

ALABAMA SECURITIES COMMISSION

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Former Houston County, Alabama Attorney Sentenced for Securities Violations

MONTGOMERY, ALABAMA (Feb. 24, 2015) Douglas Valeska, District Attorney for the 20th Judicial Circuit, Houston County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on February 20, 2015, Frederick Mitchell "Mitch" McNab, of Dothan, Alabama, appeared in Houston County Circuit Court, before Honorable Judge P. B. McLaughlin, to be sentenced for multiple violations of the Alabama Securities Act and the Alabama Criminal Code (Title 13), for misappropriating and misusing client funds of approximately \$10,554,479.

McNab was sentenced to 20 years imprisonment, split to serve five years, for 36 Class B Felony theft of property and securities-related charges, with the remaining 15 years to be served on probation. McNab was also sentenced to ten years imprisonment, split to serve three years, for 18 Class C Felony theft of property and securities-related charges, with the remaining seven years to be served on probation. On an additional misdemeanor theft charge, McNab was sentenced to 12 months imprisonment to be suspended. The Court ordered that all McNab's sentences run concurrent and that during his incarceration, he will not be eligible for parole, or early release. McNab was ordered by the Court to pay \$8,910,555 in restitution to the numerous victims.

McNab, a former Houston County, Alabama attorney, was indicted in September, 2014 by a Houston County, Alabama Grand Jury. McNab pled guilty in December, 2014 to misappropriating and misusing funds from multiple clients in Houston and surrounding counties. Most of McNab's victims were clients who trusted him to hold money in interest-bearing accounts with the money to be invested for the rest of their lives and generations to follow. McNab illegally used client funds to pay earlier victim clients who believed their funds were secure in an account held or controlled by McNab and earning interest for their benefit. McNab also used client funds for other unrelated personal expenses. McNab was previously arrested in 2013, and again in April, 2014 by Houston County, Alabama law enforcement personnel on felony theft by deception charges related to an earlier investigation conducted by the Dothan Police Department.

District Attorney Valeska said, "We made no deals in this case and wanted substantial prison time. A crime of this magnitude should be mandatory prison and McNab should have gotten 100 years in prison. The victims will never get their money back or be made whole. He robbed them of their lives and their ability to care for themselves. When you only receive 5 years for stealing \$10.5 million, it's like an open license to continue to steal. This should be a wake-up call for the

citizens that you should check people out before turning your money, and life savings over. Make sure they are licensed and registered to handle your money. Please ask questions and request audits, account statements, verifications of where your money is, because once it's gone, it's gone forever.

Director Borg said, "McNab's actions as an attorney are deplorable and it is for the benefit of our citizens and state that he serves time in prison. McNab took advantage of clients who allowed him to manage their inheritance or other financial holdings and violated their trust. The losses suffered by the victims of McNab's criminal actions are devastating and many of the victims will never recover emotionally and financially. While the sentence McNab received does not match the harm and damage inflicted on his victims and in the community, we hope it will still send a strong message to attorneys and others in positions of trust, that they will be vigorously prosecuted for the misuse of Alabamians' hard earned money. Special recognition for the investigation and outcome of this case goes to ASC Enforcement and Legal Divisions, the Houston County District Attorney's Office, the Dothan Police Department, and the Houston County Sheriff's Department.

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.

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