
Administrative Action Respondents	108
Receiverships Appointed	0
Rescission Offers Obtained	20
Indictments/Warrants Obtained	24
Arrests Made	19
Convictions Obtained	24
Public Warnings Issued	6
Referrals to Other Agencies	41

Administrative Orders Issued

A comparative summary of the Enforcement Division's Fiscal Year 2012 activities are shown on the following chart:

TYPE OF ORDER	RESPONDENTS	ORDERS
Cease and Desist	60	18
Consent	29	17
Show Cause	0	0
Vacate	9	4
Permanent Bar	10	7
TOTALS:	108	46

REGISTRATIONS & EXEMPTIONS

STATISTICAL SUMMARY

10/01/2011 - 09/30/2012

	Application Filed	Application Approved	Renewal Processed	Application Withdrawn	Application Terminated
Broker/Dealer	90	145	1558	14	117
Broker/Dealer Agent	n/a	23661	102491	0	23793
Eleemosynary Financing Exemption	21	25	0	2	2
Exempt Consent	0	0	0	0	0
Expansion Order	0	0	0	0	0
Industrial Revenue Bond	12	12	0	0	0
Investment Adviser - Federal	96	91	959	3	86
Investment Adviser - State Registered*	57	47	119	12	38
Investment Adviser Representative	n/a	969	4009	0	931
Limited Offering	570	570	0	2	61
Mutual Fund Exemptions	1963	1963	6391	0	198
Registration by Coordination	38	32	0	13	11
Registration by Qualification	1	0	0	0	0
Registration by Notification	0	0	0	0	0
Restricted Agent	66	67	249	1	38
Sale of Checks Vendor	15	15	120	1	11

NOTE: The total number of registrations and exemptions issued in Fiscal Year 2012 was 143,493.

* Federal law change in assets under management required that some advisers transition to state-registered from federal registration during 2012.

Industrial Revenue Bonds Filed in Fiscal Year 2012

File #	Fees	Name of Filing	Date Filed	Date Approved	Total Amount of Offering
37276	$750.00	Magic Steel Sales, LLC Project Series 2011A (The Industrial Development Board of the City of Decatur, Alabama	10/11/11	10/11/11	$1,500,000
37277	$1,000.00	Improvement Revenue Bonds Refund, Series 2011 (The Industrial Development Board of the City of Fairfield)	10/11/11	10/11/11	$17,120,000
37332	$960.00	Great Southern Properties Project, LLC (Lake Martin Area Industrial Development Authority)	11/09/11	11/09/11	$1,920,000
37336	$1,000.00	International Paper Company (The Industrial Development Board of the City of Selma, Alabama)	11/14/11	11/15/11	$50,000,000
37339	$750.00	SaeHaeSung Alabama Corp, Project, Industrial Development Revenue Bonds Taxable Series 2011-A (The Industrial Development Board of the City of Andalusia)	11/15/11	11/15/11	$1,300,000
37340	$1,000.00	The Westervelt Company Project, Industrial Development Revenue Bonds, Series 2011 (The Industrial Development Board of the City of Aliceville)	11/16/11	11/16/11	$50,000,000
37373	$1,000.00	PowerSouth Energy Cooperative Series 2011 (The Industrial Development Board of the Town of Chatom)	12/08/11	12/08/11	$75,000,000
37524	$1,000.00	Decatur ALF Group, LLC First Mortgage Healthcare Facility Revenue Bonds Series 2012A, Taxable Series 2012B, & Subordinated Healthcare Facility Revenue Bonds, Series 2012C (Taxable) (The Medical Clinic Board of the City of Decatur)	02/28/12	02/28/12	$8,035,000
37565	$1,000.00	Vulcan Project Series 2012 Industrial Revenue Bond (The Industrial Development Board of the City of Foley)	03/21/12	03/22/12	$8,000,000
37595	$1,000.00	Springhill Medical Complex, Inc. Taxable Revenue Bonds Series 2012A (The Medical Clinic Board of the City of Mobile, Alabama - Spring Hill)	04/11/12	04/12/12	$20,842,000
37728	no fee required for	Franklin Primary Health Center, Inc. Project (The Second Medical Clinic Board of the City of Mobile,	07/05/12	07/05/12	$6,000,000
37855	$1,000.00	Bama Oaks Retirement, LLC Project, First Mortgage Healthcare Facility Revenue Bonds Series 2012A & Series 2012A (Taxable) (The Medical Clinic Board of the City of Mobile, Second)	09/21/12	09/24/12	$11,700,000
TOTAL FEES:	**$10,460.00**			**TOTAL OFFERINGS:**	**$251,417,000**

Director's Commentary

Joseph P. Borg, Director

ASC Protecting Alabamians and Providing Revenue to the State Through Education, Registration and Enforcement

Central to the Alabama Securities Commission's mission is its goal of protecting Alabama citizens (individuals, small business, corporations, endowments), in all walks of life from deceptive and illegal practices associated with offers, sales and purchases of securities and securities-related services in Alabama. To achieve our mission of protecting investors from securities fraud and preserving and encouraging legitimate capital markets in Alabama, the ASC performs three critical functions: registration, enforcement and education. These functions, carried out with the discipline and professionalism of our dedicated staff, continually reinforces our role as a steadfast advocate for Alabama's citizens and "main street" investors.

In FY 2012 ASC returned **$12,689,077** to the General Fund. This fiscal year, the demand for services increased with a slow recovery from the economic downturn that impacted capital markets. ASC maintains a high level of efficiency by applying proven management techniques, efficient performance of duties, effective use of available technologies and adherence to stringent budget guidelines.

The ASC is sensitive to the financial concerns and long-term financial security of Alabama citizens, whether individuals or small businesses, and must act quickly and decisively when misleading or illegal practices undermine their confidence in our financial markets. When Alabama securities laws are believed to have been broken, the ASC's Enforcement Division takes the lead in conducting complex investigations in response to complaints or evidence of alleged securities fraud. Twelve highly-trained and experienced veteran investigators (Special Agents), use their more than 300 years of combined law enforcement experience to collect and analyze large quantities of complex information ranging from paper records to sophisticated electronic data. Special Agents closely examine investor complaints concerning suspicious, deceptive, unsuitable and/or illegal investment offerings within, into or from Alabama, as well as the sale of fraudulent and unregistered investment products. Special Agents coordinate their investigations with the Commission's Legal Division, and local, state and federal authorities to thoroughly examine complaints, analyze financial transactions and bring legal action against any person or business entity suspected of being in violation of the Alabama Securities Act and/or applicable federal laws.

During the past five years, Enforcement Division personnel have secured, on average, more than 20 criminal indictments annually for securities fraud. In FY 2012 the Division's painstaking work resulted in more than **$3,131,715** in victim restitution from prosecuted cases; 19 arrests; 24 convictions; and helped secure 102 years of incarceration for defendants found in violation of the Alabama Securities Act. The Commission maintains one of the highest rates of success in the nation as reported by the Wall Street Journal, CNN, Forbes, Birmingham News and other sources.

In 2012, the ASC relied on the investigative efforts of the Enforcement Division to help secure some of the largest securities-related financial settlements in the state's history. Working tirelessly with a multi-state task force of securities regulators in the southeastern U.S. region, the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, the division investigated complaints related to seven large proprietary mutual funds.

(Continued on next page)

(Continued)

The companies were ordered to pay $200 million to establish independently administered funds for the benefit of investors who had lost money, including approximately 5,800 Alabama investors. After recovery of all expenses, the State received an additional $1.7 million in costs, fines or penalties which funds were transferred to the General Fund as part of a $4.5 million additional transfer.

The Alabama Securities Act requires the registration of securities with the ASC prior to their public offering and sale; and, requires the registration, or specific exemption from registration, of broker-dealer firms, their agents, investment adviser firms and their representatives and money transmitters. The ASC's Registration Division is charged with the initial and ongoing registration process for individuals and firms who market and sell securities and financial services to Alabama citizens. Any person or company that offers and/or sells securities within, into or from Alabama must be registered with the ASC in order to conduct business legally. Any citizen can contact the ASC Registration Division to inquire if a particular security, and/or the person or company offering it for sale, is registered to conduct securities business in Alabama, Citizens can also receive a free background check on any person who offers securities for sale. This promotes continued professionalism in the securities industry in Alabama for those offering and selling various financial products and services to Alabama citizens. In FY 2012, 143,493 registrations, licenses and exemptions were issued by the Registration Division. The Registration Division is also responsible for the processing of fees associated with applications and renewals, which allows the ASC to remain self-funding and generates funds for the General Fund.

An additional responsibility for the Registration Division is conducting onsite auditing and examinations on a three-year cycle, of all state-regulated investment advisers domiciled in Alabama, while continuing to audit broker-dealers and their branch offices on a for-cause basis. The audit program, coordinated through the Auditing and Examinations Department, identifies serious securities violations as well as potential weaknesses in sales practices and statutory compliance. The program aids in helping to strengthen companies' compliance programs to better serve Alabama investors. The Department also conducts pre-licensure audits as well as joint audits on a limited basis with other states for complex audits, and to aid in possible enforcement investigations. In FY2012, the Auditing and Examinations Department conducted 51 full audits along with a significant number of "desk" examinations.

The Commission firmly believes that investor education and fraud prevention training can help shield our citizens from being victimized by financial criminals. The ASC's Education and Public Affairs Division is very proactive in support of the agency's objective to inform and educate Alabamians of all ages and economic backgrounds on the many aspects of saving and investing and about making informed and prudent financial decisions. Our ongoing Investor Education and Fraud Prevention Outreach Program is structured to offer the most timely and relevant financial education information available to Alabama's youth (K-12 and college students), working adults and retired seniors. The Education and Public Affairs Division provides these groups free financial education seminars and printed material to help them acquire the knowledge and skills necessary to make sustainable personal financial decisions, how to save and invest wisely in order to build their personal financial assets, and how to recognize and avoid predatory financial tactics that could compromise or destroy their retirement nest eggs. Combining educational resources with such diverse groups and agencies as the Washington, D.C.-based Investor Protection Trust, Alabama Department of Senior Services, Alabama Cooperative Extension System, Alabama Department of Education, Alabama Jump$tart Coalition, AARP Alabama and many others, the Division can consistently develop, refine and implement stimulating, timely investor education programs. The Division conducts an average of 70 events annually for Alabama citizens, as well as for social, civic and professional groups throughout our state. During FY 2012, this Division conducted 71 events that provided direct outreach and instruction to 5,512 citizens, ranging in age from high schools students to senior retirees. During FY2012, this Division helped acquire over $30,000 in grant money received from the Investor Protection Trust to conduct wise saving and investing education events in Alabama for teachers and students in grades 7-12; as well as events for senior Alabamians concerning protecting their life savings and making informed investments.

ASC's Division Functions and Accomplishments

Enforcement Division. The ASC's Enforcement Division is responsible for conducting complex investigations in response to complaints or evidence of alleged securities fraud. A highly-trained and experienced staff of 12 veteran investigators (Special Agents), with more than 300 years of combined law enforcement experience, collect and analyze large and often complicated quantities of information ranging from paper records to sophisticated electronic data. ASC's Special Agents are required to address investor complaints related to suspicious, unsuitable and/or illegal investment offerings, as well as the sale of fraudulent and unregistered investment products. Special Agents coordinate their investigative activities with the Commission's Legal Division, and with local, state and federal authorities, to thoroughly examine complaints, analyze financial transactions and help bring legal action against any person or business entity that violates the Alabama Securities Act. During the past five years, Enforcement Division personnel have secured, on average, more than 20 criminal indictments per year for securities fraud. Due to the division's painstaking work on behalf of Alabama's investors, in FY 2012, the courts ordered more than $3,131,715 for victim restitution in prosecuted cases; and enforcement actions led to 19 arrests, 24 convictions and helped secure 125 years' incarceration for violators of the Alabama Securities Act.

Licensing and Registration Division. The ASC's Licensing and Registration Division is responsible for the initial and ongoing registration and statutory compliance of broker-dealer firms and their agents, investment adviser firms and their representatives, issuer agents, securities registrations, exemptions from registration and the licensing of money transmitters. This division is also responsible for the processing of fees associated with applications and renewals, which allows the agency to remain self-funding. The total number of registrations, licenses and exemptions issued in FY 2012 was 143,493

Auditing and Examination Division. The Auditing and Examination Division is responsible for conducting a full schedule of onsite routine and for-cause examinations. Every three years, division auditors examine each of the state-regulated investment advisers domiciled in Alabama, while continuing to audit broker-dealers, their branch offices, and sale of checks agents on a for-cause basis. The audit program identifies serious securities violations, as well as potential weaknesses in sales practices, in order to help strengthen these businesses' compliance programs and to protect Alabama investors. The division also conducts limited joint audits with other states for complex audits and enforcement investigations. In Fiscal Year 2012, the Auditing and Examination Division conducted 51 audits, with 13 of these being for-cause examinations driven by investigations, customer complaints or licensing issues.

Education and Public Affairs Division. The Education and Public Affairs Division provides state and national media information about the agency's services, enforcement actions, fraud prevention alerts and other activities to combat financial crimes targeting Alabama citizens. The division is active in educating citizens of all ages and economic backgrounds about the many facets of personal finance, investing and how to protect themselves from financial fraud. The division researches, develops and implements investor education and fraud prevention outreach programs that offer Alabamians, from high school students and working adults to senior investors, ages 50 and older, the most relative and timely information available to help them make informed financial decisions.

(Continued on next page)

ASC's Division Functions and Accomplishments *(Continued)*

The information provided to these groups encourages prudent use of monetary resources, avoiding victimization by fraud and achieving the fiscal knowledge required to safeguard personal financial assets in order to help them build a comfortable and stable retirement. Continued collaboration with the Alabama Department of Education, the Alabama Jump$tart Coalition, the Investor Protection Trust, the Alabama Department of Senior Services, the Alabama Cooperative Extension System, and the Alabama Council on Economic Education, among others, led to a successful education outreach program providing 71 education and fraud prevention events to more than 5,512 Alabama citizens during this fiscal year.

Legal Division. The ASC Legal Division is comprised of six highly-skilled and dedicated attorneys who are ably assisted by two full-time paralegals. The Legal Division possesses almost 100 years' combined legal and prosecutorial experience and is responsible for investigating and prosecuting fraudulent and illegal actions by individuals and companies in the offering and sale of securities within, into or from the State of Alabama; or, any related activities in violation of the Alabama Securities Act and associated statutes. The ASC Legal Division prosecutes administrative, civil and criminal actions brought by the Commission and renders legal opinions and no-action letters related to issues of law persuant to the Alabama Securities Act. The division also acts as in-house legal counsel for all legal issues concerning the daily operations of the Commission staff, including investigations and personnel issues, and acts as liaison with other government agencies when legal matters of common interest arise. The legal staff works closely with district attorneys throughout Alabama to assist in the investigation and prosecution of white-collar crime and has an excellent prosecution record. ASC attorneys consult with other states on legal issues involving overlapping jurisdictions and aids federal prosecutors, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority and others to assure that Alabama's main street investors are afforded maximum protection from investment fraud.

Accounting and Personnel Division. The ASC's Accounting and Personnel Division is charged with effecting the continued smooth operation of the agency's fiscal and employee-related requirements. The division provides for the overall sound financial operation of the agency, including preparation of the annual budget and operations plan, supervising the gathering and maintenance of all financial records and reports, assuring propriety of agency expenditures and budgetary controls, maintenance of personnel and payroll records and being accountable for all physical inventory. The division cooperates with the Examiners of Public Accounts to ensure the Commission is in strict fiscal compliance with the Code of Alabama. Historically, the division has received a perfect "Property Inventory" audit and constantly strives to make certain that the Commission's property and monetary resources are used and maintained for greatest benefit of Alabama citizens.

Information Technology (IT) Division. The IT Division plays a crucial role in the efficient provision and management of the Commission's electronic data requirements. Division personnel work diligently to provide streamlined, results-driven methods for the secure utilization and storage of sensitive information and the maintenance of the agency's computer hardware and software systems including constant information exchange with national databases covering more than 660,000 financial professionals and firms through the national Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD).

Dan Lord, Manager

ASC EDUCATION CORNER

Promoting Investor Protection Through Seminars and Free Materials

ASC's Education and Public Affairs Division strives to provide timely and relevant information to help educate and protect Alabama citizens so they can make safer and more informed investment decisions. Please contact this office to schedule a free training presentation or high school field trip, and for free information concerning topics such as saving, proper use of credit, understanding financial products, investing and financial fraud prevention.

Clint Niemeyer, Public Affairs Specialist

Investor Education and Fraud Prevention Outreach for Senior Alabamians

During FY 2012, ASC's Education and Public Affairs Division continued its successful and informative outreach program. This popular program promoted effective financial, investor, and fraud protection education to teens, working adults and seniors. Extra effort was put forth during this fiscal year to provide investor and fraud prevention education to citizens ages 50 and above. Seniors in the United States and Alabama are a prime target for financial fraud as they hold an estimated $14 trillion in assets. The ASC has joined with the Alabama Attorney General's Office, the Alabama Department of Senior Services, the Department of Human Resources and many other state agencies to conduct outreach events throughout Alabama and to help draft new legislation* that will provide improved protection against financial crimes targeting Alabama seniors age 60 and above. The Alabama Securities Act provides strong protection for seniors if the crime involves securities, but the Commission recognized the need for stronger laws to protect citizens from other financial crimes. The ASC is the champion of Alabama's main street investor and our education program helps expose deceptive and illegal practices by promoting financial literacy and by the development of the discipline necessary to recognize and thwart tactics used by con artists to victimize our citizens. The Education and Public Affairs Division sets a high bar for the development and delivery of practicable, insightful information that serves as a first line of defense against financial crimes that can devastate senior Alabamians' long-term financial independence. The following paragraphs illustrate the division's continued close collaboration with senior advocacy groups, law enforcement and others to promote investor education and fraud prevention during the past fiscal year.

ASC's Education and Public Affairs Division partnerships to reach working adults and seniors

Alabama Department of Senior Services (ADSS). The ASC collaborated with the ADSS statewide network of Area Agencies on Aging to reach hundreds of seniors and to provide timely, relevant presentations and printed material designed to help them recognize the problems associated with financial fraud and how to safeguard themselves and their families from fraudulent practices. ASC collaborated with ADSS and the Alabama Elder Justice Alliance to promote the World Elder Abuse Awareness campaign starting in July 2012.

ACES Estate Planning Seminars. ASC teamed with the Alabama Cooperative Extension System (ACES) to continue hosting Estate Planning Seminars for Alabama citizens who are nearing retirement or who have previously retired. Seminars included speakers from the Education and Public Affairs Division who shared valuable information about unsuitable investment "opportunities," how investment fraud begins, factors involved in making informed financial decisions, and the warning signs of scams, among others.

* Companion bills SB29 and HB45, "Protecting Alabama's Elders Act."

(Continued on next page)

(Continued)

2012 Senior Expos: For many years, ASC has participated in two large Senior Expo events: The Huntsville Senior Expo at the Von Braun Civic Center and the Jackson County Senior Expo at the Goose Pond Civic Center near Scottsboro. These popular, highly anticipated events host several thousand seniors from across north Alabama to observe and inquire about the numerous products, services and information resources tailored to them from various professional service providers. ASC Education and Public Affairs Division personnel were on-site to greet and answer individuals' questions and to distribute important personal finance, investor education and fraud prevention materials to hundreds of seniors throughout the day-long events.

Alabama Retired State Employees Association (ARSEA). Continuing a successful partnership, ASC staff attended and spoke at several ARSEA chapter meetings in FY2012. ARSEA boasts a membership of more than 25,000 retired former state government employees and members typically have significant savings, pensions and investments. ASC has received an excellent response from ARSEA members wishing to check out the registration of investment professionals or products being offered or to request more information.

Elder Investment Fraud and Financial Exploitation (EIFFE) Campaign. ASC worked side by side with the Washington, D.C.-based Investor Protection Trust (IPT), the National Adult Protective Services Association, the American Academy of Family Physicians and other senior health advocacy organizations to help promote this important campaign. The campaign has helped deliver insightful investor education to physicians and medical support personnel at University of Alabama at Birmingham, regarding financial abuse and exploitation of their elderly patients and clients.

ASC Military Outreach Programs and Special Website Area

Director Borg says, "Inquiries from any military personnel, in any status (active, reserve, guard or veterans), or from their dependents, will get our immediate attention to help provide information or to investigate complaints and concerns as necessary."

ASC staff have the experience to understand financial challenges of the military community: During this period, nine ASC staff members totaled more than 160 years of honorable service for the United States military to protect the freedom of the United States and some supported or deployed during recent U.S. defense initiatives. The Deputy Director of Enforcement was a Staff Judge Advocate with more than 30 years experience in military law. The Manager of Education and Public Affairs has more than 20 years experience in the administration of military education programs and one Special Agent is a U.S. Army Reserve Command Sergeant Major who deployed to the middle east and oversaw the welfare of thousands of troops. All others have varied experience in a variety of military fields of expertise.

ASC has a special website area for military and their dependents: "Protect Alabama Troops" (PATS) was launched June 16, 2009 and is an information-based resource, accessible on ASC's web page, www.asc.alabama.gov. The site consists of appropriate, practical news, tips and advice for Alabama's active -duty, guard and reserve military, as well as retired military and veterans. The site is specifically designed to assist them and their family members to make informed investment decisions and avoid becoming victims of financial fraud before, during and after deployment and in the transition to retired military or civilian life.

ASC staff provided special training to survivors of recently fallen soldiers: During FY 2012 ASC staff provided two specially tailored programs in conjunction with the Department of Defense, Survivor

(Continued on next page)

(Continued)

Outreach Services at Ft. Rucker to help survivors of fallen soldiers make informed decisions to manage inherited money and protect themselves from deceptive marketing programs and investment fraud.

ASC provided investor education seminars and free information: Soldiers, dependents, civilian personnel (civil service and contracted) at Redstone Arsenal and Maxwell Air Force Base, received free financial education seminars with an emphasis on informed investing and fraud prevention. Top-notch personal finance and investor education materials published by Kiplinger's Personal Finance, the Lightbulb Press, Inc. and ASC, were made available, upon request, to anyone affiliated with the military in Alabama.

Military personnel and their dependants are invited to call on ASC: All military personnel and their dependents who are considering investment opportunities are encouraged to contact the ASC, toll-free, 1-800-222-1253, with inquiries about the registration status of financial products, licensing requirements for those individuals or companies offering or selling financial products or services to military families in Alabama, to lodge a complaint, to report suspected fraud or to receive consumer information.

ASC Contributions to Middle and High School Students and Teachers

Youth and Student Programs

The ASC's Education Office is an active member of the Alabama Jump$tart Coalition, the Alabama Council on Economic Education, partners with the Alabama Cooperative Extension System and works with other business, government and nonprofit agencies to promote financial literacy programs aimed at public and private middle, high school, and college students. ASC offers two professionally developed financial literacy publications to state educators for classroom use. Basics of Savings and Investing is a teaching guide used in various business, math and social studies classes in grades 7-12. Additionally, high school economics teachers can obtain Personal Finance in the Economics Classroom to augment financial literacy instruction.

TARRANT HIGH SCHOOL STUDENTS (APRIL 11, 2012)

High School students and teachers from all over Alabama are welcome to visit the Commission at no cost other than to provide their own transportation and lunch. Typical field trips last about four hours and include more than two hours of investor education and information about how ASC regulates the securities industry in Alabama. Also, ASC schedules a tour of the Capitol so students can learn more about the Alabama legislative process. High School teachers may call 1-800-222-1253 and ask for the Education and Public Affairs Division to schedule a tailor-made field trip.

(Continued on next page)

Train the Teacher Programs

ASC assisted in a grant, from the Investor Protection Trust, in support of the "Day of Financial Literacy" Luncheon hosted by the Alabama Jump$tart Coalition at the BJCC in Birmingham, June 13, 2012 during the Alabama Association of Career and Technical Education Conference (AACTE). Guest Speaker at the luncheon was Ms. Dubis Correal, Office of Financial Education, Consumer Financial Protection Bureau, Washington DC. Over 250 teachers benefited from free financial education curriculum and resource materials for Alabama Classrooms.

2012 Economic Extravaganza, January 17, 2012, held at the Madison County Professional Development Center was conducted by the Alabama Council on Economic Education (ACEE) in cooperation with the Alabama State Department of Education, The Boeing Company, Investor Protection Trust, and the Alabama Securities Commission.

The ASC assisted ACEE to acquire grant funding from the Investor Protection Trust to support financial education initiatives for teachers grades 7-12 in Alabama. ASC provided a professional trainer and free materials at many of these events. The highly qualified and experienced instructor in the picture is Wanda McAbee the Program Director for ACEE.

(Continued on next page)

(Continued)

ASC Professional Training Programs

Upon request, ASC provides training to a number of professional organizations including enforcement agencies. Many of these presentations qualify for continued professional education credit. National investor education includes the development of investor education outreach programs by experts from Alabama and other state agencies who are involved in the regulation of the securities industry.

One notable example of professional training for law enforcement was ASC's participation in the Alabama Association of Chiefs of Police (AACOP) Summer Conference 2012. This conference was attended by over 300 Chiefs of Police and law enforcement officials from across Alabama. ASC participation n this conference provided information that will assist police officers throughout Alabama to identify, report, investigate and help prosecute securities crime.

ASC EDUCATION AND PUBLIC AFFAIRS DIVISION (ED & PA)

Investor Education Presentations/Events/Meetings
(Fiscal Year 2012, from 10/1/11 - 9/30/12)

Date	Place	#	Audience Type
09/26/12	Huntsville, AL at the downtown Holiday Inn	170	Retired state employees attending the ARSEA annual conference
09/20/12	Birmingham, AL at the Federal Reserve	40	Licensed investment advisors - Financial Planning Association
09/18/12	Huntsville, AL at the VBC South Hall	100	Senior Expo attendees from the Madison County area
09/13/12	Birmingham, AL at the Army Reserve Center	30	Two events: Financial training for survivors of deceased soldiers
09/08/12	Eclectic, AL at the Warehouse during "Trade Days"	60	Citizens from the surrounding community
09/07/12	Hoover, AL at the Hoover Senior Center	100	Elder abuse and fraud prevention town hall
08/20/12	Huntsville, AL at the Brookdale Place Jones Farm	50	Senior citizen residents
08/18/12	Hoover, AL at Our Lady of Sorrows Catholic Church	50	Professional training for medical nurses and caregivers
08/16/12	Hoover, AL at the Gallery Woods Ret. Community	40	Senior citizen residents
08/09/12	Birmingham, AL at the UAB School of Business	80	Alabama Chapter of the Certified Fraud Examiners
08/09/12	Redstone Arsenal, AL at the Missile Defense Agency	30	Civil service and contracted personnel
08/07/12	Birmingham, AL at the Federal Reserve	70	Jump$tart Coalition partnership to train educators
08/02/12	Pelham, AL at the City Library	60	Partner with ACES to reach Seniors from the local community
07/30/12	Orange Beach at the Erie Meyer Civic Center	325	Police Chiefs and other law enforcement officials
07/26/12	Wadley at the Southern Union State College	15	Members of the Rotary Club
07/09/12	Montgomery, AL at the RSA Plaza	28	Montgomery American Business Women's Association (AWBA)
06/27/12	Auburn University, AL at Cooperative Extension System	3	Education leaders to plan 35 outreach events in Alabama
06/19/12	Montgomery, AL at Univ. of S. Alabama, Faculty Club	90	Senior citizens from surrounding area - Elder Justice Alliance

(Continued on next page)

(Continued)

Date	Place	#	Audience Type
06/15/12	Montgomery, AL at the Public Library on Monticello	90	Senior citizens from surrounding area - Elder Justice Alliance
06/13/12	Huntsville, AL at the Redstone Federal Credit Union	85	Senior citizens from surrounding area - Elder Justice Alliance
06/13/12	Birmingham, AL at the BJCC teachers conference	300	Provide financial training to high school teachers from Alabama
06/12/12	Birmingham, AL at the Federal Reserve	100	Provide financial training to high school teachers from Alabama
05/30/12	Gardendale, AL at the Gardendale High School	15	Train high school teacher's to incorporate financial education
05/23/12	Madison Wisconsin at the DFI Division of Securities	15	By invitation develop investor education outreach in WI and AL
05/22/12	Greenville, AL at Beeland Park	25	Members of the Kiwanis Club
05/10/12	Huntsville, AL at the Eagles Club	28	Members of the Kiwanis Club
05/10/12	Troy, AL at the New Beginning Adult Center	25	Caregiver & Elder Abuse Symposium
05/09/12	Cullman, AL at the Cullman Electric Coop	20	Partner with BBB of N. AL to reach business professionals
05/03/12	Birmingham, AL at the Federal Reserve	20	ACEE Education Advisory Counsel with Superintendent Bice
04/27/12	Eufaula, AL at the Lakepoint Resort State Park	66	Retired state employees (ARSEA) District 8 chapter meeting
04/24/12	Montgomery, AL at the State Capitol	7	Facts on Saving and Investing proclaim with Governor Bentley
04/20/12	Pell City, AL at Pell City Civic Center	58	Partner with ACES to reach Seniors from the local community
04/19/12	Uniontown, AL at the Uniontown High School	60	Teaching personal financial education to high school students
04/16/12	Livingston, AL at the Community Center	31	Retired state employees (ARSEA) District 8 chapter meeting
04/14/12	Montgomery, AL at the Baptist South Hospital	20	Medical billing and coding students-EIFFE presentation
04/13/12	Cullman, AL at the All Steak Restaurant	64	Retired State employees (ARSEA) District 17 meeting
04/12/12	Birmingham, AL at the BJCC during FBLA conference	90	Students from various Alabama schools grades 7-9
04/11/12	Montgomery, AL at the ASC training center	38	High school students from Tarrant High School, Birmingham, AL
03/29/12	Atmore, AL at Wind Creek Hotel Restaurant	65	Retired State employees (ARSEA) District 6 meeting
03/26/12	Birmingham Renaissance Ross Bridge Resort	155	Retired State employees (ARSEA) District 1 & 13 meeting
03/23/12	Union Springs, AL-City/County Senior center	74	Senior citizens from Bullock and surrounding counties
03/22/12	Decatur, AL at Entrepreneurial Center	30	Partner with BBB of N. AL to reach business professionals
03/08/12	Demopolis, AL at Mr. G's Restaurant	16	Provide financial training to area high school teachers
03/08/12	Florence, AL at the Keystone Business Center	13	Professional adults and business owners
03/01/12	Huntsville, AL at the Westin Hotel - Research Park	30	Alabama public school teachers and educators
02/29/12	Redstone Arsenal at the Community Center	100	Military and government personnel from Redstone community
02/28/12	Montgomery, AL at the Picadilli Cafeteria	60	Senior citizens - members of the Montgomery Club
02/22/12	Maxwell Air Force Base at the Family Support Center	30	Military personnel and their dependents

(Continued on next page)

Investor Education and Fraud Prevention Outreach Program

(Continued)

Date	Place	#	Audience Type
02/15/12	Montgomery, AL at Auburn University Montgomery	20	College students from the Montgomery area ASIS program
02/15/12	Baltimore, MD - NASAA investor education outreach	8	Group of experts to develop investor education programs
01/26/12	Scottsboro, AL at the Goosepond Convention Center	850	Jackson County and area senior citizens
01/19/12	Birmingham, AL at the University of Alabama	30	EEIFE presentation to medical professionals
01/18/12	Montgomery, AL at Faulkner Univ.	5	College students with Montgomery ASIS
01/18/12	Huntsville, AL University of Alabama	70	Beta Alpha PSI - business students
01/17/12	Huntsville, AL at Madison Co. Prof. Development Ctr.	25	Public school business teachers grades 7-12
01/17/12	Montgomery, AL Council On Aging (MACOA)	80	Senior citizens from the local community
12/15/11	Ft. Rucker, AL at the Army Community Service Center	5	Meet with officials to establish investor education programs
12/07/11	Shorter, AL at the S. Central AL. Development Comm.	28	Caregiver & Elder Abuse Symposium
12/05/11	Montgomery, AL at the Virginia College	65	Medical billing and coding students-EIFFE presentation
12/03/11	Birmingham, AL at the YMCA Youth Center	70	High school general assembly - students and teachers
11/30/11	Brookwood, AL at the Brookwood High School	500	High school general assembly - students and teachers
11/21/11	Montgomery, AL at Montgomery Catholic Prep. School	150	Students in the 7th and 8th grades
11/16/11	Tuskegee, AL at the AL Cooperative Extension System	25	Partner with ACES to reach Seniors from the local community
11/15/11	Huntsville, AL at the Dynetics Company	40	Partner with BBB of N. AL to reach business professionals
11/10/11	Huntsville, AL at the Holiday Inn - Research Park	45	Continuing Professional Education for CPAs
11/03/11	Ft. Lauderdale, FL at the Embassy Suites	90	Participate in the Investor Education school funded by NASAA
10/21/11	Birmingham, AL at the United Way of Central Alabama	25	Develop financial outreach initiatives in Alabama
10/18/11	Birmingham, AL at the Vulcan Materials Company	20	Develop investor education outreach initiatives
10/13/11	Birmingham, AL at University of Alabama Birmingham	15	EEIFE presentation to medical professionals
10/01/11	Birmingham, AL at the Galleria Mall in Riverchase	20	Financial Planning Association community event

DURING FISCAL YEAR 2012 THE ALABAMA SECURITIES COMMISSON CONDUCTED **71** INVESTOR EDUCATION AND FRAUD PREVENTION OUTREACH SEMINARS OR MEETINGS REACHING **5,512** CITIZENS.

North American Securities Administrators Association

The Commission continues its membership with the North American Securities Administrators Association (NASAA). NASAA is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

As a NASAA member, the Commission joins other securities administrators in the promotion of programs focusing on investor education, information sharing, and cooperative enforcement efforts; and, in promoting uniformity of state securities requirements and other actions necessary for effective state and federal securities regulation.

During FY 2012, ASC's director was the Chair of the International Committee and a member of the Uniform Securities Act Committee for NASAA. He served as NASAA President, from September 2001 thru September 2002 and again from September 2006 thru September 2007. Only two other persons have served two terms as president in the 90-plus year history of NASAA. He served for thirteen years as a member of the Board of Directors and held previous positions with NASAA to include Chair of Enforcement, Treasurer, and Ombudsman.

ASC staff members have participated in committees and project groups, comprised of regulatory counterparts from other states and countries, to develop policy guidelines and to consider issues of financial education, registration, licensing, litigation and enforcement.

NASAA programs are carried out through its various committees and project groups. During FY 2012, ASC staff served on, or participated in, the following: International, Uniform Securities Act, Investor Outreach, Investment Adviser Zone SE Coordinator, and Oil/Gas Joint Ventures.

The Commission intends to continue active participation on various NASAA committees, which, in coordination with the SEC, FINRA, NASDAQ, NYSE, industry representatives, the accounting and legal professions, and other related groups, have promulgated national uniform standards and guidelines. The adoption of these uniform policies alleviate burdens on those sectors of the securities industry by eliminating duplicative examination and registration requirements, thus reducing the amount of time, money, effort, and paperwork required, and achieving less costly and more effective regulation of the industry. Such guidelines apply to the following types of securities activities and filings: licensing, registration, audits, oil and gas, real estate, real estate investment trusts, commodity pools, equipment leasing, health care facilities programs, offerings on the Internet, and others.

ENFORCEMENT HEADLINE SUMMARIES
FROM FISCAL YEAR 2012
(Alphabetical by County)
To read complete articles and more go to: **www.asc.alabama.gov**

Baldwin County

Baldwin County Man Sentenced for Securities Violations Related to Synergy Finance Group, LLC

(May 29, 2012) After a weeklong trial presided over by Circuit Judge James A. Reed, Richard James Tucker, a Baldwin County resident, was sentenced on May 23, 2012 on 13 counts involving criminal activities associated with Synergy Finance Group, LLC, a Robertsdale, Alabama company. Tucker was sentenced to 12 years, split to serve 24 months, on nine counts of Fraud in Connection with the Sale of Securities and on two counts of Theft of Property, 1st Degree. The Court also sentenced Tucker to eight years, split to serve 18 months, on one count each of Conspiracy to Commit Securities Fraud and Sale of an Unregistered Security. All sentences will run concurrently and Tucker was ordered to pay court costs associated with his trial. The ASC also petitioned the Court to compel Tucker, once released on parole, to submit sworn quarterly financial statements with the Court to determine his sources of income and the motion was upheld. A restitution hearing will be scheduled in the near future to determine a repayment plan to U.S. and foreign victims who lost approximately $2.8 million and for the disbursement of approximately $400,000 in seized funds being held by Baldwin County authorities. Tucker's defense attorney gave notice of appeal and Tucker remains incarcerated in Baldwin County jail pending a $175,000 bond. An investigation by ASC Enforcement Division agents revealed that Tucker, together with four other men, operated an advance-fee loan business, self-described as a "multi-billion dollar loan brokerage." The scheme solicited investment money from U.S. and foreign investors seeking large, non-collateralized loans which involved unlawful securities transactions.

Baldwin County Man Convicted for Securities Act Violations Related to Synergy Finance Group, LLC

(May 14, 2012) Richard James Tucker, a Baldwin County, Alabama resident, was found guilty on 13 counts involving criminal activities associated with Synergy Finance Group, LLC, a Robertsdale, Alabama company. The case was before Judge James A. Reed, presiding judge of the Baldwin County Circuit and on April 13, 2012, after three hours of deliberation, the jury found Tucker guilty on all counts. A sentencing hearing is scheduled for May 24, 2012. Charges against Tucker included one count, Employing a Device, Scheme or Artifice to Defraud in the Sale of Securities; two counts, Misrepresentation in the Sale of Securities; five counts, Failure to State a Material Fact in the Sale of Securities; one count, Sale of an Unregistered Security; two counts, Overall Scheme to Defraud; and, two counts, Theft of Property, 1st Degree. Grand Jury indictments were previously issued against Tucker's co-defendants, Michael

(Continued on next page)

David Judd of Studio City, California; Paul Liggett of Fenton, Missouri; Kirk Patterson of Clovis, California; and, Sam Williams, Jr., an Atlanta, Georgia attorney. An ASC investigation revealed that the five men were involved in the operation of an advance fee loan business, self-described as a "multi-billion dollar loan brokerage." The scheme solicited investment money from U.S. and foreign investors seeking large, non-collateralized loans which involved unlawful securities transactions.

Mississippi Man Pleads Guilty to Securities Fraud in Baldwin County
(Feb. 28, 2012) George Louis McCaw, a Diamond Head, Mississippi resident, pled guilty to a single count of Fraud in Connection with the Sale of Securities and two counts of Conspiracy to Commit Theft by Deception, 1st Degree in Baldwin County Circuit Court and was sentenced to 15 years on the fraud count and 10 and 5 years respectively on the Conspiracy counts. The Conspiracy counts were run consecutively for a total of 15 years and run concurrent with the Fraud count for a total 15 year sentence. The conspiracy counts involve the unlawful agreement between McCaw and Michael Kieffer [who had previously pled guilty] to use bogus invoices and shell corporations to defraud an investor and Colonial Bank out of more than $100,000 for a non-existent building. Both the investor and Colonial Bank paid MG Specialists Inc. for the fictitious building and MG Specialist paid most of the money back to McCaw by using his shell corporation, Tricky Enterprises LLC. An investigation by ASC Enforcement Division agents centered on McCaw's actions as principle and agent for McCaw Construction & Services, L.L.C. A Sept. 2010 Baldwin County Grand Jury indicted McCaw for alleged fraudulent activities that took place between Feb. 2007 and May 2008, involving the offer and sale of promissory notes, investment contracts and other investment instruments, valued at more than $2.3 million, to Alabama investors. The funds were allegedly to be used in connection with a proposed development of a commercial enterprise in Baldwin County, known as the Highway 59 Project.

One of five charged pled guilty to crime relating to Synergy Finance Group, LLC
(Feb. 23, 2012) Michael David Judd of Studio City, California, pled guilty to one count of the Sale of Unregistered Securities, a Class C felony, related to business associations with Synergy Finance Group. As part of the plea agreement Judd will be allowed to enter a pretrial diversion program which will last 3-5 years; conditions include a payment already made to the court of $160,000 for victim restitution and he must testify truthfully against his co-defendants at trial scheduled for April 9, 2012. Baldwin County Grand Jury indictments against Michael David Judd of Studio City, California, Paul Liggett of Fenton, Missouri, Kirk Patterson of Clovis, California and Sam Williams, Jr., an Atlanta, Georgia attorney alleged that the men, together with Richard James Tucker, of Baldwin County, were purportedly involved in the operation of an advance fee loan business, and solicited money from U.S. and foreign investors seeking large, non-collateralized loans which involved alleged unlawful securities transactions. ASC records revealed that none of the indicted individuals nor Synergy Finance Group, LLC was registered with the Commission to conduct securities business in Alabama. Tucker was arrested by Baldwin County Sheriff's Department deputies and ASC Enforcement Division agents July 8, 2010. Tucker, Liggett, Patterson and Williams are all currently free on bond awaiting trial.

<u>Blount County</u>
Former Blount County Man Pleads Guilty to Alabama Securities Act Violations
(Jan. 24, 2012) David Ray Pinyan, a former resident of Blount County, now residing in Tennessee, pled

(Continued on next page)

guilty to a single count of Fraud in Connection with the Sale of Securities. Circuit Court Judge David A. Kimberly sentenced Pinyan to 10 years in prison, suspended, and placed him on five years' probation. Pinyan was given credit for jail time served since Nov., 2011. The plea agreement made by prosecutors with Pinyan, after consultation with investors/victims, considered that Pinyan would be more capable of meeting his obligations toward victim restitution if allowed to serve the balance of his sentence on probation. He also agreed to have no contact with investors related to this case. Pinyan was arrested on May 4, 2010 by Sevierville and Pigeon Forge, Tennessee law enforcement officials and later extradited to Alabama to face charges that he violated provisions of the Alabama Securities Act. A 12-count indictment was returned by an April 2010 session of the Blount County Grand Jury after an investigation by ASC Enforcement Division agents revealed that, beginning in May 2006 and continuing through August 2007, Pinyan allegedly used schemes centered on various land development opportunities and transactions involving the buying and selling of automobiles. Pinyan allegedly used these schemes to defraud Alabama investors of several thousands of dollars, allegedly promising the investors "profit" on their investment principal and alleging that he made untrue statements of material fact during the offer and sale of the investment in question. The indictment further alleged that Pinyan did obtain by deception the funds from the Alabama investors which he converted for his personal use and that he failed to divulge details concerning the business deals.

Choctaw County

Utah and Florida Men Arrested as a Result of Choctaw County Indictments Alleging Illegal Investment Activities

(June 18, 2012) Patrick Michael Daleiden and Bruce Jonathan Mabey were arrested for alleged illegal investment activities. **Patrick Michael Daleiden**, Satellite Beach, Florida, surrendered to Alabama law enforcement authorities and was arrested on June 13, 2012. Daleiden was sought on an outstanding warrant from Choctaw County and is currently being held in the Choctaw County jail under a $1,050,000 "cash only bond." A seven-count indictment was returned by a February, 2012 Choctaw County Grand Jury, charging Daleiden with Fraud in Connection with the Sale of Securities. The charges are the result of an ASC Enforcement Division investigation into a failed industrial park development deal in Choctaw County. **Bruce Jonathan Mabey**, a Salt Lake City, Utah resident was arrested June 1, 2012 in Salt Lake City by agents of the U.S. Marshals Service on an outstanding warrant from Choctaw County. A February 2012 Choctaw County Grand Jury indicted Mabey on seven counts of Fraud in Connection with the Sale of Securities for his alleged involvement in the failed business and industrial park scheme. Mabey waived extradition and is currently being held in Utah on a $1 million bond, awaiting transport to Choctaw County to face charges.

Cullman County

Florida Man Pleads Guilty to Securities Fraud in Cullman County

(Aug. 15, 2012) James Leonard Craft of Century, Florida pled guilty to a single count of engaging in a Scheme or Artifice to Defraud in connection with the Sale of Securities on Aug. 13, 2012, before Circuit Judge Gregory A. Nicholas. An investigation by ASC Enforcement Division agents disclosed that Craft solicited funds from investors to purportedly purchase wood products from South America to be resold to U.S. distributors for the production of railroad crossties and other products. In 2010, the ASC issued

(Continued on next page)

Craft and his company, Century Lumber & Land, LLC, headquartered in Century, Florida, a Cease and Desist Order after an attempt was made to solicit money from Alabama investors in at least three counties, including Cullman, Etowah and Shelby Counties. In his testimony to the Court, Craft readily admitted to Judge Nicholas that he intended on using the money for personal reasons while simultaneously making a fraudulent pitch that the investors' funds were to be used to purchase wood products.

Etowah County

Two Men Arrested, Face Charges in Etowah County for Alabama Securities Act Violations

(Oct. 14, 2011) James Leonard Craft of Century, Florida, was arrested by Santa Rosa County, Florida authorities Sept. 23, 2011 and has been extradited to Etowah County, Alabama where he was jailed after the fall term of the Etowah County Grand Jury handed down an 11-count indictment against him for alleged illegal activities associated with Century Lumber & Land, LLC, headquartered in Century, Florida. An investigation by the ASC Enforcement Division alleged that Craft solicited funds from investors to purportedly purchase wood products from South America to be resold to U.S. distributors for the production of railroad cross-ties and other products. In 2010, the ASC issued Craft and his company a Cease and Desist Order after an alleged attempt to solicit money from Alabama investors. ASC records indicated that neither he nor his business was registered to conduct securities business within, into or from Alabama as required by law. In a related development, Glenn Gilman, Sr., a Southside, Alabama resident, was arrested in Pleasant Grove, Alabama by law enforcement authorities on Sept. 29, 2011 on an 11-count indictment handed down by the Fall 2011 Term of the Etowah County Grand Jury. Etowah County charges against Gilman are the same as those against Craft. After posting bond in Etowah County, Gilman turned himself in to Shelby County, Alabama authorities on Oct. 5, 2011 to face additional securities charges.

Houston County

One Alabama, Two Florida Women Indicted for Alabama Securities Act Violations

(Feb. 3, 2012) After turning themselves in to Houston County Sheriff's Department deputies on Jan. 19, 2012, arrests were made of Ann Forehand, a Houston County resident, Debra C. Myers, a Lynn Haven, Florida resident and Ashley P. Murcko, a Pensacola, Florida resident. Forehand was charged with a single count each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Both Myers and Murcko were charged with two counts each of the same offenses. All three women were subsequently released under $80,000 bond each. A Houston County Grand Jury returned indictments against the three women during a December 2011term. The indictments alleged that the women acted as sales agents representing USA Marketing, a Dothan, Alabama-based company and further acted to solicit individuals to invest money, in the form of investment contracts, in a product line allegedly to be offered and sold by USA Marketing. A review of ASC Registration Division records indicates that none of the three women were registered to offer and/or sell securities in Alabama, as required by law and that the investment instruments they allegedly sold were not registered as required.

Jefferson County

Minnesota Man Arrested for Alleged Jefferson County Securities Violations

(Sept. 27, 2012) Kevin Douglas Vickers, a Minnesota resident, was arrested for alleged illegal investment activities associated with his company, KVH Capital Investment Partners, LLC, headquartered in Minneapolis, Minnesota. Vickers was arrested Sept. 25, 2012 by deputies of the Hennepin County, Minnesota

(Continued on next page)

Sheriff's Department on outstanding warrants issued by a Jefferson County, Alabama Grand Jury. Vickers is currently being held by Minnesota law enforcement authorities on a $15,000 bond. Jefferson County law enforcement and Alabama Securities Commission officials will seek extradition of Vickers to Alabama to face charges. An August, 2012 Jefferson County Grand Jury returned a four-count indictment against Vickers charging him with one count each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent; and two counts of Fraud in Connection With the Sale of Securities. The charges are the result of an Alabama Securities Commission Enforcement Division investigation into complaints filed by Alabama investors and a Nevada investor. The Commission's Registration Division records revealed that neither Vickers, his company nor the investments he allegedly offered and sold were registered with the Commission as required by the Alabama Securities Act.

Two Jefferson County Men Enter Guilty Pleas Related to Unregistered Investment Clubs

(Sept. 27, 2012) on Sept. 26, 2012, during a plea hearing before Jefferson County Circuit Judge Tommy Nail, Spero X. Vourliotis of Birmingham, pled guilty to one count of Fraud in Connection With the Sale of Securities, more specifically described as Employing a Device, Scheme or Artifice to Defraud. Vourliotis' plea was related to the offering and sale of investments through self-described investment clubs identified as The Cornerstone Investment Group, The Capstone Group and The Tri-Stone Group. The Fraud charge against Vourliotis is a Class B Felony, punishable by no less than two years, and not more than 20 years in the state penitentiary, to include a fine of up to $30,000. Additionally, Vourliotis will be required to pay approximately $5.3 million in restitution to victims. Vourliotis remains free on a $20,000 bond and will face a sentencing hearing on Nov. 30, 2012. In a related case, Carey Michael Billingsley, a Rockford, Alabama resident, and associate of Vourliotis, pled guilty to a felony count of Sale of Unregistered Securities. The charge is a Class C felony, punishable by not less than one year, and not more than ten years incarceration, to include a $15,000 fine. Billingsley will be required to pay $350,000 in restitution to the victims he recruited into the scheme. Billingsley also remains free under a $20,000 bond and will face a sentencing hearing on Oct. 25, 2012. Information gathered by the Alabama Securities Commission Enforcement Division indicates that approximately 26 Alabama investors who lost money with Vourliotis or Billingsley through participation in the investment clubs they represented, stand to receive money back as a result of the men's guilty pleas.

Jefferson County Man Arrested for Alleged Securities Violations

(Aug. 24, 2012) Jack Melvin Glover, a Trussville, Alabama resident, was arrested Aug. 22, 2012 by deputies of the Shelby County Sheriff's Department on outstanding warrants from Jefferson County for alleged illegal investment activities. An August 2012 session of the Jefferson County Grand Jury returned a 12-count indictment against Glover charging him with four counts each of Sale of Unregistered Securities, Sale of Securities by an Unregistered Agent and Fraud in Connection with the Sale of Securities. The charges are the result of an ASC Enforcement Division investigation into complaints filed by several Alabama and one Nevada investors.

Jefferson County Indictments Allege Illegal Activities Surrounding Investment Clubs

(June 11, 2012) Indictments have been obtained for Spero X. Vourliotis of Birmingham; and Carey Michael Billingsley, of Rockford. The indictments were returned by a Feb., 2012 session of the Jefferson County Grand Jury in connection with the alleged offer and sale of unregistered investments through

(Continued on next page)

self-described investment clubs identified as The Cornerstone Investment Group, The Capstone Group and The Tri Stone Group. Vourliotis and Billingsley were each charged with six counts of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Additionally, Vourliotis was charged with a single count of Fraud in Connection With the Sale of Securities and Billingsley was charged with four counts of Fraud in Connection With the Sale of Securities. The Fraud counts are class B Felonies and carry a potential sentence of not less than 2 years in prison and not more than 20 years each. The registration counts are class C Felonies and carry a potential sentence of not less than one year and not more than 10 years each. Both men have been released on bond pending trial. A trial date has not been set.

Lee County

Lee County Man Arrested in Baldwin County for Alleged Securities Violations

(May 18, 2012) John David Stroud, an Auburn, Alabama resident, was arrested May 15, 2012 in Baldwin County, on warrants issued in Lee County, for alleged violations of the Alabama Securities Act. Stroud was arrested by ASC Enforcement Division agents and deputies of the Baldwin County Sheriff's Department and is currently being held in Baldwin County jail awaiting transport to Lee County. The May, 2012 session of the Lee County Grand Jury indicted Stroud on 21 total counts involving Sale of Securities by an Unregistered Agent, Fraud in Connection with the Sale of Securities and Theft of Property, 1st Degree. The charges stemmed from Stroud's involvement as owner/operator of Stroud Capital, TS Capital and their affiliated entities: Stroud Development Group; Stroud Capital Management, LLC; Stroud Capital Fund, LP; TS Capital Partners, LLC; TS Capital Fund, LP; and TS Capital General Partners, LLC. The companies operated by Stroud were allegedly hedge funds trading in the commodities market.

Lee County Man Arrested, Charged With Alleged Securities Act Violations

(April 4, 2012) Thomas Washington Campbell, III, a Salem, Alabama resident, was arrested for alleged violations of the Alabama Securities Act and turned himself in to the Lee County Sheriff's Department, Mar. 23, 2012. A Jan., 2012 Lee County Grand Jury indictment alleged three counts each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent as well as six counts of Fraud in Connection with the Sale of Securities. He was subsequently released on a $60,000 bond. An ASC Enforcement Division investigation determined that since approximately 2005, Campbell, acting as President and Chief Executive Officer of TCA Investment Group, Ltd., fraudulently obtained approximately $48,000 from more than 50 victims by allegedly representing that he could secure funding for investors seeking alternative financing for real estate development, business projects and other ventures. The scheme that Campbell allegedly ran helped fund the operation of an advance fee loan business wherein he sought out victims online who had been unsuccessful in financing their own projects through traditional means. Campbell allegedly deceived individuals into investing by making fraudulent claims of his previous business successes and his ability to secure financing for his clients. Investors were led to believe that their money was being used for processing and other fees related to securing third party financing and that said fees would be refunded if financing was unsuccessful. The investigation showed that victims who had allegedly been approved for financing did not receive any funds from Campbell and that neither Campbell nor his company are registered to conduct securities business in Alabama, as required by law. The investigation also determined that Campbell allegedly misrepresented to his victims his knowledge, experience, licensing and means to secure financing for them.

(Continued on next page)

Madison County

Madison County Man Arrested for Multiple Alabama Securities Act Violations

(Nov. 23, 2011) Harry H. "Woody" Duncan, a Huntsville, Alabama resident, was arrested Nov. 18, 2011 by Madison County Sheriff's authorities after a 50-count indictment was returned against him by the October, 2011 term of the Madison County Grand Jury. Duncan was jailed and remains in custody under a $1,185,000 bond. Presiding Circuit Court Judge Alan Mann imposed special conditions on Duncan, namely, he must surrender his passport and is prohibited from instructing potential witnesses to destroy or conceal evidence or to otherwise mislead law enforcement officials. The indictment alleges that Duncan unlawfully solicited approximately $400,000 from eight Alabama investors. An ASC investigation revealed that in March, 2011, Duncan offered and sold an unregistered promissory note for $25,000 to an Alabama investor on behalf of his business, and allegedly represented that the investment would provide double-digit returns. The ASC issued Duncan an Administrative Order to Cease and Desist from further offers and sales of securities within, into or from Alabama. Further investigation disclosed that between January, 2003 and December, 2008, Duncan allegedly issued promissory notes to Alabama investors on behalf of Title Lenders, Inc., a title pawn business that he previously operated. ASC records indicated that neither Duncan, nor the securities he allegedly offered and sold to investors were registered with the ASC, as prescribed by the Alabama Securities Act.

Mobile County

Mobile County Man Pled Guilty to Securities Fraud

(Nov. 22, 2011) Ramon Antonio Richardson, a Mobile County resident, pled guilty on Nov. 17, 2011 to a single count of fraud in the solicitation of investment advisory clients. The Court sentenced Richardson to 15 years in the state penitentiary, split to serve two years. Richardson is currently incarcerated in the Alabama penal system on previous unrelated charges. An investigation by ASC Enforcement Division agents led to an indictment being returned against Richardson by a March 2011 session of the Mobile County Grand Jury. According to the investigation, Richardson operated a web-based investment advisory firm, identified as Unity Invest and Trust, LLC, headquartered in Bayou La Batre, Alabama. Richardson, through his business website, represented that the firm was able to provide services that included seminars for "basic investing, options trading, monthly market advising and credit rebuilding," among others. Richardson solicited approximately $16,000 from an Alabama investor purportedly to accomplish online stock trades to provide an additional source of income on the investor's behalf. ASC records indicated that neither Richardson, his company, nor the services he offered were registered with the ASC as required under the Alabama Securities Act.

Montgomery County

California Man Sentenced for Conspiracy to Sell Unregistered Securities

(July 16, 2012) on July 11, 2012, Louis John Mensonides, of Modesto, California, was sentenced by Circuit Judge Johnny Hardwick to serve 12 months in prison, suspended, and placed on two years' probation during which time he will be required to pay $20,000 restitution, plus additional court-imposed fines. On May 11, 2012 Mensonides pled guilty to Conspiracy in the Sale of Unregistered Securities in Montgomery County Circuit Court.

(Continued on next page)

California Man Pleads Guilty to Conspiracy to Sell Unregistered Securities

(May 15, 2012) On May 11, 2012, before Circuit Court Judge Johnny Hardwick, Louis John Mensonides, a Modesto, California resident, pled guilty to a single count of Conspiracy in the Sale of Unregistered Securities. He will face a sentencing hearing on July 12, 2012, at which time the Court will determine restitution. Mensonides' plea came as a result of an ASC Enforcement Division investigation into suspected illegal securities activities associated with Imperial Rubber Holdings, Inc., a Nevada Company with business offices in California, and a predecessor company Polymer Global Holdings, Inc. A September, 2010 Montgomery County Grand Jury indictment alleged that Mensonides conspired with Peter George Szondy and Frederick Tayton Dencer, both California residents, to offer and sell unregistered securities, in the form of promissory notes, put contracts and shares of company stock, to an Alabama investor in an attempt to raise capital for Imperial Rubber Holdings, Inc. ASC records showed that neither Mensonides, the company he represented nor the securities he offered and sold were registered with the Commission as required by the Alabama Securities Act. Szondy previously pled guilty to a single count of Fraud in Connection with the Sale of Securities; three counts of Sale of Unregistered Securities; and, one count of Sale of Securities by an Unregistered Agent. He was also ordered to pay $36,000 in restitution to an Alabama investor and faces sentencing at a later date. Dencer failed to appear for his scheduled trial on Feb. 27, 2012, leading Judge Hardwick to issue a warrant for his immediate arrest.

Former Montgomery County Man Sentenced for Securities Violations

(Mar. 27, 2012) Darren O'Neal Maull, formerly of Montgomery, pled guilty in Montgomery County Circuit Court on Mar. 12, 2012 to a single count of Conspiracy to Sell Unregistered Securities. On Mar. 20, 2012 Maull was sentenced to 12-months suspended sentence with the stipulation that he is barred from offering and/or selling securities within, into or from Alabama. Maull also made full restitution, totaling $161,500, to 18 victims. An investigation by ASC Enforcement Division agents lead to a June 2011 Montgomery County Grand Jury indictment against Maull, alleging illegal offers and sales of securities; specifically, stock shares in Maull's companies, Intellimesh Inc., Intellimesh Systems, Inc., Smart Safe Cities, Inc., and Darren Maull, Inc. The investigation revealed that Maull had allegedly solicited investor funds to support "wireless communication technology that would enhance emergency response communication," as well as start-up costs, installation of wireless technology and continued research and development of the technology. Investors claimed they did not receive requested financial statements and supporting documentation from Maull on the technology's performance which led to the issuance by the ASC of a Cease and Desist order to Maull and his companies in Oct., 2009. The ASC investigation discovered that Maull allegedly provided inadequate and incomplete information to investigators regarding the securities offered and sold to investors and that neither he nor his companies were registered with the ASC to conduct securities business in Alabama.

California man enters guilty plea for Alabama Securities Act violations; second man extradited to Alabama on similar charges

(Mar. 5, 2012) On Feb. 27, 2012, in front of Circuit Court Judge Johnny Hardwick, Peter George Szondy, a Woodland Hills, California resident, pled guilty to a single count of Fraud in Connection with the Sale of Securities; three counts of Sale of Unregistered Securities; and, one count of Sale of Securities by an Unregistered Agent. He was also ordered to pay $36,000 in restitution to an Alabama investor. An ASC Enforcement Division investigation led to a Sept., 2010 Montgomery County Grand Jury indictment being

(Continued on next page)

returned against Szondy alleging that he offered and sold unregistered securities, in the form of promissory notes, put contracts and shares of his company's stock to an Alabama investor and further alleged that while acting as Vice President of Polymer Global Holdings, Inc., a Nevada company with business offices in California, Szondy failed to repay the notes and other investor funds and further misled the investor by failing to disclose that neither he, the company nor the investments offered and sold were registered with the ASC as required by law. Szondy's indictment and arrest stem from his involvement with two California men, Louis John Mensonides and Frederick Tayton Dencer, who were previously indicted in Montgomery County on similar charges. Mensonides was arrested Feb. 8, 2012, in Modesto, California, by deputies with the Stanislaus County, California Sheriff's Department after extradition proceedings were begun between the ASC and the Offices of the Governors of Alabama and California respectively. Mensonides' indictment charged him with two counts of Sale of Unregistered Securities; and, a single count of Sale of Securities by an Unregistered Agent. The indictment also alleged that he offered and sold an Alabama investor two-year promissory notes to raise capital for Imperial Rubber Holdings, Inc., a Nevada company with business offices in California. Imperial Rubber Holdings, Inc. was a predecessor company of Polymer Global Holdings, Inc. A third co-defendant, Frederick Tayton Dencer, failed to appear for his scheduled trial on Feb. 27, 2012, leading Judge Hardwick to issue a warrant for his immediate arrest.

California man arrested, awaits extradition for alleged Alabama Securities violations

(November 22, 2011) Louis John Mensonides was arrested November 3, 2011 at his home in Modesto, California for alleged violations of the Alabama Securities Act. He made bond and is awaiting extradition to Montgomery County, AL. As a result of an investigation by the ASC Enforcement Division, a three count indictment was handed down by a September 2010 session of the Montgomery County Grand Jury. Mensonides was charged with two counts for Sale of Unregistered Securities and one count for Sale of Securities by an Unregistered Agent. Mensonides allegedly sold an Alabama citizen two year promissory notes to raise capital for the Imperial Rubber Holdings, Inc.

Shelby County

Shelby County Man Arrested Again For Alabama Securities Violations

(Feb. 24, 2012) Lysle John Fleming, a Shelby County resident, was arrested Feb. 16, 2012 by Pell City, Alabama Police and turned over to Shelby County authorities for alleged violations of the Alabama Securities Act. Charges against Fleming were the result of a Jan. 2012 Shelby County Grand Jury indictment alleging two counts each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Additionally, the indictment charged Fleming with three counts of Fraud in Connection With the Sale of Securities and a single count of Theft by Deception, 1st Degree. All violations allegedly occurred in April, 2010. Fleming remains incarcerated with bond set at $100,000. An ASC Enforcement Division investigation revealed that Fleming allegedly solicited funds from an Alabama investor by offering the investor a chance to take part in an off-shore investment opportunity that would purportedly garner swift and significant returns. The investment opportunity allegedly involved the offer and sale of unregistered promissory notes and/or investment contracts valued at approximately $430,000. The indictment also alleged that Fleming made misleading statements and failed to disclose material facts to the investor, specifically that he had previously been arrested and convicted of securities violations in Shelby County Circuit Court in 2009, was ordered to pay victim restitution

(Continued on next page)

and was still on probation for that conviction at the time he allegedly offered and sold investment contracts to the current victim.

Jefferson County Woman, Michigan Man Plead Guilty to Alabama Securities Act Violations

(Feb. 3, 2012) Katherine Hope Lane, whose last known address was listed as Jefferson County; and, Michael W. Pahl, Sr., a resident of Jackson, Michigan, entered guilty pleas and were sentenced in Shelby County Circuit Court, Jan. 30, 2012 for violations of the Alabama Securities Act. Lane pled guilty to a single count of Fraud in Connection with the Sale of Securities and was sentenced to 87 months in state prison. The Court ordered her sentence to run concurrently with a federal prison sentence currently being served. She remains incarcerated in the Shelby County jail and will face a restitution hearing on Feb. 27, 2012. Pahl pled guilty to a single count of Conspiracy to Sell Unregistered Securities. He will be sentenced Feb. 27, 2012 at which time he will also face a restitution hearing related to his plea. A third co-defendant, Paul Haskell Lane, Jr., remains free on bond awaiting an April, 2012 trial date. Charges against the two stemmed from indictments handed down by a Jan., 2009 Shelby County Grand Jury alleging their involvement in a scheme to solicit investments to fund a non-existent lawsuit. Investor funds, along with an additional percentage, were supposedly to be repaid after the fictitious lawsuit was settled. The illicit scheme was alleged to have garnered approximately $400,000 from several out-of-state victims.

Tuscaloosa County

South Carolina Resident Sentenced In Alabama for Fraud in Connection with the Sale of Securities

(April 23, 2012) Michael Kevin Mullen, 58, an Aiken, South Carolina resident was sentenced to 10 years imprisonment and given credit for 400 days of jail time previously served. Mullen's application for probation was granted by the court and he will serve five years on supervised probation with special conditions that he will pay $323,885.65 in restitution to victims of his investment scheme and will not sell securities in the State of Alabama. On Feb 29th Mullen pled guilty to two counts of Fraud in Connection with the Sale of Securities. Mullen was arrested by Austrian authorities in July 2008 and resisted extradition to the United States; the ASC initiated a successful application to extradite Mullen. Austrian authorities later released Mullen to the custody of U.S. Marshals who transported him back to Tuscaloosa, Alabama for incarceration. Mullen's extradition and arrest stem from indictments issued in March 2007 and May 2008 sessions of the Tuscaloosa and Walker County Grand Juries respectively, charging Mullen with illegally soliciting approximately $215,000 from at least three Alabama investors through his company, Riggabella Professional Services, Inc., a for-profit real estate holding company headquartered in South Carolina, which was dissolved in 2005. Allegedly, Mullen solicited investor funds to purchase preferred stock in his company which he represented to be a safe investment that would garner double-digit returns. He also represented to investors that their funds would be used to purchase a $1.5 million certificate of deposit to be used to obtain underwriting by Bank of America to back a $10 million real estate transaction. Alabama investor funds were allegedly comingled with other investor money for personal expenses.

(Continued on next page)

National

Federal and State Regulators Appoint Administrator to Return $200 Million to Investors

(October 28, 2011)The U.S. Securities & Exchange Commission and regulators from Tennessee, Alabama, Kentucky, Mississippi, and South Carolina announced today the appointment of A.B. Data, Ltd. of Milwaukee to distribute $200 million to investors from the regulators' settlements with Morgan Keegan. The settlements resulted from an investigation of seven proprietary bond funds sold by Morgan Keegan to more than 30,000 account holders. The firms were charged with sales violations and overvaluing the funds which lost approximately $1.5 billion in value from March 31, 2007, to March 31, 2008. The SEC's and the five states' Administrative Orders, required Morgan Keegan and Morgan Asset Management to pay a total of $200 million to establish an SEC Fair Fund and a States' Fund, both for the benefit of investors. A.B. Data has previously administered several large settlement funds in securities litigation cases and for the SEC. The A.B. Data website for investor information is: www.abdataclassaction.com under "Morgan Keegan Settlement." Further, A.B. Data has set up live operators available for questions from investors and they will be available for the duration of the claims process (888-208-9083) during normal business hours. (Central time zone) Investor inquiries may also be directed by mail to: Morgan Keegan Settlement, Claims Administrator, c/o A.B. Data Ltd., PO Box 170500, Milwaukee, WI 53217-8091. The federal and state regulators' Orders also required that the costs for establishing, managing and disbursing these funds shall be paid separately by Morgan Keegan and Morgan Asset Management and will not be paid out of the $200 million in settlement funds which will all go to investors based on the filing of claims. The regulators' Orders provided that nothing in the settlement requires any investor to give up any rights in arbitration or any other proceeding that the investors are legally entitled to initiate. Investors are not signing releases and the filing of a claim has no effect on whether investors are allowed to bring other claims.

ASC in Joint Efforts with Other Agencies

U. S. Department of Justice-United States Attorney's Office, Southern District of Alabama

UTAH MAN PLEADS GUILTY TO CHOCTAW COUNTY INVESTMENT SCAM

Bruce Mabey has pled guilty to wire fraud in relation to his involvement in a Choctaw County investment scam. The investment scam began in the summer of 2006 when Bruce Mabey, his co-defendant Patrick Daleiden, and others solicited four Alabama investors by offering an opportunity to invest in a new industrial park they were planning to develop on a 3,200 acre tract of land in Choctaw County, Alabama. Based on the false and fraudulent promises, pretenses, and representations made by Daleiden, Mabey, and others, the four Alabama investors invested nearly $1.5 million in the Choctaw County industrial park project. Within days of the money being wired into the Starboard Capital bank account, the investors' money was withdrawn or transferred to other accounts. From 2006 through 2009, Mabey, and agents of Starboard Capital sent e-mails to the Alabama investors in an effort to lull them into believing that the deal would eventually go through and the industrial park would be developed. However, the land was never purchased, the park was never developed, and none of the investors received any of their money back.

(Continued on next page)

U. S. Department of Justice-Unites States Attorney's Office, Middle District Of Alabama

DOTHAN MAN INDICTED IN SECURITIES FRAUD SCHEME

Edward Lincoln Forehand Caused $3 Million in Losses to 87 Investors

(Sept. 24, 2012) Edward Lincoln Forehand, Age 68, of Dothan, Alabama, was indicted on charges of securities fraud, mail fraud, wire fraud, and money laundering, announced Sandra J. Stewart, First Assistant United States Attorney, and Joseph P. Borg, Director of the Alabama Securities Commission (ASC). According to court records, between 2006 and November 2009, Forehand, used the business name USA Marketing," to solicit investments from people, mainly in the Dothan, Alabama, Pensacola, Florida, and Panama City, Florida areas. Forehand told investors that he had a relationship with an individual who had a business, Elite Marketing ("Elite"), which had agreements with colleges and universities to sell them cookware, which the schools would in turn resell as a fundraiser. Elite required financing to purchase the cookware, but the profit margin on the cookware was so large that Elite could afford to pay extraordinarily high rates of returns to those who would provide the financing. Forehand provided most investors with a document stating that the purpose of the investment was to invest in Elite, and promising an annual rate of return ranging from 175% to 325%. Forehand failed to disclose to investors that he was using investors' money for purposes other than investment and was only forwarding to Elite approximately 20% of the money that he was receiving from investors. From 2006 to November 2009, Forehand received $6.2 million from investors but only sent $1,605,790 to Elite. Forehand used the remaining funds either to repay previous investors or for his personal expenses, including cash, purchase of real estate, improvements to houses, repayment of personal loans, and other personal needs. The case was investigated by Special Agents of the ASC and the FBI and by the Dothan Police Department. The case is being prosecuted by Assistant United States Attorneys Andrew O. Schiff and Tommie B. Hardwick and by Special Assistant United States Attorneys Steve P. Feaga and Gregory M. Biggs of the Alabama Securities Commission.

U. S. Department of Justice-Unites States Attorney's Office, Southern District of Alabama

FLORIDA MAN PLEADS GUILTY TO CHOCTAW COUNTY INVESTMENT SCAM

(Sept. 20, 2012) Kenyen Brown, U.S. Attorney for the Southern District of Alabama, and Joseph P. Borg, Director of the Alabama Securities Commission announced that Patrick Daleiden has pled guilty to conspiracy and wire fraud charges related to his involvement in a Choctaw County investment scam. The investment scam began in the summer of 2006 when Patrick Daleiden, his co-defendant Bruce Mabey, and others solicited four Alabama investors by offering an opportunity to invest in a new industrial park they were planning to develop on a 3,200 acre tract of land in Choctaw County, Alabama. Daleiden, Mabey, others, told investors that Daleiden was in discussion with a Bermuda-based bank about a $10 million credit facility for his company and that a closing of that facility was expected in fall of 2006, with the loan proceeds from the credit facility to be used for the purchase of the land and to develop the industrial park. The collateral for the loan was to be a $10 million bank guarantee issued by the Union Bank of Switzerland (UBS), which was purportedly issued to Starboard Capital, Inc. Investors were told of a lending commitment for the project by a New York based real estate lending fund for the purchase of the land. Neither loan was ever closed and the bank guarantee from UBS to Starboard Capital was fake. The multi-year investigation into this case was led by the Alabama Securities Commission in Montgomery.

ASC NEWS ARTICLES OF SPECIAL INTEREST

Prime Celebrating Midlife and Beyond MONTGOMERY

March 2012

A 20-page booklet featuring financial success stories from service members and their families is available in the River Region from the Alabama Securities Commission (ASC). Recently distributed on military bases, the manual is also available online from the ASC at www.asc.alabama.gov.

"We are aware of the fact that military families in Alabama face a lot of financial pressures during these difficult economic times," said Joe Borg, ASC Director. "That's why we are eager to help get out the word to active and retired military personnel and family members about what they can do to strengthen their finances and also to avoid the unscrupulous con artists and quick-buck schemers who prey on those who serve our nation."

BA BUSINESS ALABAMA

TALES FROM ALABAMA'S LONG HISTORY OF BIG MONEY CRIMES.

February 2012 **Business Alabama**

1995 Boiler Room Bust

In the late 1990s, the Alabama Securities Commission began getting a steady stream of complaints about stocks being aggressively pushed by an outfit out of Long Island, N.Y. After a preliminary investigation, Alabama Securities Commissioner Joe Borg pressed for the formation of a multi-state task force that led to the 1999 conviction of the principals in Stratton Oakmont, which one New York prosecutor described as "the most infamous boiler-room brokerage firm in recent memory."

al.com Everything Alabama

Alabama Securities Commission appoints new top agency officials

Published: Monday, February 06, 2012

Stephen Feaga as **Deputy Director for Enforcement and Prosecution** for the Commission. Feaga comes from the **U.S. Department of Justice**, where he has served as **Assistant United States Attorney for the Middle District of Alabama** since 1994. Edwin Reed has taken over **Deputy Director for Administration**. Reed most recently served as the commission's general counsel, Borg said.

al.com Everything Alabama

Alabama Securities Commission, doctors and planners launching hotline to fight scammers targeting Alabama seniors

Published: Tuesday, November 08, 2011, 11:14

In collaboration with the **National Adult Protective Services Association**, **Investor Protection Trust**, the **Financial Planning Association**, **Baylor College of Medicine** and the **Investor Protection Institute**, the Alabama Securities Commission will set up three separate call-in lines -- covering general finance, medical and financial abuse questions

EXAMPLES OF ASC NATIONAL NEWS COVERAGE

CENTER *for* RETIREMENT RESEARCH *at* BOSTON COLLEGE

THE RISE OF FINANCIAL FRAUD

By Kimberly Blanton* FEBRUARY 2012, NUMBER 12-5

Reference: Telephone interviews with Borg, director of the Alabama Securities Commission, and spokesman Dan Lord.

The Economist

Jan 28th 2012 | SALT LAKE CITY | from the print edition

Affinity fraud

Fleecing the flock

Joseph Borg, Alabama's securities commissioner, reckons half of all affinity frauds in the American South are faith-based.

REUTERS

State regulators battle for grip over crowdfunding

Tue, Nov 1 2011 By Suzanne Barlyn

"There would at least be a gatekeeper before they unleashed it on the public," said Joseph Borg, director of the Alabama Securities Commission.

SmartMoney THE WALL STREET JOURNAL. BEST CARS

November 2011 | SmartMoney

Power 30: The World's Most Influential Players

Joseph Borg

Director, Alabama Securities Commission

WITH A 98 PERCENT conviction rate when it comes to securities crimes, it's fair to say that Borg, 59, is one of the toughest "stock cops" in America. "We

---

THE WALL STREET JOURNAL. INVESTING OCTOBER 20, 2011

Georgia Church Faces Suit

Ten Congregation Members Say They Lost $1 Million in 'Safe' Investments By KELLY GREENE

"I've seen more money stolen in the name of God than any other way," said Joseph Borg, Alabama securities commissioner and a past president of the North American Securities Administrators Association. "Seven out of 10 of our cases involve affinity fraud, and in the South, probably 40% to 50% have a religious angle."

ALABAMA SECURITIES COMMISSION

401 ADAMS AVENUE, SUITE 280
MONTGOMERY, ALABAMA 36104

MAIL: POST OFFICE BOX 304700
MONTGOMERY, AL 36130-4700

TELEPHONE (334) 242-2984
1-800-222-1253
FAX (334) 242-0240
E-MAIL asc@asc.alabama.gov

JOSEPH P. BORG
Director

EDWIN L. REED
Deputy Director
Administration

STEPHEN P. FEAGA
Deputy Director
Enforcement

COMMISSIONERS

JAMES L. HART
CHAIRMAN
Certified Public Accountant

LUTHER STRANGE
Attorney General

JOHN D. HARRISON
Superintendent of Banks

JIM L. RIDLING
Commissioner of Insurance

ANDREW P. CAMPBELL
Attorney at Law

EVERETTE A. PRICE, Jr.
Attorney at Law

MARLENE M. McCAIN
Certified Public Accountant

ALABAMA SECURITIES COMMISSION MEETING
September 25, 2012

The Alabama Securities Commission held a meeting on September 25, 2012 at 10:00 a.m. which was conducted in the conference room located in the Alabama Securities Commission offices on the 2nd Floor of the Center for Commerce Building, 401 Adams Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham, News/Post Herald, Huntsville Times, Mobile Register and the Secretary of State.

Commission Members Present:

Hon. James Hart, CPA
Hon. Kevin Turner (Representing the Attorney General)
Hon. Jim Ridling (Insurance Commissioner)
Hon. Everette Price, Jr., Attorney at Law
Hon. Marlene McCain, CPA
Hon. John Harrison (Banking Commissioner)

Commission Members Absent:

Hon. Andrew Campbell, Attorney at Law

Staff Members Present Were:

Joseph P. Borg, Director
Stephen Feaga, Deputy Director Enforcement
Edwin Reed, Deputy Director Administration
Dan Lord, Public Affairs Manager
Christie Rhodes, Executive Assistant

Guests:

Hon. Marcus Wolf, CPA, Former Chairman

The meeting was called to order at 10:02 p.m. by Mr. Hart, Acting Chairman and a motion was made by Mr. Price to approve the meeting agenda and was seconded by Mr. Turner. The motion carried unanimously. Mr. Hart then asked for a motion to approve the minutes of the previous meeting held on June 5, 2012. The motion was made by Mr. Price and seconded by Mr. Turner. The motion carried unanimously.

The meeting was then turned over to Director Borg who began by acknowledging former Commission Chairman Marcus Wolf whose tenure with the Commission has come to an end. The present Commissioners and Mr. Borg thanked Mr. Wolf for his distinguished service to the Commission by presentation of Certificates of Achievement from the Office of the Governor and from the staff of the Commission.

At this time, the monthly report was discussed by Director Borg. Director Borg reported on Commission revenues, expenses and personnel. Borg continued on through the Registration Division, Enforcement Division, Data Systems and Education and Training activities of the monthly report. After the report was given, Director Borg asked Mr. Dan Lord, Public Affairs Manager, to give the Commission an update on the outreach program in place. At the conclusion of Mr. Lord's presentation, Deputy Director Reed advised the Commission that pending litigation and confidential enforcement matters needed to be discussed. Accordingly, Mr. Reed (a licensed attorney in Alabama), certified that one of the exceptions of the Open Meetings Act applies, in that pending litigation will be discussed and at this time. Mr. Turner moved to go into Executive Session. Said motion was seconded by Mr. Harrison and the meeting went into Executive Session at 10:35 a.m. after a unanimous vote of all present Commissioners.

At 10:54 a.m., the open meeting was reconvened and the Executive Session ended by motion of Mr. Turner and seconded by Ms. McCain and a unanimous vote by all present

Commissioners. Each Commissioner that was present at the beginning of the Executive Session was present when the Executive Session ended.

At this point in the Meeting, Mr. Hart, the Acting Chairman, made a motion to elect a permanent Chairman. His motion was seconded by Mr. Turner. The Commissioners nominated Mr. Hart to be designated the permanent Chairman, the matter came to a vote. The motion was made and the item was put to a vote in which the Chairman abstained and the motion and vote carried unanimously making Mr. Hart the Commission Chairman. The final meeting item was a motion to pay expenses for the Commissioners. Motion was made by Mr. Turner and seconded by Mr. Hart. The motion carried unanimously. Motion to Adjourn was then made by Mr. Turner and seconded by Mr. Hart and was unanimously carried. The meeting adjourned at 11:10 a.m.

JAMES HART
CHAIRMAN

JOSEPH P. BORG
DIRECTOR

ALABAMA SECURITIES COMMISSION

401 ADAMS AVENUE, SUITE 280
MONTGOMERY, ALABAMA 36104

MAIL: POST OFFICE BOX 304700
MONTGOMERY, AL 36130-4700

TELEPHONE (334) 242-2984
1-800-222-1253
FAX (334) 242-0240
E-MAIL asc@asc.alabama.gov

JOSEPH P. BORG
Director

EDWIN L. REED
General Counsel

CHAIRMAN
MARCUS J. WOLF
Certified Public Accountant

COMMISSIONERS

LUTHER STRANGE
Attorney General

JOHN D. HARRISON
Superintendent of Banks

JIM L. RIDLING
Commissioner of Insurance

ANDREW P. CAMPBELL
Attorney at Law

S. DAGNAL ROWE, SR.
Attorney at Law

JAMES L. HART
Certified Public Accountant

ALABAMA SECURITIES COMMISSION MEETING
June 5, 2012

The Alabama Securities Commission held a meeting on June 5, 2012 at 2:00 p.m. which was conducted in the conference room located in the Alabama Securities Commission offices on the 2nd Floor of the Center for Commerce Building, 401 Adams Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham, News/Post Herald, Huntsville Times, Mobile Register and the Secretary of State.

Commission Members Present:

Hon. James Hart, CPA
Hon. Kevin Turner (Representing the Attorney General)
Hon. Jim Ridling (Insurance Commissioner)
Hon. James Hart, CPA
Hon. Marlene McCain, CPA

Commission Members Absent:

Hon. Andrew Campbell, Attorney at Law
Hon. John Harrison (Banking Commissioner)

Staff Members Present Were:

Joseph P. Borg, Director
Stephen Feaga, Deputy Director Enforcement
Edwin Reed, Deputy Director Administration
Christie Rhodes, Executive Assistant

Guests:

Hon. Marcus Wolf, CPA, Former Chairman
Charlie McKell

The meeting was called to order at 1:58 p.m. by Mr. Hart and a motion was made by Mr. Turner to approve the meeting agenda and was seconded by Mr. Ridling. The motion carried unanimously. At this point, Director Borg asked that an Acting Chairman be appointed due to Chairman Wolf's end of tenure on the Commission. Mr. Hart was appointed Acting Chairman at that time. Mr. Hart then asked for a motion to approve the minutes of the previous meeting held on March 12, 2012. The motion to approve the minutes as they are written with a change made on the signature page to reflect Mr. Hart's acting chairmanship was made by Mr. Ridling and seconded by Mr. Turner. The motion carried unanimously.

At this time, the monthly report was discussed by Director Borg. Director Borg reported on Commission revenues, expenses and personnel. Borg continued on through the Registration Division, Enforcement Division, Data Systems and Education and Training activities of the monthly report. After the report was given, Director Borg asked Deputy Director of Enforcement, Mr. Stephen Feaga to brief the Commissioners on the formal hearing to be held by the Commission on this date. Mr. Feaga gave an overview to the Commissioners on the Administrative Procedures that would be in effect for the hearing. At this time the meeting was opened to the Respondent and the hearing began. The hearing began at 2:25 p.m. (A digital version of said hearing is available for interested parties and is incorporated into these minutes as such.) At the conclusion of the hearing, Deputy Director Reed advised the Commission that pending litigation and confidential enforcement matters needed to be discussed. Accordingly, Mr. Reed (a licensed attorney in Alabama), certified that one of the exceptions of the Open Meetings Act applies, in that pending litigation will be discussed and at this time. Mr. Ridling moved to go into Executive Session. Said motion was seconded by Mr. Turner and the meeting went into Executive Session at 7:45 p.m. after a unanimous vote of all present Commissioners for the specific purpose of deliberating the ruling on the hearing.

At 8:15 p.m., the open hearing was reconvened and the Executive Session ended by motion of Mr. Turner and seconded by Mr. Ridling and a unanimous vote by all present Commissioners. Each Commissioner that was present at the beginning of the Executive Session was present when the Executive Session ended.

The Commission's decision was issued in favor of the Commission. The Respondent requested an individual polling of each Commissioner and was granted such. At this time, the Commission thanked all parties and after releasing the Respondent, the final meeting item was a motion to pay expenses for the Commissioners. Motion was made by Mr. Turner and seconded by Mr. Ridling. The motion carried unanimously. Motion to Adjourn was then made by Mr. Ridling and seconded by Mr. Turner and was unanimously carried. The meeting ended at 8:34 p.m.

JAMES HART
ACTING CHAIRMAN

JOSEPH P. BORG
DIRECTOR

ALABAMA SECURITIES COMMISSION

401 ADAMS AVENUE, SUITE 280
MONTGOMERY, ALABAMA 36104

MAIL: POST OFFICE BOX 304700
MONTGOMERY, AL 36130-4700

TELEPHONE (334) 242-2984
1-800-222-1253
FAX (334) 242-0240
E-MAIL asc@asc.alabama.gov

JOSEPH P. BORG
Director

EDWIN L. REED
General Counsel

CHAIRMAN
MARCUS J. WOLF
Certified Public Accountant

COMMISSIONERS

LUTHER STRANGE
Attorney General

JOHN D. HARRISON
Superintendent of Banks

JIM L. RIDLING
Commissioner of Insurance

ANDREW P. CAMPBELL
Attorney at Law

S. DAGNAL ROWE, SR.
Attorney at Law

JAMES L. HART
Certified Public Accountant

ALABAMA SECURITIES COMMISSION MEETING
March 12, 2012

The Alabama Securities Commission held a meeting on March 12, 2012 at 2:00 p.m. which was conducted in the conference room located in the Alabama Securities Commission offices on the 2nd Floor of the Center for Commerce Building, 401 Adams Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham, News/Post Herald, Huntsville Times, Mobile Register and the Secretary of State.

Commission Members Present:

Hon. Marcus Wolf, CPA, Chairman
Hon. James Hart, CPA
Hon. Kevin Turner (Representing the Attorney General)
Hon. John Harrison (Banking Commissioner)

Commission Members Absent:

Hon. Andrew Campbell, Attorney at Law
Hon. Dagnal Rowe, Attorney at Law
Hon. Jim Ridling (Commissioner of Insurance)

Staff Members Present Were:

Joseph P. Borg, Director
Stephen Feaga, Deputy Director Enforcement
Edwin Reed, Deputy Director Administration
Christie Rhodes, Executive Assistant

The meeting was called to order at 2:01 p.m. by Mr. Wolf and a motion was made by Mr. Turner to approve the meeting agenda and was seconded by Mr. Harrison. The motion carried unanimously. Then, motion was entertained to approve the minutes of the previous meeting held

on December 15, 2011. The motion to approve the minutes was made by Mr. Hart and seconded by Mr. Turner. The motion carried unanimously.

At this time, the monthly report was discussed by Director Borg. Director Borg reported on Commission revenues, expenses and personnel. Borg continued on through the Registration Division, Enforcement Division, Data Systems and Education and Training activities of the monthly report. After the report was given, Director Borg introduced the Commission's new Deputy Director of Enforcement, Mr. Stephen Feaga. Mr. Feaga came to the Commission from the Office of the U.S. Attorney, Middle District. Mr. Feaga gave a brief overview of his career path. In addition, Director Borg discussed with the Commissioners the Jobs Bill, currently in Congress, specifically the crowd funding issue. In addition, there was discussion with regard to the new immigration law and whether the Commission should address the issue in its administrative rules. It was determined that the situation will be monitored and a decision will be made when necessary.

Director Borg also informed the Commission of the change in status for Edwin Reed. Mr. Reed was previously the Commission's General Counsel and has been promoted to Deputy Director of Administration. Further staffing needs were also discussed.

The final meeting item was a motion to pay expenses for the Commissioners. Motion was made by Mr. Harrison and seconded by Mr. Turner. The motion carried unanimously. Motion to Adjourn was then made by Mr. Harrison and seconded by Mr. Turner and was unanimously carried. The meeting ended at 2:35 p.m.

~~MARCUS WOLF~~ James Hart
CHAIRMAN

JOSEPH P. BORG
DIRECTOR

ALABAMA SECURITIES COMMISSION

401 ADAMS AVENUE, SUITE 280
MONTGOMERY, ALABAMA 36104

MAIL: POST OFFICE BOX 304700
MONTGOMERY, AL 36130-4700

TELEPHONE (334) 242-2984
1-800-222-1253
FAX (334) 242-0240
E-MAIL asc@asc.alabama.gov

CHAIRMAN
MARCUS J. WOLF
Certified Public Accountant

COMMISSIONERS

LUTHER STRANGE
Attorney General

JOHN D. HARRISON
Superintendent of Banks

JIM L. RIDLING
Commissioner of Insurance

ANDREW P. CAMPBELL
Attorney at Law

S. DAGNAL ROWE, SR.
Attorney at Law

JAMES L. HART
Certified Public Accountant

JOSEPH P. BORG
Director

EDWIN L. REED
General Counsel

ALABAMA SECURITIES COMMISSION MEETING
December 15, 2011

The Alabama Securities Commission held a meeting on December 15, 2011 at 2:00 p.m. which was conducted in the conference room located in the Alabama Securities Commission offices on the 2nd Floor of the Center for Commerce Building, 401 Adams Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham, News/Post Herald, Huntsville Times, Mobile Register and the Secretary of State.

Commission Members Present:

Hon. Marcus Wolf, CPA, Chairman
Hon. James Hart, CPA
Hon. Kevin Turner (Representing the Attorney General)
Hon. Jim Ridling (Commissioner of Insurance)
Hon. John Harrison (Banking Commissioner)

Commission Members Absent:

Hon. Andrew Campbell, Attorney at Law
Hon. Dagnal Rowe, Attorney at Law

Staff Members Present Were:

Joseph P. Borg, Director
Edwin Reed, General Counsel
Christie Rhodes, Executive Assistant

The meeting was called to order at 2:08 p.m. by Mr. Wolf and a motion was made by Mr. Turner to approve the meeting agenda and was seconded by Mr. Harrison. The motion carried unanimously. Then, motion was entertained to approve the minutes of the previous meeting held

on September 26, 2011. The motion to approve the minutes was made by Mr. Hart and seconded by Mr. Turner. The motion carried unanimously.

Director Borg informed the Commission members that Commissioner Dag Rowe was participating in the meeting by conference call and that he would not be able to vote on any issue pursuant to the rules. At this time, the monthly report was discussed by Director Borg. Director Borg reported on Commission revenues, expenses and personnel. Borg continued on through the Registration Division, Enforcement Division, Data Systems and Education and Training activities of the monthly report. After the report was given, Director Borg gave the Commission an overview of the progress of the VOIP telephone system which is scheduled to be installed during the upcoming quarter. In addition, Director Borg discussed with the Commissioners the public safety study group questionnaire received from Sen. Del Marsh and the Commission's responses to same.

Director Borg also briefed the Commission on the status of the staffing needs of the Commission with regard to filling the Deputy Director position left vacant by the retirement of Mr. McNeill.

Director Borg gave the Commission a status update regarding the distribution of Morgan Keegan Funds by AB Data and Mr. Reed briefed the Commission on upcoming legal cases pending.

The final meeting item was a motion to pay expenses for the Commissioners. Motion was made by Mr. Ridling and seconded by Mr. Harrison. The motion carried unanimously. Motion to Adjourn was then made by Mr. Hart and seconded by Mr. Harrison and was unanimously carried. The meeting ended at 2:47 p.m.

MARCUS WOLF
CHAIRMAN

JOSEPH P. BORG
DIRECTOR

ALABAMA SECURITIES COMMISSION

401 ADAMS AVENUE, SUITE 280
MAIL: POST OFFICE BOX 304700
MONTGOMERY, ALABAMA 36130-4700
TELEPHONE (334) 242-2984
1-800-222-1253
FAX (334) 242-0240
E-MAIL **asc@asc.alabama.gov**

JOSEPH P. BORG
Director

EDWIN L. REED
Deputy Director Administration

STEPHEN P. FEAGA
Deputy Director
Enforcement

COMMISSIONERS

JAMES L. HART
CHAIRMAN
Certified Public Accountant

LUTHER STRANGE
Attorney General

JOHN D. HARRISON
Superintendent of Banks

JIM L. RIDLING
Commissioner of Insurance

ANDREW P. CAMPBELL
Attorney at Law

EVERETTE A. PRICE, Jr.
Attorney at Law

MARLENE M. McCAIN
Certified Public Accountant

THE ASC MISSION IS TO PROTECT INVESTORS FROM SECURITIES FRAUD AND PRESERVE LEGITIMATE CAPITAL MARKETS IN ALABAMA.

Visit the ASC website at www.asc.alabama.gov to protect yourself from securities fraud and to learn how to make an informed investment decision.

View:

News Releases
Administrative Orders
Previous News Letters
Education Materials
Statutes, Regulations and Policy
and much more...