

## **ALABAMA SECURITIES COMMISSION**

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### **Birmingham Area Physician Pleads Guilty to Securities Fraud in Jefferson County Circuit Court**

MONTGOMERY, ALABAMA (May 29, 2013) Brandon K. Falls, District Attorney for the 10<sup>th</sup> Judicial Circuit, Jefferson County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that Dr. Scott William Naley, a Birmingham physician, pled guilty before Jefferson County Circuit Court Judge Tracie Todd to a single count of Fraud in Connection with the Sale of Securities, more specifically described as employing a scheme or artifice to defraud. The charge is a Class B Felony under Alabama law punishable by a prison term of no less than two, and no more than 20 years' incarceration, with up to a \$15,000 fine per charge. The plea was the result of an April, 2012 Jefferson County Grand Jury indictment charging Naley with violations of the Alabama Securities Act and his subsequent arrest by the U.S. Marshal's Gulf Coast Regional Fugitive Task Force in May, 2012. In addition to his guilty plea, Naley will be required to pay \$961,600 in restitution to nine victims in Jefferson, Shelby, Montgomery and Marshall Counties. Naley agreed to make full restitution to victims and understands that the State recommends that he receive a 10-year prison sentence to be served with the Alabama Department of Corrections. A sentencing hearing is scheduled before Judge Todd on Aug., 7, 2013 and Naley remains free on bond pending sentencing.

ASC's investigation revealed that Naley obtained money from fellow medical doctors by issuing unregistered promissory notes. Naley's scheme involved falsely representing to the investors that their funds would be used to execute stock options that he purportedly owned in a publically-traded medical company known as Animated Dissection of Anatomy for Medicine Corporation ("ADAM"). Naley represented that he could buy stock options at less than their publically-traded value. He told victims he had purchased all the options he could afford to buy and offered his victims the opportunity to exercise the other options which would have purportedly allowed them to realize an instant profit. The victims, most of whom were colleagues of Naley, agreed to buy the excess stock options. ASC's investigation revealed that Naley did not have rights to purchase stock options in the company ADAM and used investor funds for unrelated purposes. The investigation also revealed that ADAM had no idea that Naley was using their company name to perpetrate a fraudulent scheme. Further, ASC records revealed that Naley was not registered to offer and/or sell securities in Alabama, as required by law.

ASC Director, Joseph Borg said, "We want this conviction to send a clear message to Dr. Naley that taking advantage of unsuspecting citizens and professional colleagues will result in swift and serious punishment." Borg said he also expects the results of the case will discourage other would-be fraudsters from taking unfair advantage of their professional status and personal relationships in order to obtain money at the expense of honest and trusting Alabama citizens. "I want to recognize and thank our Enforcement Division for their dedicated investigation of this case, and ASC Assistant Attorney General, Lesley Worrell, for her commendable prosecution efforts." Borg said.

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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.

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

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