

ALABAMA SECURITIES COMMISSION
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Madison County Man Pleads Guilty to Securities Fraud

MONTGOMERY, ALABAMA (February 05, 2009) The Honorable Tim Morgan, District Attorney for the 23rd Judicial Circuit, Madison County, Alabama; Honorable Jim Ridling, Commissioner of the Alabama Department of Insurance (ALDOI); and, Honorable Joseph Borg, Director of the Alabama Securities Commission (ASC), announce that Hunter Brown Daniel, Jr., a resident of Huntsville, Alabama, has pled guilty to one count of Securities Fraud Through Omission or Misrepresentation During the Sale of Securities, a Class C felony, punishable by up to ten years imprisonment and a possible fine of up to \$15,000.

Charges against Daniel arose after a cooperative investigation conducted by the ASC, the Alabama Department of Insurance and the Madison County District Attorney. An indictment was handed down by a May 2008 session of the Madison County Grand Jury alleging that Daniel acted as an agent for National Foundation of America (NFOA), a Tennessee corporation that was not registered to offer or sell securities in Alabama. Charges also alleged that Daniel offered and sold unregistered securities in the form of Installment Plan Contracts valued at more than \$534,000 to thirteen Alabama investors. NFOA allegedly described itself as a non-profit organization and intentionally misled investors by promising unrealistic returns on the contracts in exchange for investors' "donation" of their current legitimate annuities investments. NFOA had not been granted non-profit status by the U.S. Internal Revenue Service.

Daniel was sentenced to five years imprisonment with the court stipulating that he serve 18 months supervised probation. Conditions of Daniel's sentence include random drug testing and counseling as determined by the court; agreement to not work in any financially-related industry for a period of ten years and agreement to cooperate fully in any ongoing state or federal investigation regarding NFOA and any entities and/or individuals associated with the company. A restitution hearing is scheduled for March 30, 2009 to determine repayment of investors' funds.

The National Foundation of America (NFOA) was closed down by authorities in the State of Tennessee on September 11, 2007 and assets have been seized for liquidation. Tennessee authorities estimate funds involved to be \$19,418,409; presently about 15.3 million has been disbursed to the claimants. For more information go to: www.nfoaliquidation.com.

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Director Borg of ASC said, “The cooperative efforts and combined resources of the Tennessee Department of Commerce and Insurance, specifically the Securities, Insurance and Legal Divisions, the Alabama Department of Insurance, Madison County District Attorney’s office and our Enforcement personnel helped stop this illegal “Ponzi Scheme” type of activity. We are committed to work together to protect the citizens from securities fraud in Alabama and other states when opportunities arise to work together.”

“This shows agencies can work together to protect the rights and hard-earned money of consumers,” Commissioner Ridling said. “In these difficult economic times, there will be people who attempt to take advantage of honest, hard-working Alabamians who are seeking proper investments. If consumers ever have questions, they should feel free to ask us or any of the other agencies involved. This should also be a signal to those who would engage in illegal, underhanded and improper business practices that those who do so will be sought out and dealt with to the fullest extent of the law.”

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer, particularly if the opportunity “guarantees” excessively high returns over a short period of time. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities, to report suspected fraud or to obtain consumer information.

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For more information contact the following:

The Alabama Department of Insurance can be contacted by telephone at 334-269-3550 or 800-433-3966, or through its website, www.aldoi.gov.

The Alabama Securities Commission can be contacted by telephone at 334-242-2984 or 800-222-1253, or through its website, www.asc.alabama.gov.

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