

ALABAMA SECURITIES COMMISSION

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Former Houston County, Alabama Attorney Pleads Guilty to Alabama Securities Act Violations

MONTGOMERY, ALABAMA (Dec. 17, 2014) Douglas Valeska, District Attorney for the 20th Judicial Circuit, Houston County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on Dec. 15, 2014, Frederick Mitchell "Mitch" McNab of Dothan, Alabama pled guilty to 55 criminal charges in Houston County Circuit Court before the Honorable Judge McLaughlin. McNab's guilty plea included 30 Theft of Property charges and 25 securities-related charges including Sale of Securities by an Unregistered Agent, Sale of Unregistered Securities, Acting as an Unregistered Investment Adviser for Compensation, Securities Fraud, and Financial Exploitation of an Elderly Person. The securities offenses are Class B and C felonies and the Theft of Property offenses are Class B and Class C felonies and one Class A misdemeanor. The Class B felonies are punishable from two to not more than 20 years and up to a \$30,000 fine per charge and the Class C felonies are one year and a day to not more than 10 years imprisonment and up to a \$15,000 fine per charge upon conviction.

The multiple charges of securities fraud that McNab pled guilty to included charges of Making Untrue Statements of Material Facts in connection with the offer, purchase or sale of a security; Engaging in an Act, Practice or Course of Business Which Operates as a Fraud or Deceit Upon Any Person in connection with the offer, purchase or sale of a security; Employing a Device, Scheme or Artifice to Defraud in connection with the offer, purchase or sale of a security; and Financial Exploitation of an Elderly Person, 1st Degree. A sentencing hearing will be held at a later date, pending a pre-sentencing report to be submitted to the Court. McNab remains free on his original bond of \$310,000 and surrender of his passport.

McNab, a former Houston County, Alabama attorney, was indicted in September, 2014 by a Houston County, Alabama Grand Jury. McNab pled guilty to misappropriating and misusing funds totaling approximately \$10,554,479 from multiple clients in Houston and surrounding counties. Most of McNab's victims were clients who trusted him to hold money in interest bearing accounts to be invested for their benefit. McNab illegally used client funds to pay earlier victim clients who believed their funds were secure in an account held or controlled by McNab and earning interest for the benefit of the victims. McNab also used client funds for other unrelated personal expenses. McNab was previously arrested in 2013, and again in April, 2014 by Houston County, Alabama law enforcement personnel on felony theft by deception charges related to an earlier investigation conducted by the Dothan Police Department.

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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