

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF: )  
MICHAEL JOSEPH ESPOSITO ) ADMINISTRATIVE ORDER  
RESPONDENT ) NO. OB-2002-0006

## ORDER OF BAR

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows:

**RESPONDENT**

1. Michael Joseph Esposito ("RESPONDENT"), during all times relevant to this order was a registered securities agent in the State of Alabama employed with Sterne, Agee & Leach, Inc., ("SA&L") with a business address of 800 Shades Creek Parkway Suite 700 Birmingham, Alabama 35209. Respondent is currently not registered with the Commission. His last known residential address is 4521 High Court Circle Birmingham, Alabama 35242.

## STATEMENT OF FACTS

2. On November 8, 2001, the National Association of Securities Dealers Regulation ("NASDR") furnished information that RESPONDENT's employment with SA&L Inc., was terminated in April of 2001, as a result of his connection with the theft of funds and stocks from a suspense account. The RESPONDENT's co-conspirator was Michael A. Fortugno. On February 26, 2001, an investigation by the Alabama Securities

Commission concluded, which substantially included the following:

The investigation revealed that the theft began August 1, 1995 and continued until April 2001. The stolen funds were divided between stock splits, settlement checks, unclaimed dividends and unclaimed stock. It was determined that Esposito and his co-conspirator camouflaged the theft of the unclaimed dividends and the settlement checks by converting them to stock and then transferred it out to the co-conspirator's Fidelity account. The total amount of cash stolen was \$855,466.13. The remainder of the property taken was in the form of stock. After the stock was transferred to Fidelity, the co-conspirator would liquidate it and send the proceeds to his AmSouth checking account. He then would split the money with his co-conspirator, Esposito.

It was determined that between \$1.2 and \$1.5 million was stolen from the suspense account.

#### CONCLUSIONS OF LAW

3. Pursuant to the provisions of Section 8-6-3(j), Code of Alabama 1975, the Alabama Securities Commission may suspend, revoke, deny, censor or bar any applicant or registrant or any officer, director, partner, or person occupying a similar status or performing similar functions if the Commission finds that the Order is in the public interest and the applicant or registrant has willfully violated or willfully failed to comply with any provisions of this article, or a predecessor act, or any rule or order under this article or a predecessor act.

4. RESPONDENT has engaged in dishonest or unethical practices in violation of the Alabama Securities Act 8-6-3(j)-7 Code of Alabama 1975.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

**ACCORDINGLY, IT IS HEREBY ORDERED** that Michael A. Esposito be **BARRED** from registration or engaging in securities activities into, within or from the state of Alabama.

Entered at Montgomery, Alabama this 26<sup>th</sup> day of MARCH, 2001.

ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984

BY:

JOSEPH P. BORG  
Director

