

## **ALABAMA SECURITIES COMMISSION**

Post Office Box 304700

Montgomery, Alabama 36130-4700

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

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)

### **Birmingham Physician Sentenced for Securities Violations**

MONTGOMERY, ALABAMA (August 22, 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 on Thursday, Aug. 22, 2013, before Jefferson County Circuit Court Judge Tracie Todd, Dr. Scott William Naley, a Birmingham area physician, was sentenced to 20 years in prison, split to serve five years in the state penitentiary to be followed by five years' probation for the fraudulent sale of securities to several Alabama investors. He was also ordered to pay \$961,600 restitution to nine victims in Jefferson, Shelby, Montgomery and Marshall Counties.

Naley pled guilty on May 29, 2013 to 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 possible prison term of no less than two, and no more than 20 years' incarceration, with up to a \$15,000 fine per charge. An April, 2012 Jefferson County Grand Jury indicted Naley for violations of the Alabama Securities Act and he was subsequently arrested by the U.S. Marshal's Gulf Coast Regional Fugitive Task Force in May, 2012.

ASC's investigation into Naley's actions revealed that he fraudulently 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 supposedly 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.

- more -

ASC Director, Joseph Borg said, “We hope that the efforts of the Alabama Securities Commission, the Jefferson County District Attorney’s Office and the sentence imposed on Scott Naley by Judge Tracie Todd sends a loud and clear message to other fraudsters and scammers out there that this type of conduct will be thoroughly investigated and swiftly punished. We simply cannot, and will not, tolerate people taking advantage of positions of trust and responsibility to steal from persons who have every right and need to be able to rely on them.”

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.

**ALABAMA SECURITIES COMMISSION**

Post Office Box 304700

Montgomery, Alabama 36130-4700

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

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)