

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

FOR IMMEDIATE RELEASE

**Wayne H. Smith of Heflin, Alabama was arrested for alleged violations of the  
Alabama Securities Act.**

MONTGOMERY, ALABAMA (November 9, 2004) The Honorable Joseph D. Hubbard, District Attorney for the 7<sup>th</sup> Judicial Circuit, and the Honorable Joseph P. Borg, Director of the Alabama Securities Commission announced today that Wayne H. Smith, a resident of Heflin, Alabama, was arrested today on warrants issued by the Cleburne, County Grand Jury and charged with 4 Counts of Theft of Property in the First Degree, 2 Counts of Fraud in Connection with the Sale of Securities, 2 Counts of Sale of Securities by an Unregistered Agent, and 4 Counts of Selling Unregistered Securities.

The alleged violations took place within the 7<sup>th</sup> Judicial Circuit of the State of Alabama. The violation of any associated securities counts are considered Class C felonies, and are punishable by one year and one day to 10 years in prison, and/or a fine of up to \$10,000.00, or any amount double the pecuniary gain to the defendant. The Theft of Property First Degree is considered a Class B felony punishable by not more than 20 years, or less than 2 years in prison.

Smith, a local attorney, allegedly accepted investment monies from clients leading them to believe their funds would be invested in an "Off Shore Leveraged Loan Program", through an investment entity called Cheaha Management. The investigation revealed that Smith utilized portions, or in some cases, all of the individual client's investment funds for his own personal benefit. Preliminary accounting findings allege Smith took in over \$300,000.00 from investors within the 7<sup>th</sup> Judicial District.

Smith was arrested early Tuesday morning, November 9, 2004, by deputies of the Cleburne County Sheriff's Department, and placed in the county jail under a \$250,000.00 bond.

Alabama Securities Commission Director, Joseph Borg, stated, "The excellent cooperation between the District Attorney's office, Cleburne County authorities, and the Alabama Securities Commission will lead to justice and protect the citizens of Alabama from becoming victims of white collar crime."

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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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If you have questions or require more information contact:

Daniel G. Lord

Education and Public Affairs Manager