

ALABAMA SECURITIES COMMISSION
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**Florida, Utah and Alabama Men Pled Guilty to Securities Violations
in Madison County, Alabama**

MONTGOMERY, ALABAMA (Dec. 3, 2012) Robert L. Broussard, District Attorney for the 23rd Judicial Circuit, Madison County, Alabama; and, Joseph P. Borg, Director of the Alabama Securities Commission (ASC), announce that Patrick Michael Daleiden, formerly of Satellite Beach, Florida, and Bruce J. Mabey, formerly a Salt Lake City, Utah resident each pled guilty to one count of securities fraud on Nov. 27, 2012. Presiding Judge William K. Bell, Madison County Circuit Court, sentenced Daleiden and Mabey (each) to a 6 year sentence that will run concurrent with the federal time to be determined and imposed by US District Judge Kristi Dubose of the Southern District of Alabama in December. With sentencing in Madison County and pending sentences in Choctaw County, Daleiden and Mabey have been ordered to pay \$1,475,000 jointly in restitution to Alabama victims. Upon their entry of guilty pleas in Madison County the Madison County Sheriff will deliver them to Choctaw County jail for further sentencing. Thereafter, they are to be returned to the federal custody of the US Marshals to face their final sentences with the US District Court, Southern District of Alabama.

Also involved in this scam in Choctaw County, Alabama, Matthew Arnold Gibson a Madison County resident, pled guilty to three counts of Sale of Unregistered Securities before Madison County Circuit Judge Dennis E. O'Dell on Nov. 28, 2012 the day after Daleiden and Mabey pled guilty. Gibson was sentenced to one year and one day on each count, to run concurrently. The Court suspended the sentence, placed Gibson on probation for five years and ordered him to pay restitution totaling \$150,000 to several Alabama investors.

Director Borg said, "Daleiden, Mabey and Gibson cheated hardworking people and communities out of millions of dollars. Daleiden and Mabey also took a joyride around the world living the high life at the expense and demise of others for almost a decade. Justice has been served and one reason is the superb continuing support, cooperation and sharing of resources between state and federal law officials. In addition to recognition of the Alabama Securities Commission's Enforcement Division, special recognition goes to Kenyen Brown, U.S. Attorney for the Southern District of Alabama, and the FBI. Our agency welcomes continued cooperation with federal, state, and local authorities to prevent financial fraud and exploitation of citizens and to punish those who break the law."

In September 2012, Daleiden pled guilty to conspiracy and wire fraud charges and Mabey also pled guilty to wire fraud for involvement in a Choctaw County investment scam. The investment scam began in the summer of 2006 when Patrick Daleiden, his co-defendant Bruce Mabey, and Gibson solicited four Alabama investors by offering an opportunity to invest in a new industrial development on a 3,200 acre tract of land in Choctaw County, Alabama. Daleiden, Mabey, and Gibson told investors that Daleiden was in discussion with Bermuda-based Butterfield Bank about a \$10 million credit facility for his company and that the development of that facility was expected to begin in fall of 2006. The investors

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were told that the loan proceeds from the credit facility would be used for the purchase of the land in Choctaw County and to develop the industrial park. The collateral for the loan was alleged to be a \$10 million bank guarantee issued by the Union Bank of Switzerland (UBS), which was purportedly issued to Starboard Capital, Inc. In addition, investors were told of a lending commitment for the project by a New York based real estate lending fund for the purchase of the land. Neither loan ever existed and the bank guarantee from UBS to Starboard Capital was a fake.

A seven-count indictment returned by a Dec., 2009 session of the Madison County Grand Jury charged Daleiden with two counts of Sale of Unregistered Securities; one count of Sale of Securities by an Unregistered Agent; and, four counts of Securities Fraud involving Material Misrepresentations or Omissions. The charges were the result of an ASC Enforcement Division investigation into the failed industrial park development deal in Choctaw County, Alabama in which at least three Alabamians invested in excess of \$400,000 with Daleiden's company, Starboard Capital, Inc., headquartered in Satellite Beach, Florida. Alabama investors were issued worthless promissory notes, investment contracts and other investment instruments by Daleiden in return for their money, which was purportedly to be used for the development of a business and industrial park in Choctaw County, Alabama. The ASC investigation revealed that investor funds were not used as represented and that Daleiden used investors' money for personal benefit. ASC Registration Division records indicated that neither Daleiden, Starboard Capital, Inc., nor the securities he offered and sold were registered with the ASC as required by law.

Also convicted was Bruce J. Mabey, a Salt Lake City, Utah resident, who was arrested on outstanding warrants by U.S. Customs officers in Atlanta, Georgia on Mar. 29, 2010. Mabey was transported to the Clayton County, Georgia Sheriff's Department detention facility and later transported to Madison County, Alabama to face charges. Mabey was indicted by the Dec., 2009 session of the Madison County Grand Jury.

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 additional information contact Dan Lord, Education and Public Affairs manager, 334-353-4858.

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