

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

Jefferson County, Alabama Man Indicted for Alleged Securities Fraud

MONTGOMERY, ALABAMA (December 20, 2017) Michael Anderton, District Attorney for the 10th Judicial Circuit, Jefferson County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on November 29, 2017, Kenneth Fitzgerald Lewis, of Hoover, Alabama, was arrested and placed in the Jefferson County Jail, based on a warrant issued after the November 2017 Jefferson County Grand Jury returned a four-count indictment for alleged violations of the Alabama Securities Act. Lewis was released on a \$61,000 bond.

The indictment charges Lewis with one count of Sale of Unregistered Securities and one count of Sale of Securities by an Unregistered Agent; each of which are Class C felonies, carrying a range of punishment from one year and one day to 10 years imprisonment and a fine of up to \$15,000 per charge, upon conviction. Additionally, the indictment charges Lewis with two counts of Fraud in Connection with the Sale of Securities for making untrue statements of, or omitting to state, material facts to an investor; and for engaging in an act, practice or course of business which operates as a fraud or deceit upon an investor. Each of the securities fraud charges are Class B felonies, carrying a range of punishment from two to 20 years' imprisonment and a fine of up to \$30,000 per charge, upon conviction.

The indictment alleges that, from December 2013 through June 2014, Lewis sold investment contracts, which are defined as securities under the Alabama Securities Act, to one victim in Jefferson County. The investment contracts were issued by Lewis' company Paradigm Real Estate Group, LLC to finance "flipping" real estate. Lewis allegedly misrepresented to the investor that invested funds would be used to purchase and resell residential real estate, and omitted to tell the investor that he would use the funds for personal expenses. Lewis also allegedly misrepresented that he would use investor money to purchase a particular property, and omitted to tell the investor that another property, purchased with investor money, had been sold, the proceeds of which he failed to distribute to the investor. Neither Lewis nor the investment contracts he sold were registered with the ASC, as required by the Alabama Securities Act.

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.

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(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 a reasonable doubt in court).

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