

ALABAMA SECURITIES COMMISSION

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FOR IMMEDIATE RELEASE

MONTGOMERY, ALABAMA (January 16, 2003) - Honorable Alice H. Martin, United States Attorney for the Northern District of Alabama, and the Honorable Joseph P. Borg, Director of the Alabama Securities Commission, announced today that Jordan P. Olshan, age 41, and a resident of Birmingham pled guilty to two counts of mail fraud and one count of making a false individual tax return. A sentencing date was not set.

Borg said, "the joint efforts and cooperation of the United States Attorney, the Federal Bureau of Investigation, Internal Revenue Service and the Alabama Securities Commission to investigate and prosecute Mr. Jordan have put an end to a scam that cheated many Alabamians and other investors out of their life savings--the total amount involved was estimated to be over \$50 million."

Investors fell prey to Olshan's claim that his family had run a legitimate mortgage investment business for over 72 years. The business would collect money from investors and lend it for a profit to people who could not qualify for or didn't want a conventional home loan from a bank. Olshan promised investors that they would receive most of the profits and many of the loans charged up to 18% interest.

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Investigation led to charges of two counts of mail fraud and one count of making a false individual tax return. In count one Olshan is charged with devising and executing a scheme to defraud investors by having his company, Mortgage Investors, Inc. issue "Corporate Notes" in lieu of "paper" cash balances listed on investor account statements to disguise the true financial insolvency of his company and to prevent the investors, who had some 500 investment accounts listing some \$53 million in investments, from demanding payment of their cash positions. Investors who learned about the change to "Corporate Notes" were enticed not to demand cash payments by Olshan's promise of a higher rate of interest on the corporate notes.

The second scheme involved Olshan mailing a "war chest letter" to investors promising the interest rates as high as 16.5%. This letter falsely represented that Mortgage Investors, Inc. and Community Home Banc, Inc. had been successfully consolidated and that the resulting company was profitable and that the anticipated lending requirements of the company were going to be \$3 million higher than the year before, thus the need for a "war chest" to meet demand. No "war chest", of the approximately \$1.9 million received from investors in response to the letter, was ever maintained by Olshan and most of the money was used to pay operating expenses of the company.

The tax count charges Olshan with failing to report \$465,000 related to the sale of stock as capital gains and for making false deductions of \$214,509.

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The Director of the Alabama Securities Commission (ASC) cautions potential investors to thoroughly check out any investment opportunity. Contact ASC

for inquiries regarding securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities, to report suspected fraud, or obtain consumer information:

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If you have questions or require more information contact:

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