

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 Website: www.asc.alabama.gov

Alabama, Georgia Men Arrested for Alleged Violations of Alabama Securities Act

MONTGOMERY, ALABAMA (October 10, 2017) Danny Carr, District Attorney Pro Tem for the 10th Judicial Circuit, Jefferson County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that Steven Clyde Reed Brown of Birmingham, Alabama, and Edward Malcolm Portman of Atlanta, Georgia were arrested on September 19th and 25th, 2017 respectively, by the Jefferson County Sheriff's Office for their alleged involvement in a securities fraud scheme. The arrests stem from an August, 2017 Jefferson County Grand Jury indictment charging each with multiple violations of the Alabama Securities Act. Both men have been released from the Jefferson County jail after each posted a \$195,000 bond.

The Grand Jury indictment charged each defendant with eight total counts, including one count of Conspiracy to Commit Securities Fraud; one count of Sale of Unregistered Securities; one count of Sale of Securities by an Unregistered Agent; five counts of Fraud in Connection with the Sale of Securities (making untrue statements of material fact or omitting to state a material fact; and engaging in an act, practice or course of business which operated or would operate as a fraud or deceit upon any person). The conspiracy and securities registration charges are Class C felonies, punishable by possible imprisonment from one year and one day to 10 years and not more than a \$15,000 fine per charge upon conviction. The remaining charges are Class B felonies, punishable by possible imprisonment of from two to 20 years and up to a \$30,000 fine per charge upon conviction.

The indictment of Brown and Portman alleged illegal securities transactions involving investment contracts and/or certificates of interest or participation in a profit-sharing agreement with Alabama investors for the development of medical technology and products. The indictment further alleged that Brown and Portman omitted to inform investors that no one had ever received any return of principal or profit for their investments and that, in a previous instance, the men continued to illegally solicit investor funds after having been previously issued a Cease and Desist Order by the Alabama Securities Commission. ASC records revealed that neither Brown nor Portman were registered with the Commission to lawfully offer and/or sell securities within, into or from Alabama, as required by law.

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.

(NOTE: An arrest or indictment is not evidence that the defendant committed the crime(s) charged. The defendant is presumed innocent until the government meets its burden of proving guilt beyond reasonable doubt in court).

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