

ALABAMA SECURITIES COMMISSION

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FOR IMMEDIATE RELEASE

Jordan P. Olshan receives 90 months confinement and must pay over \$10 million in restitution to victims

MONTGOMERY, ALABAMA (May 29, 2003) – Honorable Joseph P. Borg, Director of the Alabama Securities Commission, announced today that Jordan P. Olshan, age 41, a resident of Birmingham appeared before the Honorable Judge Robert B. Propst of the United States District Court, Northern District of Alabama and was sentenced to 90 months of confinement in a federal prison.

Olshan is free on bail and was ordered to report to the Federal Bureau of Prisons not later than July 10, 2003 at 10am. After serving ninety months in a federal prison, Olshan will serve in a three-year supervised release program. Olshan was ordered to pay restitution to victims in the amount of \$10,819,501.15 and may be fined up to \$20,000,000.

The investigation on Olshan was initiated by the Alabama Securities Commission, Enforcement Division, July 6, 2001, after receiving a complaint from an Alabama resident that they had not received payment of returns on their investment. After further investigation the Commission issued a Cease and Desist order to Jordan P. Olshan, Olshan Mortgage Company, and Investors Trust, Inc. who was doing business with Olshan under the name of Mortgage Investors, Inc. Borg said, "The war on white collar crime is moving ahead by combining enforcement resources in Alabama. This scam, which cheated many Alabamians and other investors out of life savings, is now put to an end. This is clearly a result of the joint efforts and cooperation of the United States Attorney, the Federal Bureau of Investigation, Internal Revenue Service and the Alabama Securities Commission working together to investigate and prosecute Olshan."

On January 16, 2003, Jordan Olshan, previously a Mountain Brook businessman, pled guilty to fraud and tax evasion charges which stemmed from allegations that his company illegally took an estimated \$50 million from investors.

Investors fell prey to Olshan, who claimed 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.

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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