

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Man Who Fled to Philippines Receives Additional Sentence for Securities Violations

MONTGOMERY, ALABAMA (Jan. 14, 2013) Brandon K. Falls, District Attorney for the 10th Judicial Circuit, Jefferson County (Bessemer Division), Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on Jan. 7, 2013, Scott Alan Frye, formerly from Knoxville, TN, pled guilty to ten counts of Fraud in Connection with the Sale of Securities before presiding Circuit Court Judge Teresa Petelos. Frye was sentenced to 25 years imprisonment and ordered to pay more than \$1.1 million restitution to 19 victims in Alabama and throughout the southeastern U.S. Frye is currently serving a 20-year sentence related to previous securities violation convictions in Coffee County, prosecuted by the ASC's Legal Division and Coffee County District Attorney, Tom Anderson and will serve his latest sentence concurrently with the Coffee County sentence.

An ASC Enforcement Division investigation begun in 2003 led to Frye being indicted by Grand Juries in Coffee and Jefferson Counties in Dec., 2005 and Jan., 2006. Prior to the indictments being served, Frye fled to the Philippines and eluded capture until Oct., 2009. He was arrested in Manila by Philippine authorities based on outstanding felony warrants obtained by the ASC. This resulted in his deportation to Los Angeles, then to his subsequent extradition from California in Mar., 2010 to Coffee County, Alabama.

Evidence uncovered during the investigation indicated that, in the Coffee County case, Frye obtained access to deferred compensation accounts of Century 21 agents and used that access to take out loans against the victims' accounts. The money was purportedly used to purchase notes in a land development project referred to as Ecclesia Development. The Century 21 agents had no knowledge of Frye's actions or of the purchase of the notes.

In the Jefferson County cases, Frye had been indicted with co-defendant Michael Von Kanel for selling fraudulent investments in a number of companies and using the victims' investment funds for his personal use. Overall, the schemes operated by Frye and Von Kanel illegally obtained more than \$3.7 million from more than 50 investors in multiple states. Frye was previously barred from the securities industry in 1996 by the U.S. Securities and Exchange Commission for fraud and selling unregistered securities involving a fictitious company in Puerto Rico. Von Kanel pled guilty to securities fraud charges in Coffee and Jefferson Counties in 2007. Sentences in both jurisdictions were combined, with Von Kanel being sentenced to ten years incarceration, spilt to serve three years, and ordered to pay restitution.

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

###

For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov