

## **ALABAMA SECURITIES COMMISSION**

770 WASHINGTON AVE, SUITE 570

MONTGOMERY, ALABAMA 36130-4700

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

Email: [asc@asc.state.al.us](mailto:asc@asc.state.al.us). Website: [www.asc.state.al.us](http://www.asc.state.al.us)

### **FOR IMMEDIATE RELEASE**

-  
MONTGOMERY, ALABAMA (January 24, 2003) - The Honorable Gary Alverson, District Attorney, 31st Judicial Circuit, Colbert County and the Honorable Joseph P. Borg, Director, Alabama Securities Commission announced today the arrest of Kenneth and Donna Brown of Kentucky. The Bryan County Sheriff's Office in Oklahoma arrested the Browns and notification was received on February 18, 2003 that they will be transported back to Tuscumbia County in the near future. A trial will be scheduled at a later date.

The Alabama Securities Commission opened an investigation of Memlock Systems based on a complaint from a resident, of Muscle Shoals, Alabama. Kenneth and Donna Brown, the alleged owners of a company called Memlock Systems, induced several Alabama residents to invest a total of \$150,000. The Browns represented that the investment consisted of the purchase of discounted US Treasury Bills and mutual funds. The Brown's company, Memlock Systems was allegedly an offshore international business corporation located in the Turks and Caicos Islands. The investment funds from the Alabama residents and several other investors outside of Alabama were wire transferred to the Memlock Systems bank account located offshore. None of the Alabama investors in the program received any returns as represented.

A review of the Commission registration files disclosed no record of the registration or exemption of any securities issued by Kenneth and Donna Brown or Memlock Systems in the State of Alabama. The Commission presented the facts to the Colbert County Grand Jury and Kenneth and Donna Brown were indicted, on 2 counts Sale of an Unregistered Security, 2 counts Sale of a Security by an Unregistered Agent, and 2 counts of Securities Fraud, all of which are felony counts.

- more -

Borg warned, "Beware of investments that require you to send your hard earned dollars to banks off shore. Secondly, to protect yourself before you invest, contact the Commission to find out if the person selling the investment and the investment product are properly registered in the state of Alabama."

Potential investors can contact the Alabama Securities Commission 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:

**ALABAMA SECURITIES COMMISSION**

770 WASHINGTON AVE, SUITE 570  
MONTGOMERY, ALABAMA 36130-4700

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

Email: [asc@asc.state.al.us](mailto:asc@asc.state.al.us). Website: [www.asc.state.al.us](http://www.asc.state.al.us)

###

If you have questions or require more information contact:

Daniel G. Lord  
Education and Public Affairs Manager