

# Sunset Report

Fiscal Year 2015-2016 through  
Fiscal Year 2018-2019



## Alabama Securities Commission

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# Alabama Securities Commission

## Briefing to The Alabama Legislature Sunset Committee

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Clyde Chambliss  
(Chairman)

Representative  
Howard Sanderford  
(Co-Chairman)

Senator  
Vivian Figures

Representative  
Rex Reynolds

Senator  
Andrew Jones

Representative  
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Senator  
Linda Coleman-Madison

Representative  
Randall Shedd

Senator  
Shay Shelnett

Representative  
Neil Rafferty

Senator  
Del Marsh  
(President Pro Tempore)

Representative  
Victor Gaston  
(Speaker Pro Tempore)



JOSEPH P. BORG  
Director

EDWIN L. REED  
Deputy Director  
Administration

AMANDA SENN  
Deputy Director  
Enforcement

GREGORY BORDENKIRCHER  
Chief Litigation Counsel

### COMMISSIONERS

STEVEN T. MARSHALL  
Attorney General

MIKE HILL  
Superintendent of Banks

JIM L. RIDLING  
Commissioner of Insurance

MARLENE M. McCAIN  
Certified Public Accountant

S. DAGNAL ROWE  
Attorney at Law

R. AUSTIN HUFFAKER, JR.  
Attorney at Law

W. ALLEN CARROLL, JR.  
Certified Public Accountant

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## Director's Commentary

Dear Members of the Sunset Committee:

Since the last sunset review in 2015, the past several years could be characterized as a period of both continuing economic challenges and of optimism for the continuing recovery. To countless citizens, especially senior citizens in Alabama and nationwide, the truest measure of how the recovery from the economic crisis has changed their lives is how their retirement assets--their nest eggs--have recovered from the damage of the collapse beginning in 2006 due to the housing crisis and market adjustments. However, many are still concerned that their life savings are still at risk. Seniors facing this circumstance may be more vulnerable to investments that are unsuitable for their long-term financial goals or become victims of investment fraud.



Joseph P. Borg, Director

When the subject of our state and nation's aging population arises, conventional wisdom typically focuses on who will tend to the physical needs of millions of previously retired seniors and of the approximately 79 million "baby-boomers" who are approaching retirement. Now, more than ever, increased attention must be focused on seniors' *fiscal health*. A study conducted by the Washington, D.C. based Investor Protection Trust, the North American Securities Administrators Association (NASAA), Baylor College of Medicine, National Center on Elder Abuse and Adult Protective Services, found that financial abuse and exploitation targeted at seniors is a serious and growing problem. The study revealed that an estimated 7.3 million seniors--one of every five citizens over the age of 65--have been previously victimized by unreasonably high fees for financial services, an inappropriate investment offer or by outright fraud, costing these individuals and their families more than \$2.6 billion annually. Most notably, many adult children of seniors 65 and older seemed unaware about the effects possible financial abuse may have on their parents. Likewise, many children of older adults do not realize how prevalent the come-ons for their parents' money can be from unlicensed persons soliciting for participation in illicit investment "opportunities." The most sobering fact about senior investment fraud is that for each case reported to authorities, an estimated four or more cases go unreported.

The ASC has witnessed numerous investor traps that snare unsuspecting and uninformed senior investors looking to recoup retirement assets lost to the financial crisis and market volatility. Notable among these traps are oil/gas schemes, green technology schemes, medical technology schemes, gold/precious metal schemes, foreign exchange trading schemes, land development schemes, debt settlement schemes, advance fee loan schemes and investment contract schemes, among many others. As can be seen on pages 14-32, our citizen outreach programs include teachings that the easiest and best defense against fraudulent investment schemes is to call this Commission and check out the company or sales person making the investment offer, as well as the investment product, to ensure they are properly registered. If not properly registered, don't invest your hard-earned money.

Many financial scams perpetrated against seniors often arise from unscrupulous and unlicensed indi-

(Continued on next page)

viduals promoting personalized investment advice and recommendations about investment products under the guise of being so-called specialists in investments for seniors. New initiatives when coupled forcefully with existing state law, may help curtail promoters holding themselves out to be legitimate financial planners through the use of misleading designations. Hopefully, the new safeguards may add yet another level of protection for seniors against financial victimization and promote fair opportunities for those who choose to invest their hard-earned dollars in financial markets that drive a robust state and national economy.

The ASC has joined with the Alabama Attorney General's Office, the Alabama Department of Senior Services, the Department of Human Resources, and many other state agencies to conduct outreach events throughout Alabama and to help draft and promote the passage of appropriate legislation to protect senior Alabamians against financial victimization.

ASC is working and collaborating with medical officials and other experts nationwide to protect seniors with diminished capacity. As a part of this effort, I was proud to serve on the North American Securities Administrators Associations' **Senior Issues/Diminished Capacity Committee**.

### **Key Events/Issues**

#### **Protection of Senior Citizens from Financial Exploitation**

Fighting elder fraud and financial abuse in Alabama is a priority for the ASC. In April 2016 Alabama became one of the first states to enact legislation requiring securities and investment adviser firms to report suspected financial exploitation of persons deemed to be "vulnerable clients" to regulatory authorities (Protection of Vulnerable Adults from Financial Exploitation Act). ASC has also promoted federal legislation enacted in March 2018 (the Senior Safe Act). The act enlists financial institutions as allies in the fight against financial abuse of vulnerable adults by allowing banks, credit unions, investment advisors and brokers to report suspected fraud to regulatory and law enforcement authorities. Similar to the Alabama act, the Senior Safe Act provides qualified immunity to the financial firms for reporting, if they have trained their employees in how to identify suspicious activity.

#### **Operation Cryptosweep**

The North American Securities Administrators Association (NASAA) reported that more than **200** active investigations of Initial Coin Offerings (ICOs) and cryptocurrency-related investment products were underway by state and provincial securities regulators in the United States and Canada as part of "Operation Cryptosweep," an initiative from NASAA, of which ASC is a member. As of July 1, 2019 the ASC had **25** active ICO inquiries or investigations and issued **15** Cease and Desist orders involving cryptocurrencies as part of the initiative. Operation Cryptosweep was originally conceived by the ASC for NASAA.

#### **Accomplishments and Office/Division Functions**

In FY 2018 ASC generated **\$11,873,725** for the General Fund. During that fiscal year to the present, the demand for services increased as markets surged in 2017 and the first three quarters of 2018. Presently, the markets continue to be strong from a short decline. ASC maintains a high level of efficiency by applying proven management techniques, efficient performance of duties, effective use of available technologies and adherence to financial and budget guidelines. The ASC is sensitive to the concerns and long-term financial security of Alabama citizens, whether individuals or small businesses, and must

act quickly and decisively when misleading or illegal practices undermine confidence in our financial markets. When Alabama securities laws are believed to have been violated, the ASC's **Enforcement Division** takes the lead in conducting complex investigations in response to complaints or evidence of alleged securities fraud.

Twelve highly-trained and experienced veteran investigators (Special Agents), use their more than **300** years of combined law enforcement experience to collect and analyze large quantities of complex information ranging from paper records to sophisticated electronic data.

Special Agents closely examine investor complaints concerning suspicious, deceptive, unsuitable and/or illegal investment offerings within, into or from Alabama, as well as the sale of fraudulent and unregistered investment products. Special Agents coordinate their investigations with the Commission's Legal Division and, when appropriate, with local, state and federal authorities to thoroughly examine complaints, analyze financial transactions and bring legal action against any person or business entity suspected of being in violation of the Alabama Securities Act and/or applicable federal laws.

The strong efforts and expertise of the Enforcement Division, during the past five years, resulted in an average of **16** criminal indictments each FY for the violation of laws regulating the securities industry. In FY 2018 the Division's hard work resulted in more than **\$8,022,040** in victim restitution from prosecuted cases; **7** arrests; **6** convictions; for defendants found in violation of laws regulating the securities industry.

The **Registration Division** is charged with the initial and ongoing registration process for individuals and firms that market and sell securities and financial services to Alabama citizens. Any person or company that offers and/or sells securities or provides investment advice within, into or from Alabama must be registered with the ASC in order to legally conduct business. In FY 2018, **173,874** registrations, licenses and exemptions were issued by the Registration Division. The Registration Division is also responsible for the processing of fees associated with applications and renewals.

The **Auditing and Examinations Division** is responsible for conducting a full schedule of onsite routine and for-cause examinations. Every three years on average, the division auditors examine each of the state-regulated investment advisers domiciled in Alabama, while continuing to audit broker-dealers, their branch offices, and monetary transmission agents on a for-cause basis. The audit program identifies serious securities violations, as well as potential weaknesses in sales practices, in order to help strengthen these businesses' compliance programs and to protect Alabama investors. The division also conducts limited joint audits with other states for complex audits and enforcement investigations. In Fiscal Year 2018, the Auditing and Examinations Division conducted **62** audits, with **22** of these being for-cause examinations driven by investigations, customer complaints or licensing issues.

The Commission firmly believes that investor education and fraud prevention training can assist in shielding our citizens from being victimized by financial criminals. The **Education and Public Affairs Division** conducts an average of over **75** events annually throughout the state, including presentations for social, civic and professional groups.

During FY 2018, the Division supported **75** events that provided direct outreach and education to over **7,813** citizens, ranging in age from high schools students to senior retirees.

During FY 2018, the Division helped acquire over **\$38,000** in grant money from the Investor Protection Trust (IPT). These funds helped provide personal finance and investor education events for teachers and students

in grades 7-12, college students, as well as for senior Alabamians concerned with the protection of their life savings and a need to make informed investment decisions. Learn more about ASC investor education and fraud prevention programs at ASC Education Corner, pages 14-32.

The **Legal Division** is comprised of six highly-skilled and dedicated attorneys who are ably assisted by two full-time paralegals. The Legal Division possesses over **100** years combined legal and prosecutorial experience and is responsible for investigating and prosecuting fraudulent and illegal actions by individuals and companies in the offering and sale of securities within, into or from the State of Alabama including any related activities in violation of the Alabama Securities Act and associated statutes. The ASC Legal Division prosecutes administrative, civil and criminal actions brought by the Commission and renders legal opinions and no-action letters related to issues of law pursuant to the Alabama Securities Act. The division also acts as in-house legal counsel for all legal issues concerning the daily operations of the Commission staff, including investigations and personnel issues, and acts as liaison with other government agencies when legal matters of common interest arise. The legal staff works closely with district attorneys throughout Alabama to assist in the investigation and prosecution of white-collar crime. ASC attorneys consult with other states on legal issues involving overlapping jurisdictions and aids federal prosecutors, the U.S. Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), the Financial Industry Regulatory Authority (FINRA) and others to assure that Alabama's main street investors are afforded maximum protection from investment fraud.

The **Accounting and Personnel Division** is charged with effecting the continued smooth operation of the agency's fiscal and employee-related requirements. The division provides for the overall sound financial operation of the agency, including preparation of the annual budget and operations plan, supervising the gathering and maintenance of all financial records and reports, assuring propriety of agency expenditures and budgetary controls, maintenance of personnel and payroll records and being accountable for all physical inventory. The division cooperates with the Examiners of Public Accounts to ensure the Commission is in strict fiscal compliance with the Code of Alabama. Historically, the division has received a perfect "Property Inventory" audit and constantly strives to make certain that the Commission's property and monetary resources are used and maintained for greatest benefit of Alabama citizens.

The **Information Technology (IT) Division** plays a crucial role in the efficient provision and management of the Commission's electronic data requirements. Division personnel work diligently to provide streamlined, results-driven methods for the secure utilization and storage of sensitive information and the maintenance of the agency's computer hardware and software systems including constant information exchange with national databases covering more than **660,000** financial professionals and firms through the national Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD).



# ASC COMMISSIONERS

The Alabama Securities Commission members are the Attorney General, the State Superintendent of Banks, the State Insurance Commissioner (by virtue of their offices). Also, two attorneys and two certified public accountants are appointed by the Governor from lists of nominees submitted by the Alabama Bar Association and the Alabama Society of Certified Public Accountants and confirmed by the Senate. The Commission maintains oversight, provides policy guidance and establishes rules for the performance of its functions and the accomplishment of its purpose. The members of the Commission during Fiscal Year 2018 were:

## **ACTIVE**

STEVEN T. MARSHALL Member	Attorney General Montgomery, Alabama	02/17 - Present
MIKE HILL, Member	Superintendent of Banking Montgomery, Alabama	07/16 - Present
JIM L. RIDLING, Member	Commissioner of Insurance Montgomery, Alabama	09/08 - Present
MARLENE M. McCAIN Member	Certified Public Accountant Cullman, Alabama	05/12 - Present
S. DAGNAL ROWE Member	Attorney at Law Huntsville, Alabama	08/13 - Present
R. AUSTIN HUFFAKER, JR. Member	Attorney at Law Montgomery, Alabama	04/16 - Present
W. ALLEN CARROLL, JR. Member	Certified Public Accountant Mobile, Alabama	05/19 - Present

## **FORMER**

JAMES L. HART Member	Certified Public Accountant Vestavia Hills, Alabama	12/10 - 04/19
LUTHER STRANGE, Member	Attorney General Montgomery, Alabama	01/11 - 02/17

# ASC PERSONNEL (AS OF 7/1/2019)

## Directorate

Joseph P. Borg, Director  
 Edwin L. Reed, Deputy Director, Administration  
 Amanda L. Senn, Deputy Director, General Counsel  
 Christie A. Rhodes, Executive Assistant III  
 Amy D. Creamer, Clerk  
 Jamey R. Selfridge, Clerk

## Legal Division

Gregory A. Bordenkircher, Chief Litigation Counsel  
 Jeffery A. Brown, Jr., Attorney IV  
 David B. Byrne, Jr., Attorney III  
 Anne W. Gunter, Attorney III  
 Leslie D. Worrell, Attorney III  
 Lisa M. Ray, Attorney II  
 James M. McDowell, Securities Analyst, Senior  
 Kimathy J. Booher, Paralegal  
 Shana T. Proctor, Paralegal  
 Shelby G. Beech, Student Aide  
 Patrick R. Smith, Student Aide  
 Luke C. Dendis, Clerical Aide

## Accounting/Personnel Division

Renee S. Sanders, Accounting Director I  
 Kevin A. Jones, Accountant  
 Gwendolyn Lover, Account Clerk  
 Martha J. Thomas, Admin. Support Asst. III

## Data Systems Division

David E. Gilmore, IT Systems Specialist  
 Bonnie, A. Traphan, IT Systems Specialist, Assoc.  
 Darren W. Boulware, IT Operations Specialist  
 Thomas P. Ogburn, Clerical Aide

## Education and Public Affairs Division

Daniel G. Lord, Public Information Manager  
 Nick L. Vonderau, Dept. Marketing Specialist  
 Faith D. Feaga, Public Information Specialist  
 Audrey K. Pinkston, Clerical Aide

## Enforcement Division

Ricky G. Locklar, Sr. Special Agent  
 Manager/Enforcement  
 Michael L. Gantt, Sr. Special Agent  
 Manager/Administrative  
 Leighton B. Greenlee, Special Agent  
 Paul A. Gugliotta, Special Agent  
 Charles G. Harrison, Special Agent  
 Charles R. James, Jr., Special Agent  
 Steven R. Jones, Special Agent  
 Mark L. Mitchell, Special Agent  
 Elizabeth M. Planer, Special Agent  
 Robert W. Sharp, Special Agent  
 Charles A. Traywick, Special Agent  
 Anita F. Wilkerson, Executive Secretary  
 Kimberlee A. Hinson, Admin. Support Asst. III  
 Heather H. Grimes, Admin Support Asst. II  
 Kathy R. Lassiter, Admin. Support Asst. III  
 James R. Mazingo, Clerical Aide

## Registration Division

Lisa M. Tolar, Manager  
 Department of Licensing and Registration

Rena H. Davis, Manager  
 Department of Auditing and Examinations

Marvernitha B. Kyles, Securities Analyst Supvr.  
 Tina M. Tell, Securities Analyst Supervisor  
 Timothy W. Adams, Securities Analyst, Senior  
 Ashlee B. Gould, Securities Analyst, Senior  
 LaShonda D. Moultrie, Securities Analyst, Sr.  
 Sandra D. Smith, Securities Analyst, Senior  
 Sonya C. Daniels, ASA III  
 April F. Dunaway, ASA II  
 Patricia J. Wilson, ASA III

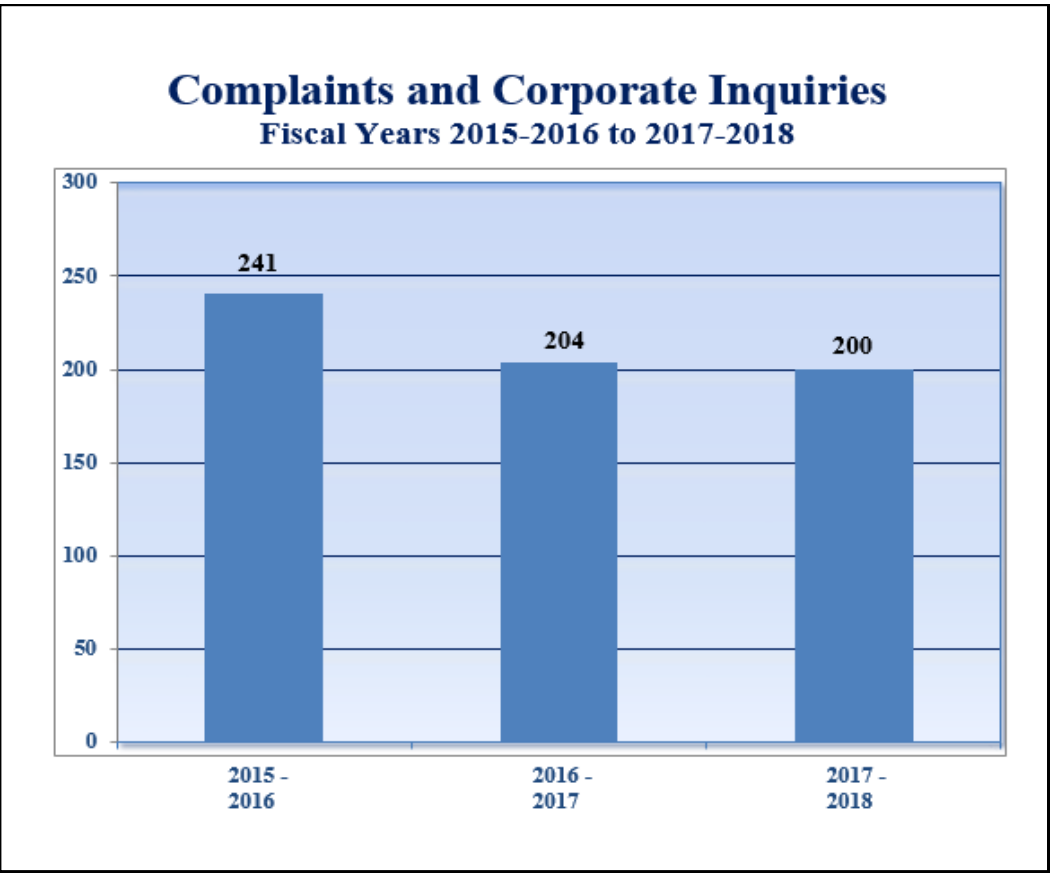
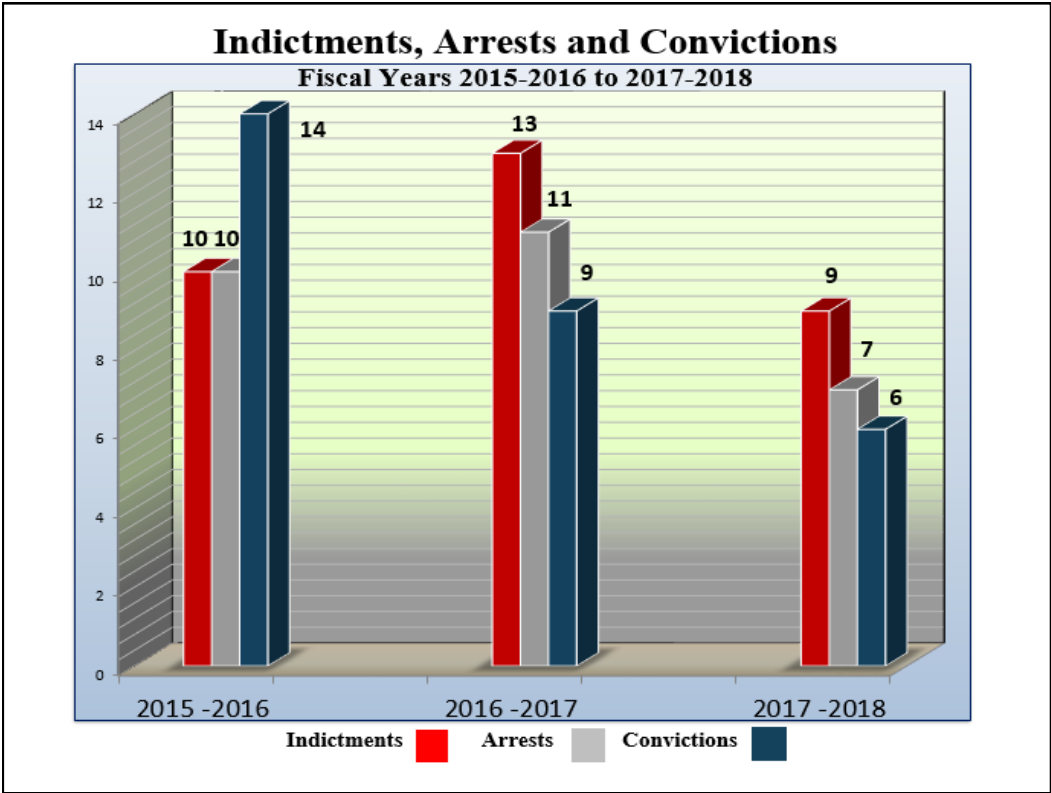
Mary C. Sanders, Clerical Aide  
 Dylan W. Powell, Clerical Aide  
 Spencer D. Lee, Securities Analyst Supervisor  
 Marilyn D. Bullard, Securities Analyst, Senior  
 Lauren W. Hitt, Securities Analyst, Senior  
 Joshua M. Lacy, Securities Analyst, Senior  
 David R. Strickland, Securities Analyst, Senior  
 Sarah J. Pike, ASA II

# ASC STATISTICAL SUMMARY FROM FY 2017-2018

- ASC total staff - 60 (includes 9 attorneys, 12 special agents, and 13 securities analysts)
- Registrations and exemptions issued - 173,874
- Onsite examinations/audits - 62
- Complaints and corporate inquiries received - 200
- Industrial Revenue Bonds reviewed - \$21,000,000
- Administrative Orders issued - 26
- Administrative Order respondents - 58
- Restitution ordered to victims - \$8,022,040
- Public warnings issued - 8
- Indictments - 9
- Convictions - 6
- Arrests made - 7
- Years of incarceration ordered - 22
- Individuals awaiting grand jury action, arrest or trial - 38
- Contributed to State General Fund - \$ 11,873,725
- Educational seminars on wise and safe investing - 75
- Alabamians attending educational presentations – 7,813

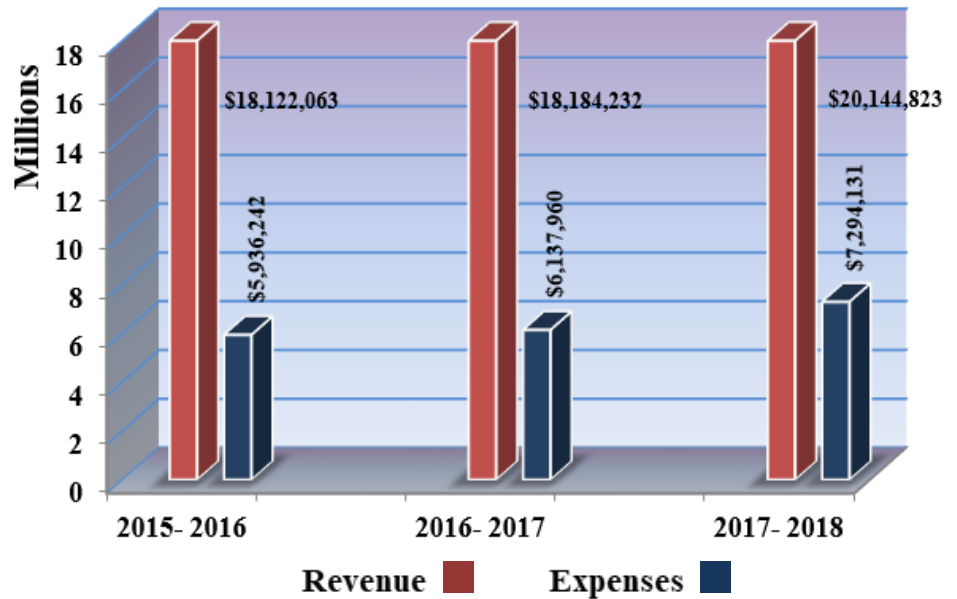
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# ASC STATISTICS

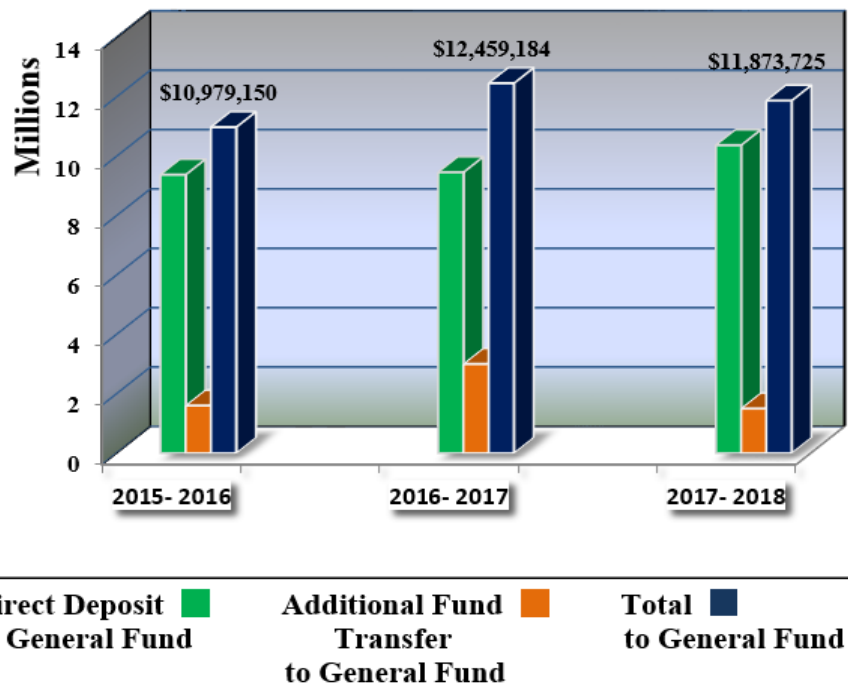


# ASC STATISTICS

## Combined Revenue and Expenses Fiscal Years 2015-2016 to 2017-2018



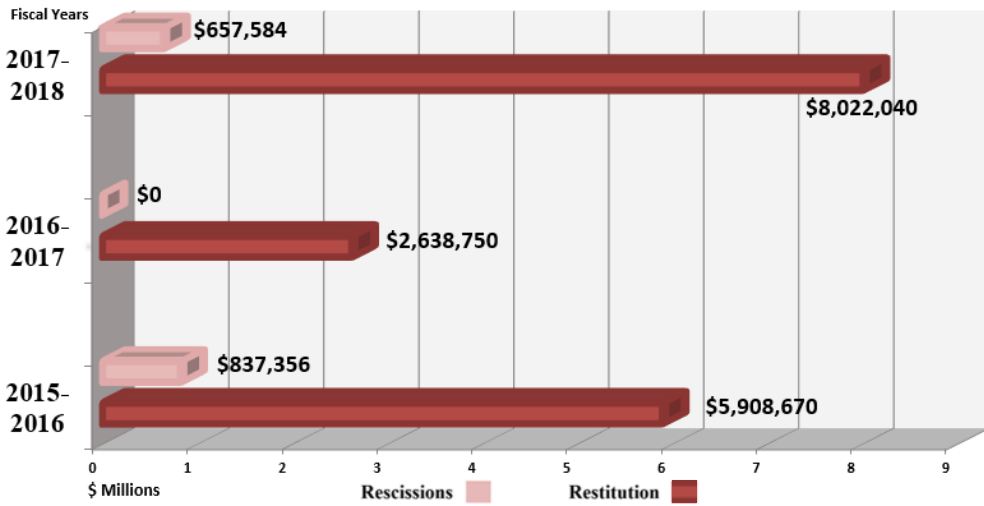
## Total Revenue to General Fund Fiscal Years 2015-2016 to 2017-2018



# ASC STATISTICS

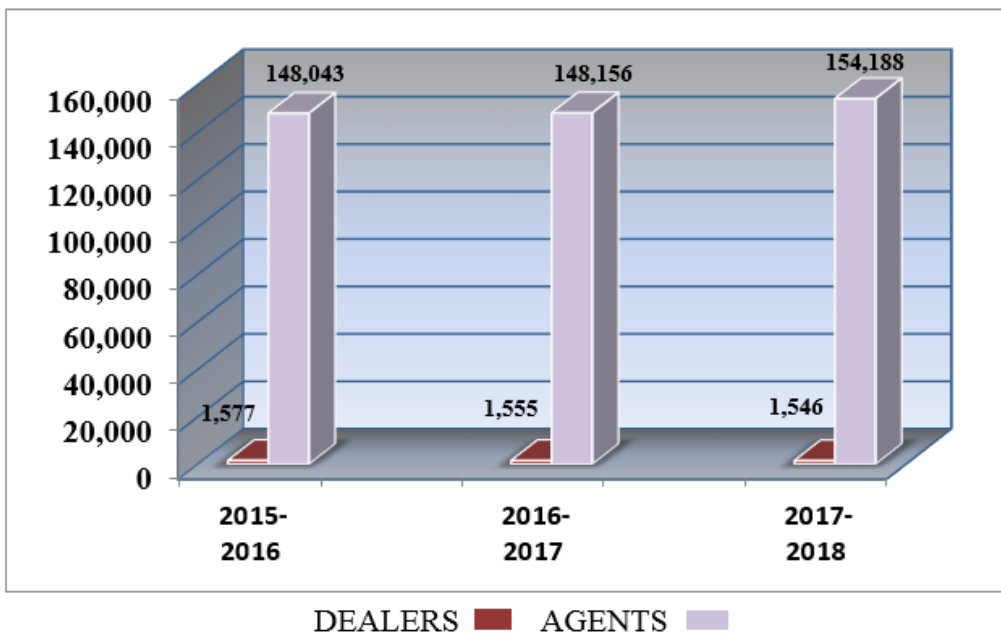
## Rescissions and Restitution

Fiscal Years 2015-2016 to 2017-2018

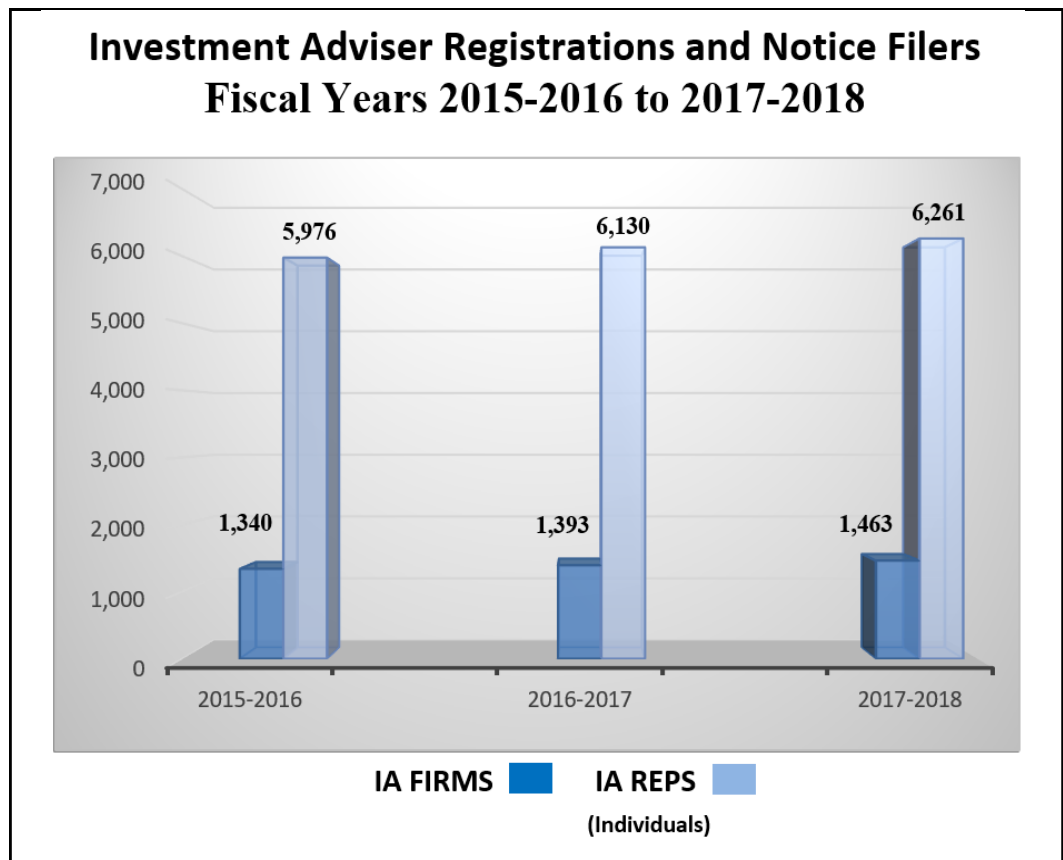
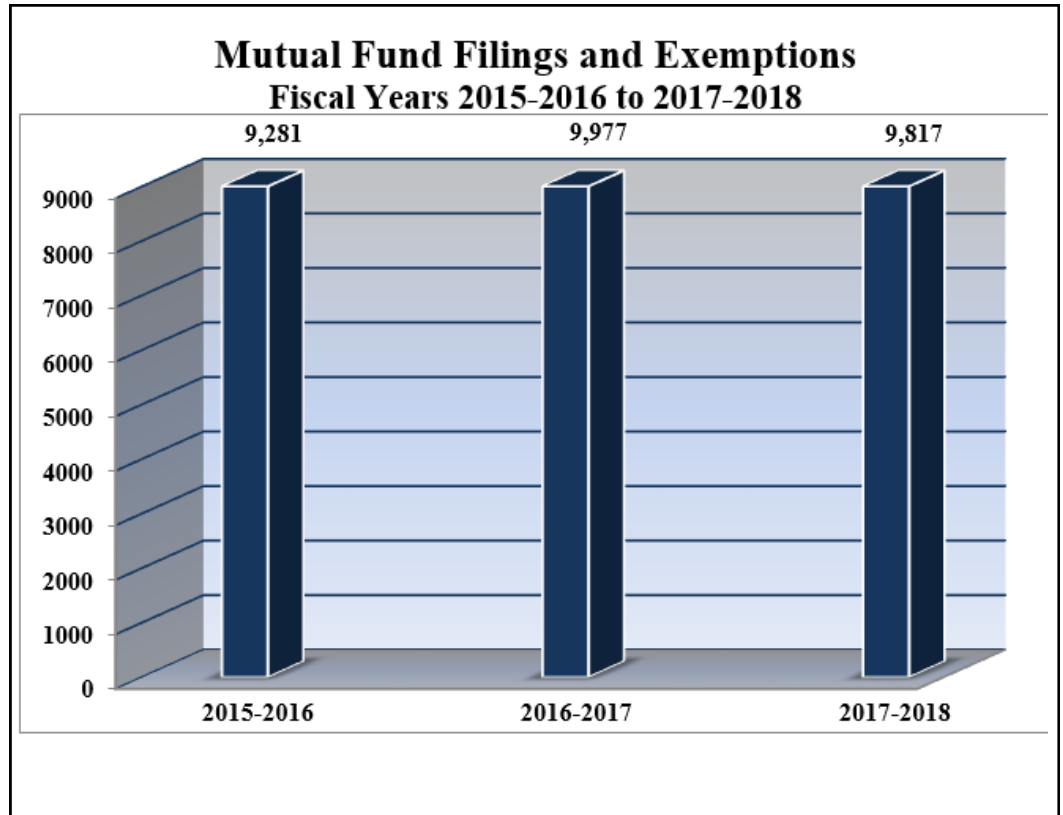


## Broker Dealer Registrations

Fiscal Years 2015-16 to 2017-18



# ASC STATISTICS



# ASC SETTLEMENTS

## TOP CONSENT ORDER SETTLEMENTS FOR THIS SUNSET PERIOD

### **CO-2018-0024                    LPL Financial LLC**

LPL inconsistently classified securities on customer account statements and this was a failure to comply with the Alabama Securities Act (Act) book and record requirements. LPL was ordered to pay as a civil penalty and investigative costs of the sum of **Forty Thousand Dollars (\$40,000)** to the Commission.

### **CO-2018-0012                    LPL Financial LLC**

LPL failed to establish and maintain reasonable policies and procedures to prevent the sale of unregistered, non-exempt securities by LPL to its customers, including LPL's retention, use, and subsequent cancellation of certain third-party services integral to LPL compliance with state securities registration requirements; and certain other deficiencies within LPL's compliance structure related to LPL's controls, monitoring and reporting tools, and escalation protocols in relation to LPL's response to significant compliance issues. LPL or its direct or indirect subsidiaries paid as a civil penalty to the state of Alabama and investigation costs the sum of **Four Hundred Ninety-Nine Thousand Dollars (\$499,000)**.

### **CO-2016-0010                    MY MONEX, INC.     THEODORE STANLEY HUDSON II**

MY MONEX, INC. AND THEODORE HUDSON II performed services that required licensure under the Act when they issued checks on behalf of the Company, an obligor, in exchange for a fee for the purpose of paying the Company's bills, invoices, or accounts. Neither MY MONEX, INC. nor THEODORE HUDSON II obtained a license to preform the services and are in violation of the Act. Restitution in the amount of **\$151,517.25** was ordered in a companion criminal case this office worked jointly with the United States Attorney's Office, Middle District of Alabama.

### **CO-2016-0002                    LPL FINANCIAL LLC**

LPL failed to implement an adequate supervisory system that was reasonably designed to achieve compliance with Alabama Securities Commission and FINRA, regarding its sale, through Alabama representatives, of non-traded REITs. LPL shall pay as and for a civil penalty, **Eighteen Thousand Two Hundred Sixty Seven Dollars and Fifty-two cents (\$18,267.52)**, the sum of which represents Alabama's portion of the total civil penalty of **One Million Four Hundred Twenty Five Thousand Dollars Even (\$1,425,000.00)**.

### **CO-2015-0009                    GLS & ASSOCIATES, INC     GREGORY LEE SMITH**

KEITH MICHAEL ROGERS, while employed at GLS and managed by GREGORY LEE SMITH, was alleged to have misappropriated funds from at least three GLS clients by offering and selling "investment opportunities" in private placements, i.e. unregistered securities, to GLS clients. KEITH MICHAEL ROGERS liquidated legitimate security holdings and transferred the funds to the clients' personal bank accounts, from which the clients purchased interests in non-traded securities directly from KEITH MICHAEL ROGERS. **GLS contributed \$250,000 along with \$250,000 from GLS' insurance carrier towards settlement of the complaint.** These contributions, in conjunction with the liquidation of assets acquired by ROGERS using misappropriated funds, resulted in full settlement to the victims of ROGERS fraudulent activities, as it relates to the agreed upon restitution owed by GLS.

*(Continued on next page)*



# ASC SETTLEMENTS

## TOP COURT ORDERED SETTLEMENTS FOR THIS SUNSET PERIOD

(April 16, 2019) The Court ordered Morehead to pay \$250,000 to victims. Henry County, AL

(March 20, 2018) The Court ordered Robinson to pay more than \$7,000,000 to the victims.  
Lauderdale County, AL.

(April 25, 2018) The Court ordered York to pay \$932,567 in restitution to the victims. Gadsden, AL

(May 26, 2016) The Court ordered Rogers to pay restitution in excess of \$1.7 million. Madison County, AL.

(May 24, 2016) The Court ordered Levine to pay \$665,160 to the victims. Madison County, AL.

(Nov. 16, 2015) The Court ordered Tufo to pay \$1.15 million in restitution to victims. Madison County, AL.

## INDUSTRIAL REVENUE BONDS

### INDUSTRIAL REVENUE BONDS FILED WITH THE ALABAMA SECURITIES COMMISSION FY 2017 - 2018

Totals of Fees charged: \$1,000.00

Amount of Issue: \$21,000,000.00

### INDUSTRIAL REVENUE BONDS WITH THE ALABAMA SECURITIES COMMISSION FY 2016 - 2017

Totals of Fees charged: \$3,000.00

Amount of Issue: \$41,962,335.35

### INDUSTRIAL REVENUE BONDS WITH THE ALABAMA SECURITIES COMMISSION FY 2015 - 2016

Totals of Fees charged: \$6,218.99

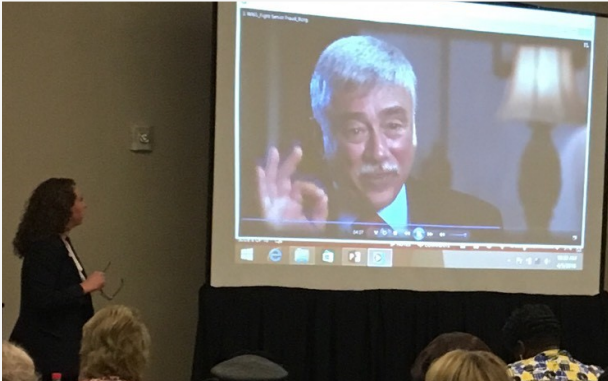
Amount of Issue: \$2,056,737,975.98

### TOTAL AMOUNTS OF INDUSTRIAL REVENUE BONDS FILED WITH THE ALABAMA SECURITIES COMMISSION FROM 2015 - 2019 ( as of JUNE 31,2019)

Totals of Fees charged: \$10,218.99

Amount of Issue: \$2,119,700,311.33

# Investor Education and Fraud Prevention Outreach Programs



## Education Corner

### Promoting Investor Education

ASC's Education and Public Affairs Division provides timely and relevant information to help educate and protect citizens so they can make safe and informed investment decisions. Please contact this office to schedule a free training presentation, high school field trip, or to request free materials about all facets of managing ones finances.

Contact by email: [Dan.Lord@asc.alabama.gov](mailto:Dan.Lord@asc.alabama.gov), [Nick.Vonderau@asc.alabama.gov](mailto:Nick.Vonderau@asc.alabama.gov)  
or [Faiith.Feaga@asc.alabama.gov](mailto:Faiith.Feaga@asc.alabama.gov)

**Call: 1-800-222-1253**

# Investor Education and Fraud Prevention Outreach Programs

## Educating Working Adults and Seniors

During FY 2018 outreach to seniors was a total success. The ASC, in collaboration with Alabama Department of Senior Services and its statewide network of Area Agencies on Aging, the Better Business Bureau of North Alabama, AARP and other valued partners hosted hundreds of working Alabama adults, senior citizens and professional caregivers in celebration of World Elder Abuse Awareness Day (WEAAD) starting in June, 2018. Governor Kay Ivey signed a proclamation declaring June 15, 2018 as Elder Abuse Awareness Day.

At 22 events about 1856 senior citizens and working Alabamians received valuable insight and educational materials to help them and their families defend against financial fraud, exploitation and victimization, and make more informed investment decisions. The ASC worked with the Washington, D.C. based Investor Protection Trust (IPT) to acquire a generous grant to defray the cost of many of these events.

## ASC Facebook and Twitter programs

Like, follow, friend and retweet are key social media buzz words. Being out-front in state securities enforcement and education, it didn't take ASC leadership long to realize the value in establishing a social media presence to further the ASC mission of protecting investors from securities fraud. Faith Feaga, a graduate of The University of Alabama School of Communication and Information Sciences who also holds a Master of Public Administration from Texas A&M University, was hired to develop and implement a communication plan to reach audiences online.



Dan Lord, Manager



Nick Vonderau, Marketing Specialist



Faith Feaga  
Public Information Specialist

**CONNECT WITH US!**

FACEBOOK: @AlabamaSecuritiesCommission  
TWITTER: @ALSecCommission



# Investor Education and Fraud Prevention Outreach Programs

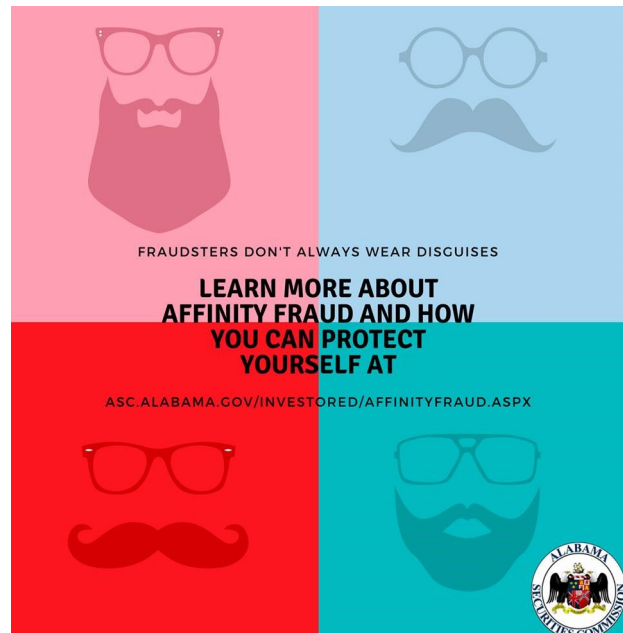
One major objective of the communication plan was to create content, which revolved around safe investing and fraud prevention, for the social media platforms. Based on research about target audiences content is developed to engage specific age groups on the sites they are most active on. For example, millennials are heavy Twitter users and they believe most messages they see. They also prefer inspirational messages and content. On the other hand, the GenX - Boomer generations may be categorized as heavy Facebook users, skeptical and their preference is for more relatable stories and content. **Here are samples of social media content.**



WHEN A STRANGER CALLS

## Don't be sweet


check out [asc.alabama.gov](http://asc.alabama.gov) for more tips on avoiding financial fraud.



FRAUDSTERS DON'T ALWAYS WEAR DISGUISES

**LEARN MORE ABOUT  
AFFINITY FRAUD AND HOW  
YOU CAN PROTECT  
YOURSELF AT**

[ASC.ALABAMA.GOV/INVESTORED/AFFINITYFRAUD.ASPX](http://ASC.ALABAMA.GOV/INVESTORED/AFFINITYFRAUD.ASPX)



BACK TO SCHOOL?

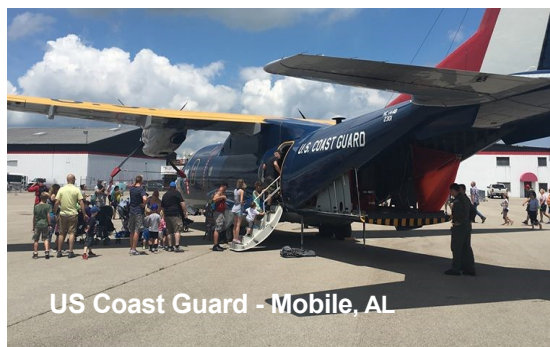
# WE DO FIELD TRIPS!

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# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

## Military Outreach



Director Borg says, "Inquiries from any military personnel, in any status (active, reserve, guard or veterans), or from their dependents, will get our immediate attention to help provide information or to investigate complaints and concerns as necessary."

ASC staff have the experience to understand financial challenges of the military community. Nine ASC staff members have a total of **109** years (combined) of honorable service in the United States military to protect the freedom of the United States of America.

ASC's special website area for military and their dependents; "Protect Alabama Troops" (PATS) was launched June 16, 2009 and is an information-based resource, accessible on ASC's web page, [www.asc.alabama.gov](http://www.asc.alabama.gov). The site consists of appropriate, practical news, tips and advice for Alabama's active-duty, guard and reserve military, as well as retired military and veterans. The site is specifically designed to assist them and their family members to make informed investment decisions and avoid becoming victims of financial fraud before, during and after deployment and in the transition to retired military or civilian life.

ASC provides investor education seminars and free information: Upon request, the ASC will provide free financial education seminars, about safe and wise investing, to any military installation/unit in Alabama. Top-notch personal finance and investor education materials published by Kiplinger's Personal Finance and ASC, are made available to anyone affiliated with the military in Alabama.

# Sample of Investor Education and Fraud Prevention Outreach Programs FY 2018-2019 (Ending as of July 1, 2019)

## Elder Abuse Awareness Month Lunch & Learn at the RSA Activity Center



On June 27, 2019, the ASC partnered with AARP and the Montgomery County District Attorney's Office to provide a lunch and learn for 220 seniors. The event took place at the RSA Activity Center in Montgomery, Alabama. Deputy Director, Edwin L. Reed (pictured above), taught guests how to identify, report and protect themselves against financial scams. Montgomery County District Attorney, Daryl Bailey, discussed tips on how to avoid identify theft.



## **Alabama Securities Commission (ASC) speaks to 500 Thompson High school students April 2, 2019**

ASC was invited to speak to Thompson High school Students by Principle Wesley Hester and Ken Snow (Information Technology Professor). ASC Dan Lord, Public Affairs Manager and Nick Vonderau, Marketing Specialist (pictured at left) gave a presentation tailored for High School Students.

## **Alabama Securities Commission (ASC), Rep. Mike Jones, Sen. Jimmy Holley, and law enforcement officials offer tips for financial fraud protection**

**February 28, 2019** - ASC worked with Representative Mike Jones (District 92), Pastor Kevin Wilburn (First Baptist Church of Andalusia), Sheriff Blake Turman (Covington County) and Police Chief Paul Hudson (City of Andalusia) in hosting a Fraud Summit in Andalusia, AL. The event was the first of its kind in Andalusia. Scammers do not care if you are from New York City or Andalusia, Alabama and that is why this event was so important. The Andalusia Star News's, Publisher Michele Gerlach, was instrumental in promoting the summit.



ASC Director Joseph Borg spoke to the audience about Affinity Fraud and shared examples of how devastating the effects can have on a church community. He also noted that affinity fraud can include all types groups: religious, social, athletic, educational and etc. He urged the attendees to always check out the products and the person offering the investment opportunity out, even if they know them.



**Every year, the Alabama Securities Commission applies to the Governor of Alabama to Proclaim April as: Facts on Saving and Investing Campaign Month.** The picture (on the left) was taken at a signing ceremony in March 2019 with Governor Ivey, and members of the Alabama Department of Senior Services, Alabama Jump\$tart Coalition, and the Alabama Securities Commission.

# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

## Investor Education for Working Adults and Seniors

### ASC presents & displays at Beulah Primitive Baptist Church's May-Fest in Hope Hull, AL

The ASC displayed and presented at the Beulah Primitive Baptist Church on Friday, May 4, 2018. The church hosted a Seniors' Health Expo called "May-Fest 2018." Approximately 400 senior citizens from the local area attended.

The expo theme was baseball and the Montgomery Biscuits' mascot Big Mo made an appearance! Local businesses provided door prizes and a delicious lunch as well.



Diverse topics discussed included senior health issues and the importance of checking and using smoke detectors. ASC Public Affairs Manager, Dan Lord focused on identity theft, affinity fraud and informing the audience on how to properly check the registration of financial professionals and the investment products offered.

### ASC joined with the United States Postal Service and the Alabama Department of Senior Services to present "Fighting Senior Exploitation"

Former House Representative, Paul DeMarco, hosted an "Fighting Senior Exploitation" event at the Hoover Senior Center in Hoover, Alabama, February 27, 2018. Attendees were members of the Hoover New Horizons organization. Amanda Senn, Acting Deputy Director & General Counsel, represented ASC. The focus of the event was to provide educational tools on how to protect yourself from financial investment scams.



Deputy Senn provided information on the rising popularity to invest in risky "Cryptocurrency" and possible pitfalls related to "Free dinner or lunch seminars."

All three organizations share the same interest in helping seniors become more aware of financial scams, how to report suspected fraud and minimize the chances of becoming a victim themselves.

*(Continued on next page)*

# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

## **Auburn University Retirees Association (AURA) host a seminar on “Fraud Targeting Seniors”**

The ASC presented to members of AURA on February 23, 2018 at the Harris Center in Auburn, Alabama. Topics discussed included Affinity Fraud, Sweet Heart Scams and Red Flag Phrases for Investment Fraud. Affinity fraud is an investment scam that preys upon members of identifiable groups, which include churches, the elderly, ethnic groups, and professional groups. Sweet Heart Scams is when a new love may be interested in your life savings rather than you! Red Flag Phrases for Investment Fraud include “Guaranteed to double your Money”, “Low risk for high returns” and “It takes advantage of a little known loop hole in tax laws” etc.

## **Alabama Rep. Terri Collins and Sen. Arthur Orr speak at the Decatur-Morgan Entrepreneurial Center**

The ASC, BBB of North Alabama, and the Decatur-Morgan Entrepreneurial Center organized a seminar, held on May 22, 2018, and invited State Senator Orr and State Representative Collins to speak at the event. Topics of the seminar included laws pertaining to capital formation through crowdfunding, successful business practices and how to avoid financial fraud schemes. The audience included graduates and current students of the Decatur-Morgan Entrepreneurial Center as well as new business entrepreneurs from the local area. ASC’s Ed Reed, Deputy Director Administration, spoke about capital sources, legal compliance, crypto currencies and financial fraud. BBB of North Alabama’s Robin Isbell (Vice President of Finance) spoke about identity theft liability, scams, and other local concerns. Rep. Terri Collins discussed Business Growth and Future Opportunities in North Alabama. Sen. Arthur Orr discussed capital formation and the Great Outlook for Business in North Alabama. Sen. Arthur Orr and Rep. Collins have both sponsored ASC bills to promote capital formation and to help protect Alabama citizens from securities fraud.

## **Youth, High School Student and Teacher Programs Alabama Securities Commission (ASC) partners with Alabama Jump\$Start Coalition (AJC) to educate Alabama Teachers on the importance Saving and Investing**

ASC is a long time board member and supporter of the Alabama Jump\$Start Coalition and provided a seminar to teachers on the importance of incorporating personal finance and investor education into high school student curriculum. Bill Cheeks (Regional Director for Jump \$start), Buffy Murphy (President of Jump\$Start), Dan Lord, (ASC Public Affairs Manager), Ashley Mabry (Assistant Vice President for Trustmark National Bank)

and Leah Wiggins (owner of Leah Wiggins Agency of Farmers Insurance and Financial Services) were presenters.



The teachers can be awarded continuing education credits at the end of the two day seminar. Day one of the conference focused on subjects centered around managing credit and debit, saving and investing, financial services and identity fraud, risk management services. Day two of the conference focused on subjects: Spending and Financial Planning, Enhancing Your Earning Capacity, and Economics and Personal Finance. The teachers received ASC’s free education materials as well as Field Trip Request forms.



# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

## Youth, High School Student and Teacher Programs

### Alabama Jump-Start Coalition (AJC) Promotes Financial Education at the Career and Technical Education Professional Development Conference (July 31, 2018)

About 200 teachers benefited from free financial education curricula, resource materials for Alabama classrooms, and a lunch sponsored by numerous business and other agencies including a grant from the Investor Protection Trust arranged by ASC. The key note speaker at the luncheon was ASC's Education and Public Affairs Manager, Dan Lord. ASC and other AJC members provided financial education seminars to teachers. ASC staff is proud to be a member of the AJC and to assist in the operation of this event to provide financial and investor education to high school teachers from all over Alabama.



*Group picture of teachers and AJC board members*

### Future Business Leaders of Alabama (FBLA) Students and Advisors

As members of the FBLA, high school students explore college and career opportunities through a number of cocurricular educational programs. Members take part in academic competitions, networking events with accomplished business professionals at conferences, and community service projects. Plus, members have exclusive access to scholarships from a select group of academic institutions.

The ASC partnered with the FBLA and conducted investor education presentations at district meetings in FY2018. Over 430 high school students and their advisors received investor education & financial training at Enterprise State Community College, Enterprise, AL and Lawson State Community College, Birmingham, AL.

At the annual FBLA conference in Birmingham held at the BJCC, (April 13, 2018), the ASC presented an investor education program to over 2,400 high school students and their advisors. ASC assisted FBLA in receiving a grant from the Investor Protection Trust, Washington D.C., to defray the cost of these events.

# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

## Distributive Education Clubs of America (DECA) Students and Advisors

DECA prepares emerging leaders and entrepreneurs in marketing, finance, hospitality and management. The high school student members of DECA are smart, dedicated individuals actively involved in preparing for successful careers in marketing, finance, hospitality and management. The ASC assisted DECA in receiving a generous grant from the Investor Protection Trust to defray the conference costs. ASC made an investor education presentation to over 500 high school students and advisors at the annual DECA conference in Birmingham at the BJCC on February 21, 2018.

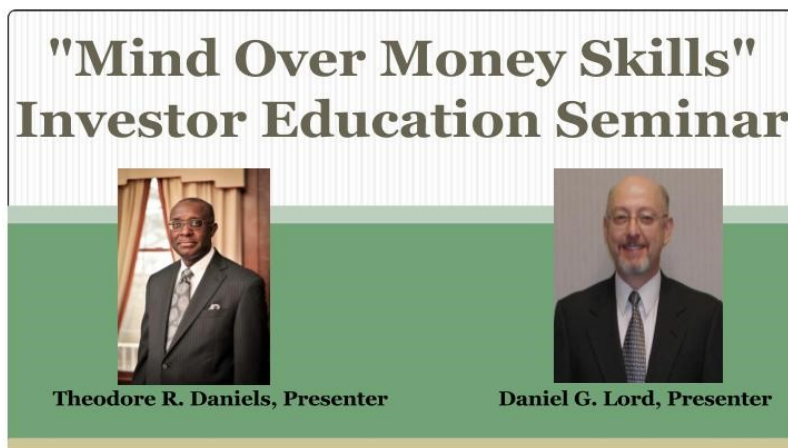


## VISIT THE ASC DURING YOUR HIGH SCHOOL FIELD TRIP!

High School students and teachers from all over Alabama are welcome to visit the Commission at no cost other than to provide their own transportation and lunch. Typical field trips last about four hours and include more than two hours of investor education and information about how ASC regulates the securities industry in Alabama. Also, ASC can schedule a tour of the Capitol or State Archives, upon request, so students can learn more about the Alabama legislative process or the State's history. High School teachers may call 1-800-222-1253 and ask for the Education and Public Affairs Division to schedule a tailor-made field trip.

## ASC Launches Partnered Investor Education Program for Historical Black Colleges and Universities (HBCUs)

During this fiscal year ASC partnered with the Society for Financial Education and Professional Development, Inc. (SFE&PD) and the Investor Protection Trust (IPT), both from Washington D.C., to provide investor education events at HBCUs in Alabama. IPT provided funds in support of events for programs at Miles College in Fairfield, Alabama and Tuskegee University, Tuskegee, Alabama.



# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

## ASC Participates in the Alabama Gerontological Society's (AGS) 2018 Conference

The ASC displayed and presented at the AGS conference, April 4-6, 2018, at the Embassy Suites in Hoover, Alabama. The AGS is a non-profit membership organization devoted to improving the well being of older persons throughout Alabama. AGS brings together individuals, service providers, educators, policy makers, students, and other groups who work in the area of aging or who have an interest in and concern for Alabama's elderly.

ASC staff talked with the healthcare professionals at their exhibitor booth and passed out free education materials. Acting Deputy Senn presented "The Financial Exploitation of Senior Alabamians: The Scams, the Pain, and Tactics for Prevention." Senn highlighted the "Protecting Alabama Elders Act" and "The Protection of Vulnerable Adults From Financial Exploitation Act." Deputy Senn closed by outlining the steps to take if anyone suspects a senior Alabamian is being victimized.



Acting Deputy Senn lectures at AGS Conference



## Alabama Department on Senior Services, Alabama Department of Public Health Training Network and ASC hold webinar on May 11, 2018. Title: "Financial Exploitation of Senior Alabamians - the Scams, Pain, and Tactics for Prevention"

Acting Deputy Director Enforcement & General Counsel Amanda Senn (shown left) and Julie Waters, Program and Planning Division Chief with Alabama Department of Senior Services gave a presentation about Financial Exploitation of Senior Alabamians and Medicare Card information.

The target audience included nurses, social workers, public health professionals, health educators, family caregivers, and others who work with the aging population. Topics covered included health care fraud and senior scams.

Credit hours in continuing education (1.5) are awarded for nurses and social workers for attending the webinar and a questionnaire. The webinar can be found on the Alabama Public Health website.

## ASC presents at the 2018 Elder Justice and Caregiver Conference

Central Alabama Aging Consortium (CAAC) organized a conference that featured ASC Director Joseph Borg, State Representative Paul Beckman, Chief Deputy District Attorney for the 19<sup>th</sup> Judicial Circuit CJ Robinson, Faulkner University- Jones School of Law's Clinical Associate Professor of Law John Craft and American Senior Assistance Programs, Inc. CEO Chanda Crutcher. The event was held at the Doster Memorial Community Center in Prattville. The theme of the conference was "Protecting Seniors from Exploitation and Abuse". The audience

# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

included social workers, nurses, and other professionals from the caregiver profession. Attendees could also receive Continuing Education credits.

Representative Paul Beckman spoke at this event. Beckman sponsored ASC bills that helped protect Alabama senior citizens from financial fraud. ASC has worked cases with the 19<sup>th</sup> Judicial Circuit District Attorney's office and looks forward to combining our efforts to protect citizens of Autauga, Chilton and Elmore Counties from securities fraud. ASC and CAAC are continuing their strong partnership with future events.

## **ASC speaks at an ACAMS (Alabama Chapter of Certified Money Laundering Specialist) event on Fraud Related to Virtual/Crypto Currencies (June 7, 2018)**

ASC's Director Borg was invited to be the featured speaker for ACAMS June event. The members of ACAMS are financial and law enforcement professionals. The event was held at Samford University.



The main topic of discussion was the current Inter-national Crypto crackdown that ASC is participating in. Borg showed examples of how some companies misrepresent themselves by using celebrities pictured as board members or using plagiarized movie scenes to illustrate the high level of security used in their organization. Borg also stated that he feels that the Blockchain technology is useful in tracking inventory, shipments, and etc. However, Cryptocurrency is still relatively new and there are risks associated with investing in new technologies often due to the lack of regulation.

## **Alabama Securities Commission (ASC) presents at the Gulf States Financial Planning Association "Forum for Financial Planning" (August 24, 2018)**

Gulf States Financial Planning Association is a regional chapter of the Financial Planning Association (FPA). ASC was invited to attend 2018's "Forum for Financial Planning". This event allows financial professionals to earn continuing education credits.



Director Borg participated in a panel discussion along with Deborah Shaw, Securities Compliance Examiner for the Securities and Exchange Commission, and Tiffany Chamberlain, Managing Director, Polaris Compliance Consulting, LLC. (shown at table in front).

The topic of the panel discussion was "Hot Topics in Compliance". The discussion was unique because state, federal and the private sector were able to give their views on

compliance issues. The presenters explained the difference between State and SEC examinations, most frequent deficiencies, senior issues, scams and States' securities regulators enforcement statistics.

# LIST OF Investor Education and Fraud Prevention Outreach Programs FY 2018-2019 (Events from October 1, 2018 - July 1, 2019)

Date	Place	#	Audience Type
6/27/19	Montgomery, AL at the RSA Activity Center	220	MCDAO* EJTF* community outreach to seniors
6/25/19	Opelika, AL at the EAMC* Resource Center	40	LRCOG* caregivers conference
6/21/19	Huntsville, AL at the Willowbrook Church	300	TARCOG* community outreach to seniors
6/20/19	Prattville, AL at the Marriott Conf. Center	45	49th Annual Alabama County Government Institute
6/19/19	Tuscaloosa, AL the University of Alabama	170	WARC*community outreach to seniors
6/19/19	Gadsden, AL at the Downtown Civic Center	160	COA* of Etowah County community outreach to seniors
6/18/19	Millbrook, AL at the Civic Center	100	M4A* training for first responders from Millbrook area
6/13/19	Montgomery, AL at Wynlakes Country Club	165	ASCPA* 100th Annual Meeting
6/13/19	Birmingham, AL at the United Way of Cen. AL	60	United Way of CAAAA* community outreach to seniors
6/13/19	Wetumpka, AL at the Civic Center	120	CAAC* Caregiver Conference
6/12/19	Florence, AL at the University of N. Alabama	20	University of N. Alabama Social Worker Alumni Club
6/8/19	Huntsville, AL at Huntsville Senior Center	20	HPCUG* monthly meeting
6/3/19	Decatur, AL at the CAPNA*	140	NARCOG* Fraud Summit for the Decatur, AL area
5/21/19	Daphne, AL at the Daphne City Hall	110	SARPC* community outreach to seniors
5/21/19	Birmingham, AL at Birmingham Urban League	12	HOPE* & BBRC* community outreach
5/21/19	Birmingham AL, at Park Place Apartments	25	HOPE & BBRC community outreach to seniors
5/20/19	Pelham, AL at the Pelham Civic Center	75	M4A community outreach to seniors
5/15/19	Montgomery, AL at WSFA television studios	View-	call in for viewers of WSFA Fraud Line 4-6:30PM
5/14/19	Montgomery, AL at the ASC*	46	MCBA* attorneys attend education seminar
5/9/19	Montgomery, AL at the ASC	35	I.T. professionals "7X24" Meeting
5/8/19	Atmore, AL at Porch Creek Indian Reserv.	65	Senior members of the Poarch Band of Creek Indians
5/2/19	Gulf Shores, AL at the Lodge at Gulf State Park	65	NAIFA* members at annual conference
4/30/19	Birmingham, AL at Princeton Tower Apartments	65	HOPE & BBRC community outreach to seniors
4/25/19	Birmingham, AL at the Innovation Depot	35	Young business entrepreneurs
4/25/19	Montgomery, AL at Down The St. Café	10	Good Morning Kiwanis Club members
4/24/19	Union Town, AL at Community Rec. Ctr	20	AERA* retired teachers
4/23/19	Pleasant Grove, AL at Arbors at Ellington	15	HOPE & BBRC community outreach to seniors
4/22/19	Birmingham, AL at UAB Hill Student Center	100	ACEE* teachers and students awards banquet
4/17/19	Selma, AL at Dallas Cty Family Resource Ctr	45	Partner with ARTC* to train prof. caregivers
4/15/19	Atmore, AL at Porch Creek Indian Reserv.	8	Train financial teachers and caregivers

# Investor Education and Fraud Prevention Outreach Programs FY 2018-2019

Date	Place	#	Audience Type
4/11/19	Addison, Texas at the Renaissance Hotel	100	NASAA* members received investor ed. materials
4/11/19	Montgomery, AL at the ASC	40	Senior Safe training audience
4/11/19	Huntsville, AL at Alabama A&M University	65	College students (Partner with IPT* and SFEPD*)
4/10/19	Centre, AL at Lanny's Restaurant	25	AERA retired teachers
4/9/19	Prattville, AL - Prattmont Baptist Church	20	community outreach to seniors
4/5/19	Tuskegee, AL at the Municipal Complex	85	Partner with SCADC* to teach Professional caregivers
4/2/19	Alabaster, AL at Thompson High School	500	Highschool Students
3/26/19	Bessemer, AL at Bessemer Civic Center	175	M4A training for first responders from Birmingham area
3/26/19	Hayneville, AL -Jackson Steele Elementary	9	Jackson Steele elementary teachers
3/21/19	Montgomery, AL at the ASC	7	consult with FINRA* representatives on senior outreach
3/21/19	Tuscaloosa, AL at Alabama One Credit Union	45	Citizens from the Tuscaloosa area
3/19/19	Montgomery, AL at the ASC	10	Stanhope Elmore Highschool field trip to the ASC
3/19/19	Birmingham, AL at Birmingham Bar Assoc.	100	Lawyers from the Birmingham area
3/11/19	Wetumpka, AL at Coaches Corner Rstrnt	20	Members of the Wetumpka Lions Club
3/8/19	Boaz, AL at Veteran's of Foreign Wars Bldg	120	Alabama Protective Services professional caregivers
3/7/19	Montgomery, AL at Beulah Baptist Church	45	Townhall for seniors from local community
3/5/19	Daphne, AL at the Eastern Shore Baptist Church	85	Prime-Timers senior citizen club
2/28/19	Andalusia, AL at the First Baptist Church	130	Citizens from Andaulisa and surrounding areas
2/27/19	Montgomery, AL at Huntingdon College	18	Students of Huntingdon College
2/26/19	Florence, AL at the TVA Credit Union	20	Members of the Florence Investment Club
2/20/19	Orange Beach, AL at the Perdido Beach Resort	45	ASCW* Conference
2/20/19	Birmingham, AL at the BJCC	400	DECA* Conference for Alabama High School students
2/12/19	Cullman, AL at the Chamber of Commerce	55	Fraud Summit for Cullman, AL & surrounding areas
2/7/19	Montgomery, AL at AL Center for Commerce	29	ADSS* professional staff training
2/5/19	Wetumpka, AL at Rotary Club Meeting Rm	38	Wetumpka Rotary Club
2/5/19	Orange Beach, AL at the Island House Hotel	40	AARB* conference
1/25/19	Marion, AL at Lottie's Restaurant	54	AAUW* Marion Chapter, women college graduates
1/10/19	Gadsden, AL at the Civic Center	40	AERA members (retired teachers)
12/17/18	Andalusia, AL at the First Baptist Church	8	Planning meeting for 2019 Andalusia outreach event
12/13/18	Montgomery, AL at the Commerce Center	14	ADSS Senior Medicare Patrol training

## Investor Education and Fraud Prevention Outreach Programs FY 2018-2019

Date	Place	#	Audience Type
12/12/18	Montgomery, AL at the ASC	View-	WHNT TV Huntsville - Facebook live audience
12/12/18	Florence, AL at the Florence Coliseum	100	BBB* NACOLG* & ADSS caregiver training seminar
12/7/18	Huntsville, AL at the Copper House	120	Huntsville-Madison County Bar Association
12/6/18	Cullman, AL - St Johns Evangelical Church	60	Cullman Rotary Club
12/4/18	Montgomery, AL at the Capital City Club	25	Stock Talks Group
12/3/18	Montgomery, AL at Lakeview Baptist Church	100	Somerset Homeowners Association annual meeting
11/30/18	Trussville, AL at the Senior Center	30	Partner with former Rep DeMarco to reach seniors
11/29/18	Montgomery, AL at Federal Court House	30	MCBA and FBA* Bench and Bar Conference
11/15/18	Montgomery, AL at the ASC	21	ADSS and Council for Prevention of Elder Abuse
11/14/18	Florence, AL - Lauderdale Cty Board of Edu	25	AERA retired teachers
11/14/18	Chatom, AL at the Scott House	29	AERA retired teachers
11/8/18	Montgomery, AL at Public Library Service	23	ARSEA* Taylor Road Chapter, senior citizens
11/6/18	Tuskegee, AL at Tuskegee University	38	Students at Tuskegee University
11/2/18	Montgomery, AL at Wynlakes Country Club	210	Accountants, Montgomery Branch of AGA*
10/30/18	Montgomery, AL at the Drury Inn	70	ASHL* annual meeting
10/18/18	Hayneville, AL at Orchard Park Apartments	11	Residents at the Orchard Park Apartments
10/16/18	Atlanta, GA at Georgia State University	5	Citizen outreach & edu. planning meeting with IPT*
10/12/18	Hayneville, AL at Lowndes Cty Courthouse	18	AERA members (retired teachers)
10/9/18	Guntersville, AL at the Senior Center	105	BBB, AAA* and ASC Scam Jam for local seniors
10/4/18	Boaz, AL at Snead State Community College	240	FBLA* high school students and advisors
10/4/18	Moulton, AL at First UMC*	32	BBB, AAA and ASC Scam Jam for local seniors
10/2/18	Hoover, AL at the Hoover Public Library	30	FPA* of North Alabama Training Forum
10/2/18	Decatur, AL at Calhoun Community College	180	FBLA high school students and advisors
10/1/18	Huntsville, AL at Redstone FCU*	105	BBB, AAA and ASC Scam Jam for local seniors

During FY 2018-2019 (as of July 1, 2019) ASC has conducted **84** events that provided investor education and fraud prevention with free materials to over **6,240** citizens (Includes: high school students, college students, working adults, senior retirees, and professional organizations like enforcement and caregivers).

# LIST OF Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

Date	Place	#	Audience Type
9/20/18	Mobile, AL at the State Docks	30	Empower State Employee Retirement Seminars
9/19/18	Montgomery, AL - Dept. of Agriculture & Industries	100	Empower State Employee Retirement Seminars
9/19/18	Montgomery, AL at the Capital City Club	40	Montgomery Federalist Society
9/18/18	Birmingham, AL at Lawson State Comm. College	250	FBLA* high school students and their advisors
9/18/18	Hoover, AL at the Hoover Public Library	43	Empower State Employee Retirement Seminars
9/17/18	Huntsville, AL at AL Dept. of Rehab Services	42	Empower State Employee Retirement Seminars
9/14/18	Montgomery, AL at Auburn Univ. Montgomery	55	Baptist Hospice CEU Day for nurses and social workers
9/11/18	Montgomery, AL at the Renaissance Hotel	75	ARSEA* 38th Annual Convention
8/24/18	Mobile, AL at the Convention Center	50	FPA* of Gulf States Forum
8/7/18	Vestavia Hills, AL at Vestavia Hills UMC*	230	Seniors and Caregivers from the Vestavia Hills area
8/4/18	Gadsden, AL at the Church at Wills Creek	175	Ms. Alabama Senior Pageant (family/friends of contestants)
8/3/18	Gadsden, AL at the Church at Wills Creek	55	Ms. Alabama Senior America Pageant Reception Dinner
8/1/18	Perdido Beach, AL at the Perdido Beach Resort	54	Alabama Circuit Court Clerks
7/31/18	Birmingham, AL at the BJCC	200	Jump\$tart Coalition providing training at teacher conference
7/24/18	Millbrook, AL at Hamilton Place Apartments	11	Residence of Hamilton Place (55+)
7/17/18	Huntsville, AL at Redstone Arsenal	70	Redstone Operations Security event for military/civilian employees
7/14/18	Huntsville, AL at Huntsville-Madison Senior Center	18	Members of the HPCUG*
7/11/18	Union Springs at the Community Bank	20	Employees of Community Bank
7/11/18	Troy, AL at the New Beginning for You Center	49	SCADC* Elder Abuse Caregiver Summit
6/29/18	Destin, FL at the Hilton Sandestin Beach	70	Alabama State Bar Annual Meeting Breakout Session
6/28/18	Destin, FL at the Hilton Sandestin	220	Alabama State Bar Annual Meeting General Session
6/28/18	Montevallo, AL at the American Village	70	M4A* caregivers form Shelby County
6/28/18	Muscle Shoals, AL at NW Shoals Comm. College	28	NACOLG* Advisory Council
6/20/18	Vestavia Hills, AL at the City Hall	10	Senior event planning with Mayor, FBI and community officials
6/18/18	Birmingham, AL at the Birmingham Marriott	28	Jump\$tart Coalition Teacher Training Program
6/15/18	Huntsville, AL at the Redstone FCU* Atrium	80	Partner with BBB* of N. AL. to train nurses and senior caregivers
6/13/18	Union Springs, AL at the Richard Stone Complex	25	DHR* training event for Social Workers and caregivers
6/13/18	Atlanta, Georgia at Georgia State University	85	SEC* Investing in America Town Hall, citizens from GA and AL
6/7/18	Birmingham, AL at Samford University	35	ACAMS* Chapter Meeting
5/23/18	Montgomery, AL at the Folsom Building	13	State of Alabama Personnel Board
5/22/18	Decatur, AL at Decatur-Morgan Entrepreneurial Ctr.	55	Partner with BBB to train Entrepreneurial Center Students
5/18/18	Florence, AL at the Florence Lauderdale Coliseum	150	NACOLG Senior Citizen Appreciation Day



## Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

Date	Place	#	Audience Type
5/15/18	Prattville, AL at the Doster Center	70	CAAC* Justice and Caregiver conference
5/10/18	Montgomery, AL at the RSA Tower	**450	ADSS* webinar for Social Workers, Nurses & Healthcare
5/9/18	Hamilton, AL at the Hamilton Police Department	40	ASC and NACOLG train professional caregivers
5/4/18	Hope Hull, AL at Beulah Primitive Baptist Church	400	May fest 2018 - Seniors' Health Expo
4/25/18	Birmingham, AL at the UAB Hill Student Center	50	ACCE* annual Teacher Awards ceremony
4/25/18	Florence, AL at University of North Alabama	12	ASC and NACOLG train professional caregivers
4/18/18	Prattville, AL at the Chapter One Center	22	Autauga County AERA* Chapter- retired teachers
4/17/18	Selma, AL at Morningstar Baptist Church	19	Dallas County AERA Chapter- retired teachers
4/13/18	Birmingham, AL at the BJCC convention center	2400	FBLA high school students and their advisors
4/13/18	Andalusia, AL at the Central Church of Christ	42	Health Community Resource Fair
4/5/18	Hoover, AL at the Embassy Suites	56	AGS* 2018 Annual Conference - visitors at display
4/5/18	Prattville, AL at the Doster Center	40	Lions Club meeting
4/4/18	Hoover, AL at the Embassy Suites	50	AGS 2018 Annual Conference- professional caregivers
4/4/18	Phoenix City, AL at the Central Activities Center	28	Russell County AERA Chapter- retired teachers
3/20/18	Huntsville, AL at University of Alabama in Huntsville	30	NW3C* & FINRA* event for police officers and enforcement
3/14/18	New Orleans, LA at the NASAA* Training Conf.	70	Investor Educators from North America
3/8/18	Montgomery, AL at the Troy University radio studio		Listeners in the broadcasting area
3/3/18	Birmingham, AL at the UAB Financial Expo	52	Citizens from the surrounding community
3/2/18	Birmingham, AL at the UAB Prof. Dev. Summit	10	Professionals in education and business
2/27/18	Hoover, AL at the Hoover New Horizons Center	115	Senior citizens from the surrounding community
2/27/18	Montgomery, AL at the RSA Plaza	45	Members of National Assoc. of Ins. & Financial Advisors
2/23/18	Auburn, AL at the Hubert & Grace Harris Center	19	Members of AURA*
2/21/18	Birmingham, AL at the BJCC convention center	400	DECA* high school students & advisors from all over Alabama
2/20/18	Union Springs, AL at the Macedonia Baptist Church	45	Senior citizens from the surrounding community
2/16/18	Montgomery, AL at the AL Securities Comm.	22	Stanhope Elmore High School financial education students
2/8/18	Montgomery, AL at Down the Street Café	15	Members of the Montgomery Good Morning Kiwanis
2/1/18	Montgomery, AL at the AL Securities Commission		WSFA TV audience - Dir. Borg on Cryptocurrency
1/24/18	Birmingham, AL at the Botanical Gardens	60	Train prof. caregivers with Human Resource Options LLC.
1/23/18	Montgomery, AL at the Jubilee restaurant	20	AARB* members & state legislators
11/30/17	Vestavia Hills, AL at the Vestavia Hills City Hall	30	Members of the Sunrise Rotary Club

## Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

Date	Place	#	Audience Type
11/16/17	Tuskegee, AL at the Tuskegee University	40	Partner with the SFEPD* to teach college students
11/15/17	San Diego at the AFCPE* annual conference	40	Present with IPT* to members of AFCPE
11/13/17	Montgomery, AL at the Drury Inn	100	Present to the Alabama Silver Haired Legislature
11/8/17	Montgomery, AL at the AL Attorney General's Office	8	Prosecutors and Enforcement Officials -- about Elder Abuse
11/2/17	Mountain Brook, AL at the Grand Bohemian Hotel	100	FPA members and state officials
10/31/17	Montgomery, AL at Holiday Inn Express--East Chase	40	Assoc. of Fund Raising Professionals--Central Alabama
10/24/17	Hoover, AL at the Hoover Public Library	70	Local citizens, a partnered event with the FPA of N. Alabama
10/18/17	Birmingham, AL at downtown 1st Presbyterian Church	15	Caregivers, Victim Action Training with FINRA and NCVC*
10/17/17	Andalusia, AL at the Blue Lake Methodist Camp	70	Partner with AAA* to teach caregivers
10/16/17	Fairfield, AL at Miles College	30	Partner with the SFEPD to teach college students
10/13/17	Montgomery, AL at the AL Securities Commission	2	Provide program training to new Tennessee counterpart
10/11/17	Montgomery, AL at the RSA Plaza	70	ASC event for Enforcement professionals from AL and USA
10/4/17	Enterprise, AL at Enterprise State Community College	180	FBLA high school students and their advisors

During FY 2018-2019 (as of July 1, 2019) the ASC conducted **84** events that provided investor education and fraud prevention with free materials to over **6,240** citizens (Includes: high school students, college students, working adults, senior retirees, and professional organizations like enforcement and caregivers).

During FY 2017-2018 the ASC conducted **75** events that provided investor education and fraud prevention with free materials to over **7,069** citizens (Includes: high school students, college students, working adults, senior retirees, and professional organizations like enforcement and caregivers).

During FY 2016-2017 the ASC conducted **78** events that provided investor education and fraud prevention with free materials to over **6,797** citizens (Includes: high school students, college students, working adults, senior retirees, and professional organizations like enforcement and caregivers).

During FY 2015-2016 the ASC conducted **87** events that provided investor education and fraud prevention with free materials to over **4,929** citizens (Includes: high school students, college students, working adults, senior retirees, and professional organizations like enforcement and caregivers).

# Investor Education and Fraud Prevention Outreach Programs FY 2017-2018

## Explanation of asterisked items:

*AAA = Area Agency on Aging	*FBLA = Future Business Leaders of America
*AAUW = American Association of University Women	*FCU = Federal Credit Union
*AGA = Association of Government Accountants	*FINRA = Financial Industry Regulatory Authority
*AARB = Alabama Association of Regulatory Boards	*FPA = Financial Planning Association
*ACAMS = AL Ch. of Cert. Anti Money Laundering Spec.	*HOPE = Operation Hope
*ACEE = Alabama Council on Economic Edu.	*HPCUG = Huntsville PC User Group
*ADSS = Alabama Dept. of Senior Services	*IPT = Investor Protection Trust, Washington, DC
*AERA = Alabama Education Retirees Association	*LRCOG = Lee- Russel Council of Governments
*AGS = Alabama Gerontological Society	*M4A = Middle Alabama Area Agency on Aging
*ASC = Alabama Securities Commission	*MCBA = Montgomery County Bar Association
*ASCW = Alabama Conference of Social Work	*MCDAO = Montgomery County District Attorney's Office
*ASHL = Alabama Silver Haired Legislators	*NACOLG = The Northwest Alabama Council of Local Governments
*ASCPA = Alabama Society of Certified Public Accountants	*NARCOG= North Central Alabama Regional Council of Local Gov-
*ARSEA = Alabama Retired State Employee's Assoc.	*NAIFA = National Association of Insurance and Financial Advisors
*ARTC = Alabama Tombigbee Regional Commission	*NASAA = North American Securities Administrators Association
*AURA = Auburn University Retiree Association	*NCVC = National Center for Victims of Crime
*BBB = Better Business Bureau Serving North AL	*NW3C = National White Collar Crime Center
*BBRC = Birmingham Business Resource Center	*SARPC = South Alabama Regional Planning Commission
*CAAC = Central Alabama Aging Consortium	*SCADC= South Central Alabama Development Commission
*CAPNA = Community Action Partnership of North AL	*SEC = U.S. Securities and Exchange Commission
*DECA = Distributive Education Clubs of America	*SFEPP = Society for Financial Edu. and Professional Development
*DHR = Department of Human Resources	*UMC = United Methodist Church
*EAMC =East Alabama Medical Center	*WARC = West Alabama Regional Commission
*EJTF = Elder Justice Task Force	*Viewers: not counted in total number trained
*FBA = Federal Bar Association	

# Investor Education and Fraud Prevention Outreach Programs Summaries

## FISCAL YEAR 2018 - 2019



DIRECTOR BORG SPEAKS TO SENIORS IN ANDALUSIA, AL

### FISCAL YEAR 2018 - 2019

As of July 1, 2019 The Alabama Securities Commission conducted **84** investor education and fraud prevention outreach seminars reaching **6,240** citizens.

## FISCAL YEAR 2017 - 2018



DEPUTY DIRECTOR SENN SPEAKS TO SENIORS IN HOOVER, AL

### FISCAL YEAR 2017 - 2018

The Alabama Securities Commission conducted **75** investor education and fraud prevention outreach seminars reaching **7,069** citizens.

## FISCAL YEAR 2016 - 2017



ASC DAN LORD PROVIDES INSTRUCTION TO STUDENTS AT UNIVERSITY OF AL

### FISCAL YEAR 2016 - 2017

As of July 1, 2019 The Alabama Securities Commission conducted **78** investor education and fraud prevention outreach seminars reaching **6,797** citizens.

## FISCAL YEAR 2015 - 2016



DIR. BORG ADDRESSES AUDIENCE AT SENIOR EVENT IN MONTGOMERY

### FISCAL YEAR 2015 - 2016

As of July 1, 2019 The Alabama Securities Commission conducted **87** investor education and fraud prevention outreach seminars reaching **4,929** citizens.

## NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION ASC INVOLVEMENT DURING FY 2018

The Commission continues its membership with the North American Securities Administrators Association (NASAA). NASAA is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

As a NASAA member, the Commission joins other securities administrators in the promotion of programs focusing on investor education, information sharing, and cooperative enforcement efforts; and, in promoting uniformity of state securities requirements and other actions necessary for effective state and federal securities regulation.

The ASC Director Borg was President for NASAA starting in the fall of 2017, this term made him the only three term president of the North American Securities Administrators Association (NASAA). During this FY he served on the Board of Directors, the Capital Formation Committee, and the Cybersecurity Committee. He served as NASAA President from September 2001 thru September 2002 and again from September 2006 thru September 2007. He has served for sixteen years as a member of the Board of Directors and held previous positions with NASAA to include Chair of Enforcement, Chair of International Committee, Treasurer, Ombudsman and member of the Uniform Securities Act Committee.

ASC staff members have participated in committees and project groups, comprised of regulatory counterparts from other states and countries, to develop policy guidelines and to consider issues of financial education, registration, licensing, litigation and enforcement.

NASAA programs are carried out through its various committees and project groups. During FY 2018, ASC staff served on or participated in the following: Capital Formation Committee, Cybersecurity Committee, Enforcement Section Committee, Finance & Audit Committee—Working Group, Professional Development Committee, Business Organizations & Accounting Project Group (PG), Cybersecurity and Technology PG, Deposition & Litigation Skills Training PG, Enforcement Training PG, Life Stages PG, Market and Regulatory Policy and Review PG, and Operations PG.

The Commission intends to continue active participation on various NASAA committees, which, in coordination with the SEC, FINRA, NASDAQ, NYSE, industry representatives, the accounting and legal professions, and other related groups, have promulgated national uniform standards and guidelines. The adoption of these uniform policies alleviate burdens on those sectors of the securities industry by eliminating duplicative examination and registration requirements, thus reducing the amount of time, money, effort, and paperwork required, and achieving less costly and more effective regulation of the industry. Such guidelines apply to the following types of securities activities and filings: licensing, registration, audits, oil and gas, real estate, real estate investment trusts, commodity pools, equipment leasing, health care facilities programs, offerings on the Internet, and others.



# ALABAMA SECURITIES COMMISSION

## ENFORCEMENT HEADLINES FYs 2015-2019 (BY COUNTY)

### Baldwin County

#### **California Man Pleads Guilty to Securities Fraud in Baldwin County**

**September 28, 2018** - Robert Wilters, District Attorney for the 28th Judicial Circuit, Baldwin County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on September 20, 2018 Vahak Dino Awadisian (Awadisian), of California, pleaded guilty in Baldwin County Circuit Court to one count of Securities Fraud for making misstatements and omissions of material fact to investors. The offense was a Class C felony at the time it was committed, punishable by not less than one year and one day, but no more than 10 years in prison, and a fine not to exceed \$15,000.



After the plea was entered, The Honorable Circuit Court Judge C. Joseph Norton sentenced Awadisian, as part of his plea agreement, to 36 months in the custody of the Alabama Department of Corrections. That sentence was suspended, and Awadisian was placed on supervised probation for 24 months. There was no restitution due to any investors. As part of the plea, Awadisian also consented to be permanently barred from the securities industry in Alabama.

Awadisian's plea is the result of a November 2013 indictment by the Baldwin County Grand Jury. Awadisian participated in a conference call with a co-defendant in Baldwin County during which they promoted a "Trading Platform Program." They told investors that they had successfully traded billions of dollars in these programs, when in fact they had not. Awadisian also omitted to inform the investors that he had twice filed for bankruptcy. The fact that a broker or agent has filed for bankruptcy is a material fact for an investor to consider when deciding whether to invest, which the broker or agent must disclose when offering or selling a security.

The ASC is grateful for the cooperation and dedication of the United States Marshals Service, Interpol, and the Baldwin County Sheriff's office for locating, apprehending, and coordinating Awadisian's extradition from Moldova to Baldwin County, Alabama.

**Community Education Program for Seniors Held in Robertsdale, Alabama Special Guest U.S. Rep. Bradley Byrnes Attends and Addresses Key Issues MONTGOMERY, ALABAMA August 24, 2017** - U.S. Rep. Bradley Byrne, together with officials from the Alabama Securities Commission (ASC), the Alabama Department of Senior Services (ADSS), South Alabama Regional Planning Commission (SARPC) and the City of Robertsdale, hosted a Community Education Program for Seniors on August 23, 2017 at PZK Hall in Robertsdale. More than 70 seniors from the Greater Baldwin County area heard comments and presentations addressing issues of importance to their long-term social, medical and financial well-being.

Julie McGee, Director of SARPC's Area Agency on Aging, welcomed attendees, speakers and vendors and introduced long-time Robertsdale Mayor, Charles Murphy. After welcoming comments, Mayor Murphy introduced the day's special guest, Rep. Bradley Byrne who spoke about the challenges facing Alabama's seniors and the role federal, state and local lawmakers play in helping seniors.

Emily Marsal, General Counsel of ADSS, spoke on the various programs that the Alabama Department of Senior Services offered and highlighted some of the statistics which indicate a better quality of life for seniors who are being served by these programs. She also spoke about the work of the Interagency Council for the Prevention of Elder Abuse and the recent efforts in the past session to pass the Elder Abuse Protection Order and Enforcement Act.

**Joseph Borg, Director of ASC, spoke about the role that the Alabama Securities Commission plays in helping protect the long-term financial well-being of Alabama's seniors. Speaking about "How to Protect Yourself from Financial Fraud," Borg described the many dangers that seniors face from a multitude of illicit schemes and fraudulent sales pitches targeting their retirement savings and investments.**

## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

**Arizona Man Pleads Guilty to Securities Fraud Charges MONTGOMERY, ALABAMA May 18, 2017** – Larry Busch, of Anthem, Arizona, pleaded guilty in Baldwin County Circuit Court, on April 27, 2017, to one count of Conspiracy to Commit Securities Fraud for agreeing with others, including previously convicted Baldwin County resident Richard James Tucker, to defraud investors by employing a device, scheme, or artifice to defraud in connection with the offer and/or sale of securities. The offense is a Class C felony, punishable by a term of not more than 10 years or less than 1 year and 1 day imprisonment, and a fine not to exceed \$15,000. After the plea was entered, The Honorable Circuit Court Judge Scott P. Taylor sentenced Busch to a term of imprisonment of one year and one day.

The sentence was ordered to be served concurrently with a one year sentence Busch is currently serving in Arizona on related convictions. Judge Taylor further ordered Busch to pay court costs and fees. Restitution to the victims was already awarded in the Arizona case. As part of the plea, Busch also consented to be permanently barred from the securities industry in Alabama. The Alabama cases against Busch and over a dozen co-conspirators in two counties were the result of the coordination of multiple investigations by Alabama, Arizona, Federal, and international authorities.

The sentence was ordered to be served concurrently with a one year sentence Busch is currently serving in Arizona on related convictions. Judge Taylor further ordered Busch to pay court costs and fees. Restitution to the victims was already awarded in the Arizona case. As part of the plea, Busch also consented to be permanently barred from the securities industry in Alabama. The Alabama cases against Busch and over a dozen co-conspirators in two counties were the result of the coordination of multiple investigations by Alabama, Arizona, Federal, and international authorities.

The investigations looked into a large group of perpetrators of investment fraud, and have resulted in more than 20 felony convictions in Alabama, Arizona, California, and Italy. Busch was indicted by the Baldwin County Grand Jury in December 2014. Busch acted as an attorney “paymaster” and received investment funds into his attorney trust and escrow accounts that were solicited from investors by his co-conspirators.

The coconspirators represented to victim investors that they could secure financing for various projects by investing in standby letters of credit, bank guarantees, commodities trading programs and other investment products. The co-conspirators represented to investors that their funds would remain safe in Busch’s accounts until the investments matured. Instead, all of these programs were fictitious, and the invested funds were almost immediately wired out of Busch’s accounts to the various co-conspirators where they were spent on personal expenses. The participation of Busch, claiming to hold funds in his attorney accounts, was a major factor that lulled investors into believing their investments were secure. Neither Busch, his co-conspirators, nor any of the securities they sold, were registered with the ASC, as required by Alabama law.

**Louisiana Man Pleads Guilty to Securities Registration Charge in Baldwin County, Alabama February 2, 2017** - On January 30, 2017, Bruce Alexander Gwyn of Metairie, Louisiana pleaded and was adjudicated guilty in Baldwin County Circuit Court to one count of Sale of Securities by an Unregistered Agent. The securities registration charge is a Class C felony, punishable by a possible prison sentence of one year and a day to 10 years’ incarceration and not more than a \$15,000 fine per charge, upon conviction. Gwyn is scheduled to be sentenced on March 23, 2017, and must pay restitution of \$20,000 and \$25,000 to the two victims (\$45,000 total) prior to sentencing.

Gwyn remains out on bond prior to sentencing. The charges against Gwyn resulted from two indictments by the Baldwin County Grand Jury, issued in August 2015 and February 2016, related to the offer and sale of securities, described as limited partnership interests in Level III Trading Partners, L.P., to approximately 20 investors nationwide, including the two Alabama citizens referenced as victims in the indictments. ASC records revealed that, at the time of the offense, Gwyn was not registered with the Commission to offer and/or sell securities legally into, within, or from Alabama, as required by law.

California resident, Deshaun Williams, Pleads Guilty to Securities Violations in Baldwin County, Alabama Circuit Court October 3, 2016 – Deshaun Williams, a California resident, pled guilty to one count of Sale of a

## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

Security by an Unregistered Agent, a Class C felony, punishable by imprisonment of not less than one year and not more than 10 years, and up to a \$15,000 fine per charge upon conviction. Williams' plea was followed by the State of Alabama recommending a two-year sentence and a permanent bar to conduct securities business within, into or from Alabama.

Williams has been incarcerated in Baldwin County, Alabama since March 31, 2016. In January, 2009, Williams and another California resident, together with Richard James Tucker of Fairview, Alabama, who was the CEO of Synergy Finance Group, LLC, an Alabama company, offered multiple unregistered investment contracts in "international trading platforms" to potential investors. Thereafter, Tucker offered the same promises to entice victims to send investment funds to Synergy Finance Group, LLC, promising exorbitant returns. On April 13, 2012, Tucker was convicted of 13 felony counts of securities fraud in Baldwin County, Alabama Circuit Court.

An ASC Enforcement Division investigation also concluded that no investment program pitched by Synergy Finance Group, LLC ever realized a profit for investors. A review of ASC registration records also indicated that Williams was not registered to conduct securities business within, into or from Alabama, as required by the Alabama Securities Act.

### **Louisiana Man Arrested for Second Time for Alleged Violations of Alabama Securities Act April 12, 2016 -**

Bruce Alexander Gwyn of Metairie, Louisiana was arrested by the Baldwin County, Alabama Sheriff's office following an indictment by a February, 2016 session of the Baldwin County Grand Jury in connection with alleged violations of the Alabama Securities Act. Gwyn turned himself in to Baldwin County Sheriff's office on April 5, 2016 and was released on a \$15,000 bond. Gwyn was charged with two counts of Fraud in Connection with the sale of Securities; specifically, making untrue statements of material facts or omitting to state a material fact; and employing a device, scheme or artifice to defraud. The fraud charges are Class B felonies, carrying a possible sentence ranging from two to 20 years' incarceration and not more than a \$30,000 fine per charge, upon conviction. Additionally, the indictment charged Gwyn with two counts of Sale of Securities by an Unregistered Agent. The securities registration charges are Class C felonies, punishable from one year and a day to 10 years' imprisonment and not more than a \$15,000 fine per charge, upon conviction. The indictment alleges that Gwyn offered and sold securities, described as limited partnership interests in Level III Trading Partners, L.P., as well as shares of stock in Treaty Energy Corporation ("TECO") to Alabama investors. Gwyn allegedly pooled investor funds in an account held or controlled by him and failed to use investor funds as represented, instead using funds to pay other investors, make unauthorized investments, or for unrelated expenses or liabilities. The new charges against Gwyn are in addition to those that resulted in his prior arrest in Baldwin County in September, 2015, which resulted from the August, 2015 session of the Baldwin County Grand Jury. The earlier indictment charged Gwyn with five alleged securities violations related to Level III Trading Partners, L.P. Gwyn turned himself in to Baldwin County Officials on September 18, 2015, was released on a \$20,000 bond and was required to surrender his passport.

### **Man Indicted in Baldwin County (2013), Apprehended and Arrested in Palmdale, California see 2016 headline no need April 1, 2016 -**

On March 31, 2016, officials of the Los Angeles County, California Sheriff's Department arrested fugitive Deshaun Williams in Palmdale, California for alleged violations of securities law in Alabama. He was transported to a jail facility in Palmdale, California pending extradition to Baldwin County, Alabama. Williams' arrest was made possible by members of the Los Angeles County, California Sheriff's Department Major Crimes Bureau and the U.S. Marshal's Fugitive Task Force. In December 2013, Williams was indicted by a Baldwin County, Alabama Grand Jury on one count each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Both charges are Class C felonies, punishable by one year and one day to 10 years' imprisonment and not more than a \$15,000 fine per charge, upon conviction. Williams was also charged with one count of Fraud in Connection with the Sale of Securities, a Class B felony, punishable by two to 20 years' incarceration and not more than a \$30,000 fine per charge, upon conviction.

### **Mobile County, Alabama Man Arrested for Alleged Securities Violations October 2, 2015 -**

Richard James Tucker, of Mobile, Alabama, was arrested on September 28, 2015 by Baldwin County, Alabama Sheriff's Department deputies for alleged violations of the Alabama Securities Act. Tucker's arrest was the result of a June, 2015 Baldwin County Grand Jury indictment charging him with three counts of Fraud in Connection with the Sale of Securities. Specifically, Tucker was charged with one count each: Conspiracy to Commit Securities Fraud; Em-



## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

ploying a Device, Scheme or Artifice to Defraud; and Misrepresentation/Omitting to State a Material Fact. The charges against Tucker are Class B Felonies, punishable from two to 20 years' incarceration and up to a \$30,000 fine per charge, upon conviction. Tucker's bond was set at \$175,000.

**Louisiana and Alabama Men Arrested in Baldwin County for Alleged Violations of Alabama Securities Act September 22, 2015-** Bruce Alexander Gwyn of Metairie, Louisiana; and James Anthony Ghio, of Fair-hope, Alabama, were arrested by the Baldwin County, Alabama Sheriff's Office following an indictment by an August, 2015 session of the Baldwin County Grand Jury in connection with alleged violations of the Alabama Securities Act. Gwyn turned himself in to Baldwin County officials on September 18, 2015 and was released on \$20,000 bond. Ghio was arrested on September 12, 2015 and was released on a \$20,000 bond. Both Gwyn and Ghio were required to surrender their passport. Gwyn was charged with one count of Sale of Unregistered Securities, and one count of Sale of Securities by an Unregistered Investment Adviser. The securities registration charges are Class C felonies, punishable from one year and a day to 10 years' imprisonment and a \$15,000 fine per charge upon conviction. Additionally, Gwyn is charged with three counts of Fraud in Connection with the Sale of Securities; specifically, making an un-true statement of material fact or omitting to state a material fact and employing a device, scheme or artifice to defraud. The fraud charges are Class B felonies, punishable from two to 20 years' incarceration and a \$30,000 fine per charge upon conviction. Gwyn's co-defendant, Ghio is charged with one count of Sale of Securities by an Unregistered Agent, a Class C felony, carrying a possible maximum sentence from one year and a day to ten years' imprisonment and not more than a \$15,000 fine per count upon conviction. The Indictment alleges that Gwyn and Ghio offered or sold securities, more specifically described as limited partnership interests in Level III Trading Partners, L.P. to an Alabama resident. The indictment also alleges that Gwyn made an untrue statement of material fact or an omission and employed a scheme or artifice to defraud, in that he failed to use investor funds as represented, and instead used funds to pay other investors, make unauthorized investments, or for unrelated expenses. Further, the indictment alleges that Gwyn made a material misrepresentation or omission by representing that yearly financial statements and monthly progress reports would be provided to investors.

**Baldwin County Man Pled Guilty to Involvement in Prime Bank Scheme June 29, 2015 -** Henry Young, a New York resident, pled guilty to one count of Sale of Unregistered Securities, a Class C felony, punishable by a sentence not to exceed 10 years' imprisonment and a fine up to a \$15,000. Young's conviction is the result of his participation in a Prime Bank Fraud Scheme. Young's plea before Judge J. Langford Floyd was followed by the State of Alabama recommending a year and a day in prison. Young applied for probation and the Court instructed him, that his probation is contingent on payment of \$100,000 in restitution to the victim and \$3,300 for extradition costs to the Baldwin County Sheriff's Office within 90 days. Young was released on the original \$10,000 investor, that if he would invest \$705,000 with them, they could get him a Bank Instrument worth \$10 million. It was further represented that the Bank Instrument would be a non-recourse loan" that did not have to be paid back. The investor was seeking funding to develop a new airport in California. Relying on their representations, the investor wired the money to Tucker who kept and spent \$350,000; the remainder was sent to Judd. The funds received by Young were spent for personal expenses. No Bank Instrument was ever produced, and the victim lost his entire investment of \$705,000.

**Synergy Finance Group Co-Conspirator Enters Guilty Plea of Conspiracy to Commit Securities Violations in Baldwin County, Alabama Circuit Court April 3, 2015 -** Scott Anthony Koster, a Minnesota resident, pled guilty to one count of Securities Fraud, a Class C felony, punishable by a sentence not to exceed 10 years' imprisonment and up to a \$15,000 fine per charge, upon conviction. Koster's plea was followed by the State of Alabama recommending a 10-year sentence to be split for the time served. Koster has been incarcerated in Baldwin County, Alabama since March 28, 2014 and will be jointly and severally liable for the restitution balance of \$1,910,066.79 remaining from the conviction of a Richard James Tucker, of Fairview, Alabama, involving criminal activities associated with Synergy Finance Group, LLC, a Robertsdale, Alabama company. Koster will be transferred to Madison County, Alabama for outstanding indictments charging him with additional alleged violations of the Alabama Securities Act involving a purported gold trading program being operated from Ghana, Africa. The nature of the Baldwin County scheme involved the fraudulent solicitation of investor funds that were purportedly to be used to obtain bogus bank instruments, commonly associated with "Prime Bank" fraud. High-yield or "Prime Bank" investment schemes lure prospective investors to invest money in illicit "high-yield," bank-issued securities that perpetrators market as being exclusive and unavailable to the general public.

## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

### Calhoun County

#### **California Man Pleads Guilty to Securities Fraud**

**September 5, 2018** - Brian A. McVeigh, District Attorney for the 7th Judicial Circuit, Calhoun County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that Daniel Scott Register ("Register"), of Valencia, California, pled guilty before Circuit Judge Bud Turner to one count of Securities Fraud in violation of the Alabama Securities Act and agreed to pay restitution in the amount of \$26,240.30 to the Alabama victim.

The charge stems from a fraudulent investment in gold and precious metals. In 2011, Register advised an Alabama investor to liquidate a retirement account, holding approximately \$26,000, and further directed him to transfer the money to an individual retirement account for the purpose of purchasing gold or other precious metals. Register, leading the victim to believe that the money had been invested in gold and precious metals, provided the victim a Wall Street Bullion Exchange invoice which falsely represented a purchase of gold on behalf of the investor.



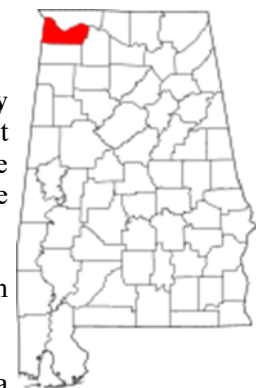
**California Man Arrested for Alleged Outstanding Alabama Securities Violations October 28, 2015** - Daniel Scott Register of Valencia, California, was arrested by the Orange County, California Sheriff's Department on October 6, 2015. On October 9, 2015 Register was transferred to a correctional facility in Los Angeles, California and a hold placed on him for pending felony charges in Calhoun County, Alabama for securities violations. However, Register first faces probation violation charges in California, which are unrelated to the securities violations. A hearing will be scheduled in California for the probation violation charges, after which possible extradition to Alabama on the securities charges. A March, 2014 session of the Calhoun County Grand Jury returned a four-count indictment against Register, alleging one count of Acting as an Unregistered Investment Adviser; two counts of Fraud in Connection with the Advising Others as to the Value of Securities or their Purchase or Sale (employing a device, scheme or artifice to defraud and engaging in an act, practice or course of business which operated as a fraud or deceit); and one count of Theft of Property by Deception, 1st Degree. At the times the offenses were allegedly committed, the securities registration charge was a Class C felony, punishable from one to ten years' incarceration and up to a \$15,000 fine per charge, upon conviction. The fraud and theft charges were Class B felonies, carrying a possible sentence from two to 20 years' imprisonment and up to a \$20,000 fine per charge, upon conviction. The indictment alleged that, between, on or about January 25, 2011 to November 10, 2011, Register advised an Alabama investor to liquidate their existing investment account and transfer approximately \$26,000 to an individual retirement account for the purpose of purchasing gold or other precious metals. The indictment further alleged that Register provided a Wall Street Bullion Exchange invoice reflecting the purchase of gold on behalf of the investor, but instead, spent investor funds on personal and other unrelated expenses. The indictment alleges that Register was not properly registered with the Alabama Securities Commission to advise others as to investing in, purchasing, or selling securities as required by the Alabama Securities Act.

### Colbert County

**Insurance Agent Pleads Guilty to Securities and Insurance Fraud in Colbert County December 11, 2018** - Ronald Warren Powell pleaded guilty in the Colbert County Circuit Court on Monday to one count of Securities Fraud for engaging in an act, practice, or course of business which operated as a fraud or deceit upon investors and one count of Insurance Fraud.

The plea was announced by Joseph Borg, Director of the Alabama Securities Commission (ASC) and Jim Ridling, Insurance Commissioner for the State of Alabama.

The offenses are Class B felonies, punishable by up to 20 years in prison and up to a \$30,000 fine per charge. Powell received a seven-year sentence for securities fraud and a five-year sentence for insurance fraud, to run concurrently. The court will hold a probation hearing on Feb. 25, 2019.



## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

Powell's plea is the result of a March 2018 indictment by the Colbert County Grand Jury. Powell accepted more than \$800,000 of investor funds and misappropriated those funds for his personal benefit instead of investing the money as represented to investors. Powell also received money from two victims paying life insurance premiums, but he failed to remit those premiums to the appropriate insurance companies in a timely manner. The policies were subsequently cancelled by the companies for non-payment of premium. Powell was notified of the cancellations, but kept the funds and did not refund them to the victims. The total amount exceeded \$30,000. Powell remains out on bond pending a probation determination.

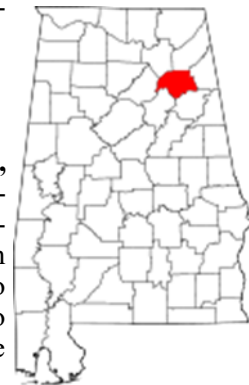
**Colbert County Man Arrested for Alleged Securities Fraud and Financial Exploitation of the Elderly April 6, 2018** – Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that Ronald Warren Powell, a resident of Colbert County, Alabama, turned himself in, April 5, 2018, to the Colbert County Jail upon an arrest warrant based on a five-count indictment returned by the March 2018, Colbert County Grand Jury. Powell was subsequently released on a \$15,000 bond.

The Grand Jury indictment charged Powell with two counts of Fraud in connection with the Sale of Securities, including: engaging in an act, practice, or course of business which operated as a fraud and making untrue statements of material facts or omitting to state a material fact. The five-count indictment further charged Powell with one count of Financial Exploitation of the Elderly in the First Degree, one count of Sale of Unregistered Securities, and one count of Sale of Securities by an Unregistered Agent. According to the indictment, Powell participated in illegal securities transactions by selling promissory notes and misappropriating the investment funds received in exchange for the notes. The crimes of Securities Fraud and Financial Exploitation of the Elderly are Class B felonies, punishable by possible imprisonment of two to 20 years and up to a \$30,000 fine per charge upon conviction. The securities registration charges are Class C felonies, punishable by possible imprisonment of one year and one day to 10 years and up to a \$15,000 fine per charge upon conviction.

**State of Alabama Vs. Gregory Aziz Results in Settlement November 14, 2014** - The State of Alabama Vs. Gregory Aziz, Case No. CC-2013-000624, has resulted in a settlement that requires Aziz to pay \$21,000,000 in damages to the Retirement Systems of Alabama (RSA), and to reimburse the Alabama Securities Commission and the Colbert County District Attorney's Office for investigative costs associated with the case. Aziz was charged in November 2013 with 11 Counts of Securities Fraud. According to the indictment and the settlement agreement Aziz was granted a three year loan of \$350,000,000 dollars by RSA to construct a railcar plant in Colbert County, Alabama. Aziz was to have paid interest to RSA on the loan at 9%. The plant was supposed to employ 2200 people and was, at the time, thought to be a major industrial development project for the State of Alabama. At the conclusion of the construction, Aziz was to obtain long term financing through an alternate source. Aziz spent 12 months confined on an ankle bracelet in Colbert County, Alabama, during which this settlement agreement was proposed by Aziz and agreed to by the ASC. ASC Director Joseph Borg said, "This settlement was entered into after extensive forensic investigation and only after conferring with the Colbert County District Attorney's Office and RSA, the victim in the case. The recovery of \$21,000,000 by the teachers' and employees' retirement systems, the fact that Aziz paid double damages on any profit he made, and that RSA now owns 100% of the plant they paid to build should discourage others in the future from making inaccurate financial representations when doing business in the State of Alabama." ASC Director Joseph Borg and Colbert County District Attorney Bryce Graham said, "We are proud to have been able to work together in an outstanding collaborative effort and we commend our staffs for their hard work on this case."

### Etowah County

**Former Financial Advisor Sentenced to Prison for Securities Fraud April 25, 2018** - Jody Willoughby, District Attorney for the 16th Judicial Circuit, Etowah County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC), announced that on April 24, 2018, Gadsden resident Derek Neal York appeared in Etowah County Circuit Court before the Honorable Judge George C. Day to be sentenced for two counts of Securities Fraud, for misstatements and omissions of material fact made to two investors. Each offense is a Class B felony, punishable by not less than two, but no more



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than 20 years in prison, and a fine not to exceed \$30,000.

York was sentenced on each count to seven years in the custody of the Alabama Department of Corrections. The Court ordered York's sentences on the two counts to run concurrently. York was taken into custody at the end of the sentencing hearing and placed in the Etowah County Jail, where he will be held until he is transferred to the custody of the Alabama Department of Corrections. The Court also ordered York to pay \$932,567 in restitution to the victims in the case.

York, once a registered financial advisor from 2010 to 2012, solicited investments from an Alabama resident and her father, a Texas resident. The Alabama resident invested approximately \$620,000 with York, some of which came from an IRA account. The investor directed, and York told the investor, that her funds would be invested in publicly traded stocks, bonds, and mutual funds. Instead, York sent all the invested funds to an unregistered movie production company in California. For this, York received a commission of \$75,000 from the production company, which was not disclosed to the Alabama investor. York provided periodic updates to the investor, misrepresenting the value of her investments and the rate of return they were generating. York sold securities valued at approximately \$312,000 to the Texas victim: \$207,000 in a Canadian energy company, and \$105,000 to be invested in the Messier Corporation. All the Texas victim's funds came from an IRA account. York received another undisclosed commission of \$12,000 for the investment into the Canadian energy company. York retained the entire \$105,000 investment for the Messier Corporation, and then used the funds for personal expenses and to repay prior investors. At the time of the Texas victim's investments, York was no longer registered to offer securities within, to, or from the State of Alabama. Neither of the investors' funds were transferred to an IRA account, as promised by York, which subjected the investors to IRS tax withholding on the withdrawals. Neither York, the movie production company in California, nor the Canadian energy company returned any funds to the investors. Also, none of the investment offerings sold were registered as securities with the ASC, as required by law.

**Etowah County, Alabama Man Indicted for Alleged Securities Violations May 20, 2015** - On May 14, 2015, Pelham, Alabama resident Derek Neal York, 30, formerly of Rainbow City, Alabama was arrested for alleged violations of the Alabama Securities Act. York turned himself in to Etowah County law enforcement officials based on an arrest warrant issued after a May, 2015 Etowah County Grand Jury returned a seven-count indictment. York was released on \$105,000 bond with arraignment scheduled for May 27, 2015. The indictment charged York with one count each of Sale of Un-registered Securities, Sale of Securities by an Unregistered Agent, and Acting as an Unregistered Investment Adviser for Compensation. The securities charges are Class C felonies, punishable by from one year and one day to 10 years' imprisonment and a \$15,000 fine per charge, upon conviction. Additionally, the indictment charged York with three counts of Fraud in Connection with the Sale of Securities (making an untrue statement of material fact, omitting to state a material fact, and engaging in an act, practice or course of business which operates as a fraud or deceit); and Financial Exploitation of an Elderly Person in the First Degree. The fraud and exploitation charges are Class B felonies, carrying a punishment of from two to 20 years' incarceration and a \$30,000 fine per charge, upon conviction. The indictment alleged that after his employment with a securities firm was terminated, York continued to offer and sell securities and also acted as an investment adviser, receiving compensation for advising individuals on securities purchases in violation of registration provisions of the Alabama Securities Act. Allegedly, York failed to disclose to investors that he had been terminated from a securities firm and was not properly registered to conduct securities business in Alabama. The indictment alleges that York converted approximately \$620,000 of an Alabama victim's money to be used for the promotion of a movie production company located in California, instead of investing the money according to the victim's wishes. York also allegedly sold securities valued at approximately \$312,000 to a Texas victim to be invested in a Canadian energy company and in York's Alabama business, the Messier Corporation. None of the investment offerings sold were registered as securities with the ASC, as required by law. It is also alleged that York received \$87,000 in commission payments from the victims' investment funds. These commission payments were not disclosed to the victims.

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### Henry County

#### **Judy Morehead Pleads Guilty to Securities Fraud in Henry County February 13, 2019**

Patrick B. Jones III, District Attorney for the 20th Judicial Circuit, Henry County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on February 11, 2019, Judy Kay Morehead pled guilty in Henry County Circuit Court to Securities Fraud for engaging in an act, practice, or course of business which operated as a fraud or deceit upon investors.

Morehead's plea was a result of indictments returned by the March 2017 Henry County Grand Jury against Judy Morehead, Stanley Morehead, and Benjamin Morehead for accepting approximately \$300,000 dollars of investors' funds and then knowingly using the funds to pay personal debts, personal loans, and expenses unrelated to investments.



According to court documents of a pre-trial hearing, the defendants attempted to have one of the victims declared incompetent to testify at trial. The victim, Hazel Luksa, an 84-year-old woman who is suffering from dementia, had recently been deemed "incapacitated" under Alabama law and a guardian and conservator were appointed to protect her and her estate. During the hearing on Friday, February 8, 2019, Circuit Court Judge Larry Anderson, after hearing extensively from Hazel, adjudged her competent to testify at the trial.

The defendants were scheduled to begin trial on the following Monday, February 11, 2019, when Judy Morehead, through her counsel, contacted the state about pleading guilty. According to Morehead, she was the financial advisor to Hazel and in that capacity, she helped Hazel create a Revocable Trust. The trust was established to receive \$250,000 left to Hazel by her late sister, and which Hazel intended to leave to charity. Judy Morehead convinced Hazel to name Morehead's husband, Stan Morehead, as trustee of the trust and Judy Morehead named herself as the alternate trustee. Stan then moved to Florida to work, but Morehead continued to be Hazel's only contact. Over the course of a few months, Judy Morehead orchestrated the use of the \$250,000 trust funds to pay Judy Morehead's personal mortgage loans and debts. During this time, Judy Morehead represented to Hazel through various reports that the money had been invested in arms-length commercial transactions and never told Hazel that the money had been used by Judy Morehead personally.

William and Kim Nichols also invested with Judy Morehead and believed they were investing with Morehead's family-owned company, Southern Investment Group, Inc., for the purpose of "flipping houses." In exchange for \$59,000, Southern Investment Group issued a promissory note that Judy Morehead stated she directed her son, Ben Morehead, to sign. Rather than investing the money in real estate, as represented by Judy Morehead, the money was used by Judy Morehead to pay personal expenses. Judy Morehead concealed her activities by paying the interest rates according to the note and ultimately repaid the note in full in accord with its terms and after the indictments were returned in this case.

Judy Morehead's sentencing is scheduled for March 8, 2019 before Circuit Court Judge Larry Anderson. Securities Fraud is a Class B felony, punishable by not less than two years, but no more than 20 years in prison, and a fine not to exceed \$30,000.

"The successful prosecution of this case marks a special victory for victims of elder abuse and financial exploitation," said Amanda Senn, prosecutor and Deputy Director of Enforcement for the Alabama Securities Commission.

#### **Henry County: Man Arrested for Alleged Alabama Securities Act Violations**

**June 20, 2017** - Benjamin Wayne Morehead, a resident of Baldwin County, Alabama, turned himself in, on May 23, 2017, to the Henry County Jail upon an arrest warrant based on an indictment returned by the March, 2017, Henry County Grand Jury; Morehead was released on a \$20,000 bond.

Charges against Morehead include one (1) count of Conspiracy to Commit Securities Fraud, and one (1) count of Sale of Securities by an Unregistered Agent and one (1) count of Sale of Unregistered Securities. Additionally,

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Morehead's charges include one (1) count of Fraud in Connection with the Sale of Securities, more specifically described as omitting to state material facts and making untrue statements of material facts to investors.

The conspiracy and registration charges counts are Class C felonies, punishable by a possible maximum of 10 years imprisonment and a \$15,000 fine per charge, upon conviction. The Securities Fraud charge against Morehead is a Class B felony, punishable by a possible prison sentence of from two to 20 years' and a \$30,000 fine per charge upon conviction.

**Henry County Woman Arrested for Alleged Alabama Securities Act Violations June 20, 2017** - Judy Kay Morehead, a resident of Henry County, Alabama, turned herself in, May 24, 2017, to the Henry County Jail upon an arrest warrant based on an indictment returned by the March, 2017, Henry County Grand Jury; Morehead was released on a \$40,000 bond.

Charges against Morehead include one (1) count of Conspiracy to Commit Securities Fraud and one (1) count of Sale of Securities by an Unregistered Agent. Additionally, Morehead is charged with one (1) count of Engaging in an Act, Practice, or Course of Business Which Operates or Would Operate as a Fraud or Deceit Upon Any Person; and two (2) counts of Fraud in Connection with the Sale of Securities, more specifically described as omitting to state material facts and making untrue statements of material facts to investors.

The conspiracy and registration charges are Class C Felonies, punishable by a possible maximum of 10 years imprisonment and a \$15,000 fine per charge, upon conviction. All other charges against Morehead are Class B felonies, punishable by a possible prison sentence of from 2 to 20 years and a \$30,000 fine per charge, upon conviction.

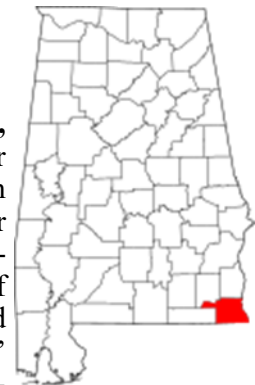
**Henry County Man Arrested for Alleged Alabama Securities Act Violations June 20, 2017** - Stanley Wayne Morehead, a resident of Henry County, Alabama, turned himself in, on May 24, 2017, to the Henry County Jail upon an arrest warrant based on an indictment returned by the March, 2017, Henry County Grand Jury; Morehead was released on a \$25,000 bond.

Charges against Morehead include one (1) count of Conspiracy to Commit Securities Fraud, one (1) count of Engaging in an Act, Practice, or Course of Business Which Operated as a Securities Fraud, and one (1) count of Fraud in Connection with the Sale of Securities, more specifically described as omitting to state material facts and making untrue statements of material facts to investors. The conspiracy count is a Class C Felony, punishable by a possible maximum of 10 years imprisonment and a \$15,000 fine per charge, upon conviction.

All other charges against Morehead are Class B felonies, punishable by a possible prison sentence of from two to 20 years and a \$30,000 fine per charge, upon conviction.

### Houston County

**Pike County, Alabama Man Indicted for Alleged Securities Fraud December 15, 2015** - On December 7, 2015, Jesse Morgan Hinson, of Troy, Alabama was arrested for alleged violations of the Alabama Securities Act. Hinson turned himself in to Houston County law enforcement officials based on an arrest warrant issued after the October 2015 Houston County Grand Jury re-turned a four-count indictment. Hinson was released on \$75,000 bond pending trial. The indictment charges Hinson with one count of Sale of Unregistered Securities and one count of Sale of Securities by an Unregistered Agent; which are Class C felonies, punishable by one year and one day to 10 years' imprisonment and a \$15,000 fine per charge, upon conviction. Additionally, the indictment charges Hinson with two counts of Fraud in Connection with the Sale of Securities for making misrepresentations or omissions of material fact to an investor and for engaging in an act, practice or course of busi-



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ness which operates as a fraud or deceit upon an investor. The fraud charges are Class B felonies, punishable by two to 20 years' incarceration and a \$30,000 fine per charge, upon conviction. The indictment alleges Hinson represented to an Alabama investor that he operated a business that purchased and sold scrap metal for profit. Hinson allegedly solicited investment in this scrap metal business by offering investment contracts to the Alabama investor, and obtained funds from the investor between August 2013 and January 2014. The indictment alleges that Hinson was not registered with the ASC as a dealer or agent of securities in Alabama, nor were the investment contracts he offered registered with the ASC as securities to be sold in Alabama, as required by the Alabama Securities Act, that Hinson did not in fact operate a scrap metal business, and that the investors' funds were instead used for personal expenses.

**Former Houston County, Alabama Attorney Sentenced for Securities Violations February 24, 2015** - On February 20, 2015, Frederick Mitchell "Mitch" McNab, of Dothan, Alabama, appeared in Houston County Circuit Court, before Honorable Judge P. B. McLauchlin, to be sentenced for multiple violations of the Alabama Securities Act and the Alabama Criminal Code (Title 13), for misappropriating and misusing client funds of approximately \$10,554,479. McNab was sentenced to 20 years imprisonment, split to serve five years, for 36 Class B Felony theft of property and securities-related charges, with the remaining 15 years to be served on probation. McNab was also sentenced to ten years imprisonment, split to serve three years, for 18 Class C Felony theft of property and securities-related charges, with the remaining seven years to be served on probation. On an additional misdemeanor theft charge, McNab was sentenced to 12 months imprisonment to be suspended. The Court ordered that all McNab's sentences run concurrent and that during his incarceration, he will not be eligible for parole, or early release. McNab was ordered by the Court to pay \$8,910,555 in restitution to the numerous victims. McNab, a former Houston County, Alabama attorney, was indicted in September, 2014 by a Houston County, Alabama Grand Jury. McNab pled guilty in December, 2014 to misappropriating and misusing funds from multiple clients in Houston and surrounding counties. Most of benefit. 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.

### Jefferson County

**Hoover Resident, Kenneth Fitzgerald Lewis, to Repay Over \$47,000 after Securities Fraud Plea January 11, 2019** - Danny Carr, District Attorney for the 10th Judicial Circuit, Jefferson County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on January 9, 2019, Kenneth Fitzgerald Lewis, of Hoover, Alabama, pleaded guilty in Jefferson County Circuit Court to one count of Securities Fraud for engaging in an act, practice, or course of business which operated as a fraud on an investor. The offense is a Class B felony, punishable by not less than two, but no more than 20 years in prison, and a fine not to exceed \$30,000.



After the plea was entered, the Honorable Circuit Judge Laura Petro sentenced Lewis to three years in the custody of the Alabama Department of Corrections. That sentence was suspended, and Lewis was ordered to pay \$47,380 in restitution to the victim in the case. The Court ordered Lewis to serve two years on probation, to make monthly restitution payments, and informed him he would be subject to criminal contempt by the Court until all restitution is paid in full.

Lewis' plea is the result of a November 2017 indictment by the Jefferson County Grand Jury. From December 2013 through June 2014, Lewis offered and sold investments through his company Paradigm Real Estate Group, LLC to finance "flipping" three residential real estate properties. Lewis never purchased one of the properties and instead used the invested funds for personal expenses. One of the properties was purchased and sold, but Lewis kept the proceeds and never repaid the investor. Neither Lewis nor the investments he sold were registered with the ASC, as required by the Act.

**Alabama, Georgia Men Arrested for Alleged Violations of the Alabama Securities Act October 10, 2017** - Danny Carr, District Attorney Pro Tern for the 10th Judicial Circuit, Jefferson County, Alabama; and

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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.

**Jefferson County, Alabama Man Indicted for Alleged Securities Fraud December 20, 2017** - Michael Anderson, 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.

**Warren, Michigan Man Pleads Guilty to Conspiracy to Commit Securities Fraud April 20, 2017** - On April 11, 2017, before Circuit Court Judge Clyde E. Jones, Robert Craig Rudder, of Warren, Michigan, plead guilty to one count of Conspiracy to Commit Securities Fraud, a Class C felony, punishable from one year and a day to 10



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years' imprisonment and a \$15,000 fine per charge upon conviction. The Alabama Securities Commission recommended a sentence of three years imprisonment with conditions that Rudder fully cooperate with any further state or federal investigations, pay \$600,000 restitution and be permanently barred from any future work in the securities industry.

Rudder made application for probation and remains in the Jefferson County Jail. Rudder and his co-conspirators fraudulently solicited prospective investors to purchase shares of stock in Omega Pharmaceutical, Inc., a Birmingham company. Rudder further misled investors that their investments would produce immediate returns when his company, RCR Holdings, a Michigan corporation, would obtain funding to purchase Omega Pharmaceutical, Inc. An ASC Enforcement Division investigation revealed that, in fact, no company existed that would actually provide the funding.

**Michigan Man Arrested for Alleged Violations of Alabama Securities Act March 2, 2017** - Robert Craig Rudder of Warren, Michigan, was arrested on Feb. 28, 2017 by the Special Operations Unit of the Warren, Michigan Police Department, under the direction of Deputy Commissioner, Matthew Nichols. Rudder's arrest stems from an October, 2016 Jefferson County, Alabama Grand Jury indictment charging him with multiple violations of the Alabama Securities Act. Rudder is currently in custody in Michigan, under a \$130,000 bond, pending extradition to Jefferson County.

The Grand Jury indictment charged Rudder with eleven total counts, including one count of Conspiracy in the Fraudulent Sale of Securities; six counts of Sale of Securities by an Unregistered Agent and the Sale of Unregistered Securities; and three counts of Fraud in Connection with the Sale of Securities (making untrue statements of material fact or omitting to state a material fact), and one count of employing a device, scheme or artifice to defraud investors. The 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 and arrest of Rudder alleged illegal securities transactions involving shares of stock in Omega Pharmaceutical, Inc. ASC records indicated that Rudder was not registered with the Commission to lawfully offer and/or sell securities within, into or from Alabama; and that stock shares of Omega Pharmaceutical, Inc., were not registered with the Commission as required by law.

**South Carolina Man Arrested for Alabama Securities Act Violations December 5, 2016** - Michael Wallace Fullard, a North Myrtle Beach, South Carolina resident, was arrested on November 29, 2016 by Yavapai County, Arizona Sheriff's deputies. Fullard's arrest stems from a June, 2016 Jefferson County Grand Jury indictment charging Fullard with multiple violations of the Alabama Securities Act. Fullard is currently being extradited from Arizona.

Specifically, Fullard is charged with three (3) counts of Fraud in Connection with the Sale of Securities (making untrue statements of material fact, omitting to state a material fact, and operating a fraudulent scheme). All of these counts 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. Fullard is also charged with one (1) count of Conspiracy to commit securities fraud which is a Class C felony under Alabama law, punishable by a possible sentence of one to 10 years' imprisonment and up to a \$15,000 fine per charge upon conviction. The indictment and arrest of Fullard alleges that Fullard committed several unlawful securities transactions involving investment contracts through Omni Financial LLC, a Jefferson County corporation.

ASC records revealed that Fullard was not registered with the Commission to be able to lawfully offer and/or sell securities within, into or from the State of Alabama. ASC records also revealed that the investment contracts or securities through Omni Financial LLC, were not registered with the Commission, as required by law.

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### Lauderdale County

**DreamVision Promoter Pleads Guilty to Securities Fraud March 20, 2018** - Chris Connolly, District Attorney for the 11<sup>th</sup> Judicial Circuit, Lauderdale County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on March 20, 2018, Bryan Kevin Robinson, of Killen, Alabama pleaded guilty in Lauderdale County Circuit Court to one count of Securities Fraud for engaging in an act, practice, or course of business which operated as a fraud or deceit upon more than 40 Alabama investors. The offense is a Class B felony, punishable by not less than two, but no more than 20 years in prison, and a fine not to exceed \$30,000.

After the plea was entered, Circuit Court Judge Gilbert P. Self sentenced Robinson, as part of his plea agreement to ten (10) years in the custody of the Alabama Department of Corrections. Robinson waived application for probation. Judge Self further ordered Robinson to pay court costs and fees, a \$50 victim compensation assessment fee, and more than \$7,000,000.00 in restitution to the victims in the case. As part of the plea, Robinson is also permanently barred from the securities industry in Alabama.

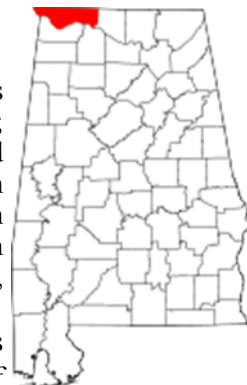
The Commission's action started with a Cease and Desist Order against Robinson and his company, Robinson Capital Investments, LLC for selling unregistered securities in a real estate program. The investigation into Robinson Capital led to the discovery of investments into other ventures, including an amusement park to be constructed in the Muscle Shoals area of Alabama. Investors were told that their funds would be used to finance a specific investment, but instead Robinson diverted the funds to personal expenses or other investments not related to the stated purposes and for which the investors would not have agreed, and used some of the funds to make Ponzi style payments to earlier investors. Robinson's actions ultimately resulted in a total loss to the victims of \$7,017,790.33.

Director Borg said, "This Commission is unwavering in its commitment to protect and maintain sound capital markets in Alabama. Bryan Robinson engaged in a course of business which operated as a fraud upon Alabama investors. Robinson sought to profit by stealing millions of dollars from over 40 Alabama investors who trusted him with their life savings; this conduct will not be tolerated in Alabama. A special thanks goes to the Atlanta Regional Office of the Securities and Exchange Commission for their support in this case."

### Lee County

**THE UNITED STATE'S ATTORNEYS OFFICE, MIDDLE DISTRICT OF ALABAMA. FOUNDER OF LEE COUNTY-BASED COMPANY SENTENCED FOR WIRE AND SECURITIES FRAUD March 26, 2019** - Today, Kyle Geoffrey Sandler, 43, of Auburn, Alabama, was sentenced to 63 months of imprisonment for wire and securities fraud, announced Louis V. Franklin, Sr., U.S. Attorney for the Middle District of Alabama, Joseph P. Borg, Director of the Alabama Securities Commission, and James E. Jewell, Special Agent in Charge for the FBI. Those charges stemmed from a scheme in which he solicited and accepted nearly \$2 million from over 70 investors while selling securities of a company that was not registered on a national securities exchange. Sandler's prison term will be followed by 3 years of supervised release. There is no parole in the federal system. Sandler was also ordered to pay \$1,903,000.00 in restitution to his victims.

Evidence showed that from 2015 through 2016, Sandler founded and managed a company called The Roundhouse LLC (Roundhouse), based in Lee County, Alabama. Throughout the Auburn and Opelika communities, Sandler advertised that Roundhouse was a business incubator that helped new and startup companies develop by providing services such as venture capital, office space, 1-gigabit internet, and management training in return for equity



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in the companies. During the course of his business, Sandler accepted approximately \$1.9 million from at least 74 investors and he knowingly sold shares in Roundhouse that were not registered on a national securities exchange. In exchange for the fraudulently obtained investments, Sandler issued stock in Roundhouse and oversold the equity by approximately one hundred percent.

In addition, Sandler made false statements and omitted facts to investors. For example, Sandler misrepresented to potential Roundhouse investors in Lee County that he was a successful entrepreneur who was paid millions of dollars from Google as a former employee although he never actually worked for the tech company. He also failed to disclose to investors that he had two prior criminal convictions based on fraudulent conduct, nor did he tell Roundhouse investors that he was using their funds for personal expenses such as childcare services, rent payments, the purchase of automobiles and other personal items and/or services.

**Founder of Lee County-Based Company Convicted of Securities Fraud August 22, 2018** - Kyle Geoffrey Sandler, 42, of Auburn, Alabama, pleaded guilty to one count of wire fraud and one count of securities fraud, announced Louis V. Franklin, Sr., U.S. Attorney for the Middle District of Alabama, James E. Jewell, Special Agent in Charge for the FBI, and Joseph P. Borg, Director of the Alabama Securities Commission.

The charges stemmed from Sandler soliciting and accepting over \$1.8 million dollars from more than 50 investors in a scheme to defraud them. According to court records, from 2015 through 2016, Sandler founded and managed The Roundhouse LLC (Roundhouse), based in Lee County, Alabama. Throughout the Auburn and Opelika communities, Sandler advertised that Roundhouse was a business incubator company that helped develop new and startup companies by providing services such as venture capital, office space, 1-gigabit internet and management training.

During the course of business, Sandler made numerous misrepresentations and failed to share important information about his past. For example, he held himself out as a successful entrepreneur and former employee of Google, which, according to Sandler, paid him millions of dollars for his work during the time he worked there. Investors, relying on Sandler's represented experience and expertise, turned over approximately \$1.8 million dollars in investment funds to be used to further the business of Roundhouse. However, Sandler never actually worked for Google and he was using the investor funds for personal expenses such as childcare services, rent payments, purchases of automobiles and other personal needs.

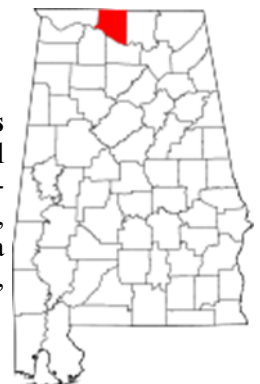
In exchange for the fraudulent obtained investments, Sandler issued stock in Roundhouse and oversold the equity by approximately one hundred percent. Further, Sandler had prior convictions based on fraudulent conduct. He was required by law to disclose these prior felonies to potential investors.

Sandler faces a maximum sentence of 20 years' imprisonment on each count of wire fraud and securities fraud, and a fine of not more than \$5,000,000 on securities fraud.

This case was investigated by the Federal Bureau of Investigation (FBI) and the Alabama Securities Commission, with assistance from the District Attorney's Office for the 37th Judicial Circuit and the Opelika Police Department. The case was prosecuted by Assistant United States Attorneys Steven H. Lee and Denise O. Simpson, and Special Assistant United States Attorneys Amanda W. Senn and Stephen P. Feaga.

### Limestone County

**Hoover Resident, Kenneth Fitzgerald Lewis, to Repay Over \$47,000 after Securities Fraud Plea January 2, 2019** - Brian C.T. Jones, District Attorney for the 39th Judicial Circuit, Limestone County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announced that Rodney Jackson, a resident of Limestone County, Alabama, turned himself in, December 31, 2018, to the Limestone County Jail. This was a result of an arrest warrant based on a three-count indictment returned by a December 2018, Limestone County Grand Jury. Jackson was subsequently released on a \$15,000 bond.



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Jackson is charged with three counts of Financial Exploitation of the Elderly in the First Degree. According to the indictment, he intentionally and knowingly used deception, intimidation, undue influence, force, or threat of force to obtain or exert unauthorized control over the property of 4 individuals, who were all aged 60 or older. The alleged property taken was U.S. currency exceeding a value of \$2,500.00. Financial Exploitation in the First Degree is a Class B felony punishable by a maximum of 20 years imprisonment and up to a \$30,000 fine for each count. A trial date has not been set.

**Muscle Shoals Insurance Salesman Arrested for Alleged Insurance Fraud and Financial Exploitation of an Elderly Person September 1, 2017** - Brian C.T. Jones, District Attorney for the 39th Judicial Circuit, Limestone County, Alabama; James Ridling, Commissioner of the Alabama Department of Insurance; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced today that Ronald “Ronny” Warren Powell, age 55, of Muscle Shoals, Alabama surrendered to authorities at the Limestone County Jail on August 30, 2017.

The indictment and arrest of Powell alleges that Powell did with the intent to defraud or conceal material information about the embezzlement, theft, or conversion of monies and/or premiums related to the transaction of the business of insurance cause a loss in excess of \$1,000. The indictment also alleges that Powell committed the crime of financial exploitation of an elderly person involving property exceeding \$2,500 in value.

DA Jones, Commissioner Ridling, and Director Borg complemented the agents and employees of their respective organizations for their “outstanding teamwork and collaboration in the investigation of the case.”

### Madison County

**Madison County, Alabama Business Owner Pleads Guilty to Securities Fraud in Athletic Enhancement Performance Scam May 10, 2019** - Robert L. Broussard, District Attorney for the 23rd Judicial Circuit, Madison County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announced that on May 2, 2019, Edwin Eugene Blalack (Blalack) pled guilty before the Honorable Circuit Court Judge Ruth Ann Hall to five counts of Securities Fraud. The offenses are Class B felonies, punishable by not less than two years, but no more than 20 years in prison, and a fine not to exceed \$30,000. A sentencing hearing will take place on August 22, 2019.



According to the plea, between October 2014 through March 2015, Blalack founded a company called The TriRox Group, Inc. based in Madison County, Alabama. After incorporating the company, which existed in name only, Blalack solicited investments and offered employment to five victim investors. Blalack falsely represented to the victim investors that he personally contributed \$500,000 in start-up capital for the company, that he had a functioning algorithm that would enhance athletic performance and abilities of future TriRox’s customers, that there was more than enough operating capital to fund TriRox until revenue-producing contracts were acquired, and that TriRox was soon to merge with a legitimate and successful company in the Madison County area. Blalack failed to tell victim investors that he had not been gainfully employed in over eight months and investment funds would be spent on his personal expenses, personal vacations, and to repay other investors. Blalack’s actions not only caused a loss to the five victims totaling \$74,500 but exacerbated the impact of the damage to the victims because they resigned from their current jobs to go work at TriRox, and therefore the victims not only lost their investment, but also their jobs.

As part of the plea agreement with the State of Alabama Securities Commission, the court ordered a sentence of two years’ incarceration with the Alabama Department of Corrections, to be followed by a period of probation to be determined by the Court. Blalack also agreed that his sentence should include an order that he make complete restitution of \$74,500 to the victim investors. Furthermore, Blalack consented to a permanent bar from participating in the securities industry within the State of Alabama.

**Madison County, Alabama Woman Pleads Guilty, Sentenced for Illegal Investment Scheme October 24, 2017** - Robert L. Broussard, District Attorney for the 23<sup>rd</sup> Judicial Circuit, Madison County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on October 20, 2017,

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Kinggirl Joy Bias, also known as Kimberly Joy Dixson Scott, of Huntsville, was sentenced to four years' imprisonment for her role in an illegal investment scheme.

Bias pled guilty to one count of Fraud in Connection with the Sale of Securities (employing a device, scheme or artifice to defraud), a Class B felony; and agreed to be permanently barred from registration and engaging in any securities activities into, within or from the state of Alabama. Madison County Circuit Judge Alan Mann handed down the sentence based on a recommendation by the state and ordered Bias to pay \$10,000 in restitution. At the time the charges were brought, Bias was serving a sentence (with more than two years remaining) on unrelated charges in an Ohio correctional facility. Bias was transported to Alabama in September 2017 to face the securities related charges and will soon be returned to Ohio to complete that sentence. The four year sentence imposed on Bias by the Madison County Circuit Judge will run concurrent with her Ohio incarceration period.

Bias as an agent for Modernday Multimedia, Inc., a Huntsville, Alabama-based company took investment money from the victims promising a significant return of \$100,000 within a short period of time. The victims never received their shares of stock in Modernday Multimedia, Inc, any return on their investment, or the principal amount of their invested funds. Bias took some of the victim's investment money for personal use.

**Madison County, Alabama Man Indicted, Arrested for Alleged Violations of Alabama Securities Act November 17, 2017** - Robert L. Broussard, District Attorney for the 23rd Judicial Circuit, Madison County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that Edwin Eugene Blalack, a Madison County resident, was arrested on November 14, 2017 by the Madison County Sheriff's Department for his alleged involvement in a securities fraud scheme. Blalack's arrest stems from a November, 2017 Madison County Grand Jury indictment charging him with 17 violations of the Alabama Securities Act . Blalack was subsequently released on a \$5,000 bond.

The Grand Jury indictment charged Blalack with seven counts of Fraud in Connection with the Sale of Securities, including: employing a device, scheme or artifice to defraud; making untrue statements of material facts or omitting to state a material fact; and engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person. Blalack was also charged with five counts of Sale of Unregistered Securities and five counts of Sale of Securities by an Unregistered Agent. The securities fraud 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 securities registration charges are Class C felonies, punishable by possible imprisonment of from one year and one day to 10 years and up to a \$15,000 fine per charge upon conviction.

The indictment of Blalack alleged illegal securities transactions involving the sale/ownership of "common stock" and/or "founders stock" in Trirox, Inc., a Delaware-registered corporation with a physical address in Huntsville, Alabama, to multiple investors. It was also alleged that Blalack misappropriated investors' funds for his personal benefit instead of investing said funds for the benefit of the company and its investors. ASC records revealed that Blalack was not registered with the Commission to lawfully offer and/or sell securities within, into or from Alabama as required by law.

**Madison County Woman Indicted for Violations of Alabama Securities Act June 16, 2017** - Kinggirl Joy Bias, also known as Kimberly Joy Dixson Scott, of Huntsville, was indicted by a May 2017 Madison County, Alabama Grand Jury for multiple violations of the Alabama Securities Act. Bias is currently incarcerated in Ohio on unrelated charges. The State of Alabama is currently seeking to have Bias returned to Madison County to face the securities charges.

The indictment against Bias charged her with one count each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Additionally, Bias was charged with one count of Fraud in Connection with the Sale of Securities (employing a device, scheme or artifice to defraud) and one count of Theft by Deception, 1st Degree. The registration charges are Class C felonies, punishable by incarceration in the state penitentiary between one year and a day to no more than 10 years, and a possible \$15,000 fine per charge upon conviction. The

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fraud and theft charges are Class B felonies, carrying a possible sentence of not less than two years and not more than 20 years' incarceration and a possible fine of \$30,000 per charge, upon conviction.

The indictment alleges that Bias, acting as an agent for Modernday Multimedia, Inc., a Huntsville company, illegally offered and sold shares of stock to an out-of-state investor without being registered with the ASC to offer or sell investments within, into or from Alabama, as required by the Alabama Securities Act. The indictment further alleges that Defendant told the victim in exchange for the investment they would receive significant returns of \$100,000 within a short period of time, which the victims never received, nor did they receive the principal amount of their invested funds.

### **Baldwin County, Alabama Man Arrested for Alleged Alabama Securities Act Violations May 25, 2017 -**

James W. Strickhausen, a resident of Baldwin County, Alabama, turned himself in to the Madison County, Alabama Sheriff's Department on May 18, 2017. Strickhausen was arrested based on a March, 2017 Madison County Grand Jury indictment alleging violations of the Alabama Securities Act. Strickhausen was later released on \$1,500 bond. Charges against Strickhausen include one count of

Conspiracy to Commit Securities Fraud; and two counts of Fraud in Connection with the Sale of Securities (employing a device, scheme or artifice to defraud and making untrue statements of material facts/omitting to state materials facts). The Conspiracy charge is a Class C felony, carrying a possible prison sentence of one year and one day to 10 years and a possible \$15,000 fine per charge, upon conviction. The securities fraud charges are Class B felonies, punishable by a possible prison sentence of two to 20 years and a possible \$30,000 fine per charge, upon conviction.

The indictment of Strickhausen is related to an investigation of Gatekeeper Investment Group, LLC, a Baldwin County, Alabama company.

**Madison County, Alabama Man Guilty of Securities Fraud Sentenced May 26, 2016 -** On May 18, 2016, before Madison County Circuit Court Judge Alison Austin, Keith Michael Rogers, of Huntsville, Alabama, was sentenced to ten years based upon his March, 2016 guilty plea to one count of Fraud in Connection With the Sale of Securities, a Class B felony under Alabama law. The Court also ordered Rogers to pay restitution totaling in excess of \$1.7 million. Judge Austin split Roger's sentence where he must stay in prison three years with the excess of seven suspended while being on probation for five years. Judge Austin stated to Rogers that he has shamed his wife and children and his actions are simply based on greed. A June, 2015 Madison County Grand Jury indicted Rogers on charges of engaging in an act, practice or course of business which operated as a fraud or deceit upon his victims.

According to the indictment, Rogers, using his position as an investment adviser, mislead his clients to invest their money and misrepresented that their investments would be lawfully used to obtain a return. An ASC Enforcement Division investigation revealed that Rogers used in excess of \$2.5 million of investors' funds to pay for his personal expenses and also used as "Ponzi" payments to earlier investors. Rogers was arrested on June 19, 2015 by Madison County Sheriff's Department deputies and Special Agents of the Enforcement Division of the Alabama Securities Commission. Rogers was held in the Madison County jail under a \$2 million bond since his arrest.

**Final Indicted Co-Conspirator Pleads Guilty to Securities Charge May 3, 2016 -** On April 28, 2016, Robert J. Levine plead guilty to one count of Conspiracy to Commit Securities Fraud before Madison County Circuit Court Judge Alison Austin. The conspiracy charge is a Class C felony, punishable by incarceration of from one year and a day to ten years and a possible fine of not more than \$15,000. The State has recommended to the Court that Levine be sentenced to five years' imprisonment and pay restitution totaling \$665,160 to multiple victims. Levine will also face a permanent bar from employment in the securities industry. Levine applied for probation and the Court ordered a presentence report. Sentencing for Levine is set May 18, 2016. Levine's plea is the result of an August, 2014 Madison County, Alabama Grand Jury indictment charging that he, along with co-defendants, Gregory James Botolino (St. Augustine, Florida), Richard David Hall (Huntsville, Alabama), Joseph P. Tufo (Concord, California) and Hendrickx Toussaint (Atlanta, Georgia), fraudulently solicited investors' funds to be used in a managed, "no risk" gold "buy-sell" program wherein investors' funds would purportedly be used to purchase gold in Ghana, Africa to be traded internationally, thus making a profit for the investors. The defendants conspired to

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draft and distribute “attorney attestation letters” guaranteeing the legitimacy and safety of the gold trading platform, assuring all prospective investors that their funds would be safe. An ASC Enforcement Division investigation revealed that the supposed trading of gold never occurred and investors’ funds were diverted by the defendants for unrelated purposes. The scheme perpetrated by Levine and his co-defendants actually originated in Georgia and was later promoted from Huntsville, Alabama. ASC records showed that neither Levine nor his co-defendants were properly registered with the ASC, as required by the Alabama Securities Act, to legally conduct securities business within Alabama.

**Madison County, Alabama Man Enters Guilty Plea for Fraud Scheme March 8, 2016** - Keith Michael Rogers, of Huntsville, Alabama, pled guilty to one count of Fraud in Connection with the Sale of Securities before Madison County Circuit Court Judge Allison Austin. Specifically, Rogers’ plea was attributed to his engaging in an act, practice or course of business which operated as a fraud or deceit upon his victims. The State of Alabama has recommended that Rogers receive a ten-year sentence. The Court delayed a sentencing and restitution hearing until April 18, 2016, and Rogers remains in the Madison County jail, under his original \$2 million bond, pending sentencing. The charge against Rogers is a Class B Felony under Alabama law, punishable by a maximum of 20 years’ incarceration and up to a \$30,000 fine. Rogers was arrested on June 19, 2015 by Madison County Sheriff’s Department deputies and Special Agents of the Enforcement Division of the Alabama Securities Commission, based on an arrest warrant and indictment returned by the June, 2015 Madison County Grand Jury. Rogers, an investment adviser, misled his clients by misrepresenting that their investments funds would be lawfully used to obtain a return. An ASC Enforcement Division investigation discovered that in excess of \$2.5 million of his investors’ funds were actually used by Rogers to pay for his personal expenses and also used as “Ponzi” payments to earlier investors.

**California Man Pled Guilty to Alabama Securities Act Violations November 16, 2015** - Joseph P. Tufo, a resident of Concord, California pled guilty, before Judge James P. Smith, to a charge of Employing a Scheme to Commit Securities Fraud, a Class B felony punishable by a maximum of 20 years’ imprisonment and a \$30,000 fine. The ASC recommended a five year sentence. Tufo requested consideration of probation since he had served 11 months in the Madison County Jail and the court imposed a sentence of 5 years of supervised probation which will be transferred to CA. Also, Tufo was ordered to pay \$1.15 million in restitution to victims. Tufo is presently being held in the Madison County Jail until his probation can be transferred to California. Tufo was arrested on December 19, 2014 for alleged multiple violations of the Alabama Securities Act and was apprehended by law enforcement authorities in Contra Costa County, California, based on indictments returned by the February, 2014 Madison County Grand Jury. A co-defendant, Richard Hall, actually started the scheme from Georgia, and later continued to actually promote the scheme from Huntsville, Madison County, Alabama with other co-defendants; there were no Alabama victims from Tufo’s participation. The scheme involved pitching to investors that their funds were to be used in a “No Risk” Gold trading program where Gold was purportedly bought and sold in Ghana, Africa. While misrepresenting to investors that the Gold program was “Completely Safe” “No Risk”, “Totally Transparent” and funds would be held in an attorney’s trust account, Tufo also failed to reveal several material facts to his investors including that he had previously lost his securities license due to unlawful activities and had filed bankruptcy. All other defendants in this multiple state Madison County Securities Scheme have entered pleas of guilt in Madison County.

**Former Cypress Creek CEO Pleads Guilty to Securities Fraud July 22, 2015** - On July 22, 2015, James Albert Lawhorne, Jr., pled guilty in Huntsville before Madison County Circuit Judge James P. Smith to two (2) counts of Securities Fraud, in connection with an investment scheme involving his company, Cypress Creek Organic Farms, Inc. As part of the plea agreement executed in Court, Lawhorne admitted to the acts of fraud, each a Class B Felony carrying a maximum sentence of 20 years in prison and a fine up to \$30,000. In exchange for his guilty plea, the State recommended the Court impose a 15 year sentence on each count, to run concurrently. He also agreed to pay restitution of approximately \$2.1 million dollars to the victims and to forfeit cash seized during his arrest in Florida and cash seized from a bank account. Lawhorne will remain in the Madison County Jail until transported to prison where he will begin serving his sentence. Lawhorne was CEO and owner of Cypress Creek, a company organized in April 2013 in Alabama for the purpose of recruiting individuals to grow organic tomatoes. In exchange for a \$9,950 investment, his company would provide all of the testing, equipment, training, certification, and support necessary for growing organic tomatoes. Lawhorne further represented that he had negoti-

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ated a contract with a major grocery chain to purchase the organic tomatoes. Between February 2013 and September 2013, Lawhorne collected over \$2 million dollars but he did not fulfill his promises, and no contract ever existed. Lawhorne was indicted in October 2014 and arrested two months later in December 2014, after being transported from the Rutherford County, TN jail, where he was being held on unrelated charges. After posting a \$100,000 bond, which included a condition that he remain under electronic supervision, Lawhorne removed the electronic device and fled the jurisdiction. He was apprehended on February 22, 2015 in Lake Mary, Florida, by Bill Honea of A 2nd Chance Bail Bonding Company, with the assistance of the Lake Mary Police Department and transported back to Madison County.

**Madison County, Alabama Man Arrested for Multiple Counts of Securities Fraud, Court Sets \$2 Million Bond June 22, 2015** - Keith Michael Rogers, a resident of Huntsville, Alabama was arrested on June 19, 2015 for 10 counts of alleged violations of the Alabama Securities Act. Rogers was apprehended by the Madison County Sheriff's Department and Special Agents of the Enforcement Division of the Alabama Securities Commission, based on an arrest warrant and indictment returned by the June 2015 Madison County Grand Jury. Rogers is currently being held on a \$2 million bond. Charges against Rogers include 10 counts of Securities Fraud in connection with his acts of taking investor funds entrusted to him. The indictment more specifically described his fraud actions as omitting to state material facts, making untrue statements of material facts and engaging in acts, practice or course of business which operated as a fraud or deceit upon his clients. All charges are Class B Felonies, punishable by a maximum of 20 years imprisonment and a \$30,000 fine for each count, upon conviction. The indictment alleges that Rogers, an investment advisor, mislead investors by misrepresenting that their investment funds would be lawfully used by Rogers to obtain a return. However, it is alleged that approximately \$2.5 million dollars of the investors' funds were actually used by Rogers to pay for his personal expenses, and also used as "Ponzi" payments to earlier investors. Additionally, Rogers allegedly forged documents to facilitate a series of fraudulent acts on the victims.

**Houston, Texas Man Pleads Guilty to Securities Fraud June 22, 2015** - On June 11, 2015, Mark E. Rodgers, of Houston, Texas, plead guilty to a count of Fraud in Connection with the Sale of Securities, by employing a device, scheme, or artifice to defraud, before Madison County Circuit Court Judge Dennis O'Dell. Based on a plea agreement, the Court sentenced Rodgers to 10 years' imprisonment, with 5 years' of supervised probation. The plea agreement also calls for Rodgers to pay \$1,339,000 in restitution, along with all court costs and fees. The State of Alabama recommended that Rodgers' sentence run concurrent with his federal sentence. Rodgers pled guilty to federal fraud charges in U.S. District Court, Southern Division, in Jackson, Mississippi, on March 25, 2015. Rodgers will face federal sentencing later this year. Rodgers' State sentencing stems from an April, 2014 Madison County, Alabama Grand Jury indictment charging him with violations of the Alabama Securities Act. According to the indictment, Rodgers, acting as an officer for Jackson, Mississippi-based Samarion, Inc., illegally offered and sold shares of company stock to Alabama investors without being registered with the Alabama Securities Commission to conduct securities business in the state. The indictment stated that Rodgers, together with co-defendant, Samer N'Ser, misrepresented to investors that his technical product, the "Samaritan Solution" was complete and fully functional to the extent that it would technically foresee or predict when elderly or infirmed individuals were in danger of falling or injuring themselves. Rodgers falsely claimed that he was seeking investors to be able to successfully market the product. An investigation revealed, however, that the product was not complete nor ready to be marketed, and that Rodgers staged a bogus demonstration of its ability to sway investors.

**Alabama Securities Commission Legal Staff Help Intercept Felon's Assets, Reroute Money to his Victims May 7, 2015** - The ASC has intercepted \$16,000 of redeemed stock owned by Harry H. "Woody" Duncan of Huntsville, Alabama and successfully rerouted the funds to help pay restitution to victims of an illegal investment scheme perpetrated by Duncan in 2011. In August, 2012, Madison County, Alabama Circuit Court Judge James P. Smith sentenced Duncan to 20 years' imprisonment, split to serve five years, for violations of the Alabama Securities Act. The 15-year remainder of Duncan's sentence was suspended with the stipulation that he make full restitution of the received stock dividends that the Court considered personal assets/income that should be used to pay victim restitution, as stipulated in his sentencing hearing. In January, 2015, ASC's legal Division received notification that a Florida-based corporation was attempting to notify all shareholders that it was planning to "redeem all shares of stock" to its shareholders. Duncan was identified as a shareholder and the company was



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seeking to give notice that he would receive a \$16,000 dividend for shares of stock he held. The ASC filed a motion for hearing with the Madison County, Alabama Circuit Court seeking to enforce the restitution order outlined in Duncan's sentencing hearing, and asked the Court to order that the proceeds of the redemption of Duncan's stock shares, while he remains imprisoned, be used toward payment of victim restitution. On April 23, 2015, the Court ordered Duncan to endorse the stock proceed check, made payable to the State of Alabama, to be applied to restitution to his victims. In August, 2012, Duncan pleaded guilty to one count of Scheme or Artifice to Defraud in connection with the Sale of Securities, a Class B felony; and to Theft of Property, 1st Degree, also a Class B felony, for which the Madison County District Attorney's Office recommended, and the Court ordered, Duncan to serve an additional 15-year sentence to run concurrent with the securities fraud charge. The Court ordered Duncan to pay \$512,063 restitution to seven investors named in the original indictment, and pay \$179,000 to an additional victim identified in an ASC investigation.

**Former Atlanta, Georgia Attorney Pleads Guilty to Alabama Securities Act Violations April 15, 2015** - On March 13, 2015, Hendricks Toussaint of Atlanta, Georgia, pled guilty in Madison County, Alabama Circuit Court to one count of Conspiracy to Commit Securities Fraud by employing a device, scheme or artifice to defraud. At the time the offense was committed, it was a Class C felony, punishable by from not more than 10 years and not less than one year and one day imprisonment, and not more than a \$15,000 fine per charge upon conviction. Based upon Toussaint's plea of guilty before Madison County Circuit Court Judge Alison S. Austin, his sentencing will be delayed until September 17, 2015. The eventual sentence will run concurrent with a federal prison sentence. On January 15, 2015, Toussaint pled guilty to a federal information in the United States District Court, Northern District of Georgia, Atlanta Division, of Conspiracy to Commit Wire Fraud. Toussaint is set for sentencing in Federal Court in Atlanta on August 4, 2015. Toussaint's plea is a result of a June, 2014 Madison County, Alabama Grand Jury indictment. Toussaint's co-conspirator, Richard David Hall of Huntsville, Alabama, fraudulently solicited investors' funds to be used in a managed gold "buy-sell" program. The pitch was that the investors' funds would purportedly purchase gold in Ghana, Africa, to be traded internationally, thus making a profit for the investors. The supposed trading of gold never occurred and investors' funds were actually wired through Toussaint's trust account. Toussaint also allowed his position as an attorney to be used by Hall and other co-conspirators, giving added credibility to their pitch related to the gold "buy-sell" program. Hall actually drafted an "attorney attestation letter," that, on its face, was from Toussaint. The attorney attestation letter guaranteed the legitimacy and safety of the gold trading platform, assuring all prospective investors that their invested funds would be safe. ASC records indicated that neither Toussaint, Hall nor any of their co-conspirators were properly registered with the ASC, as required by the Alabama Securities Act, to legally conduct securities business within, into or from Alabama.

**Madison County, Alabama Man Pleads Guilty to Securities Violation March 18, 2015** - Robert L. Broussard, District Attorney for the 23rd Judicial Circuit, Madison County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on March 12, 2015, Richard David Hall of Huntsville, Alabama, pled guilty in Madison County Circuit Court to one count Conspiracy to Commit Securities Fraud by Employing a Device, Scheme, or Artifice to Defraud. At the time the offense was committed it was a Class C felony punishable by not more than 10 years, nor less than 1 year and 1 day in prison and not more than a \$15,000 fine per charge. Based upon Hall's plea of guilt, the State of Alabama recommended a 10-year sentence and that Hall be jointly liable for restitution in the amount of \$3,265,000. Hall remains free on a \$60,000 bond, pending a formal sentencing hearing scheduled on April 23, 2015.

Hall's plea is a result of a June, 2014 Madison County Grand Jury indictment. Hall fraudulently solicited investor funds to be used in a managed gold "buy-sell" program. The pitch was that the investors' funds would purportedly purchase gold in Ghana, Africa, to be traded internationally, thus making a profit for the investors. Initially, Hall and his co-conspirators used a company named "First Fin" to obtain investors' funds. The supposed trading of gold never occurred and investors' funds were actually wired through an attorney trust account. The attorney managing the trust account then immediately wired the funds to Hall who sent the money to his co-conspirators and kept a portion for himself. Later, Hall created a company named "Berea" and used the same documentation of First Fin, merely changing the name to Beria, Inc. Hall and his co-conspirators fraudulently used the same sales pitch with Beria as with First Fin. Hall and his co-conspirators also fraudulently schemed to promote the use of non-existent or fake bank instruments to provide accounts on which money could be borrowed to

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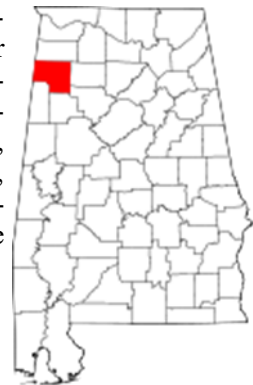
purchase gold in their related trading program. All of Hall's and his co-conspirators' investment programs resulted in significant losses of investors' funds. ASC records indicated that neither Hall nor his co-conspirators were registered with the ASC to legally conduct securities business in Alabama, as required by the Alabama Securities Act.

**California Man Arrested for Alleged Alabama Securities Act Violations December 23, 2014** - Joseph P. Tufo, a resident of Concord, California was arrested on December 19, 2014 for alleged multiple violations of the Alabama Securities Act. Tufo was apprehended by law enforcement authorities in Contra Costa County, California, based on indictments returned by the February, 2014 Madison County Grand Jury. Tufo is currently being held on a \$60,000 bond, pending extradition to Alabama. The charges against Tufo from the Madison County Grand Jury include one (1) count of Employing a Scheme to Commit Securities Fraud and three (3) counts of Conspiracy to Commit Securities Fraud. The charge of Employing a Scheme to Commit Securities Fraud is a Class B felony punishable by a maximum of 20 years imprisonment and a \$30,000 fine; and the charges of Conspiracy are Class C Felonies, punishable by a maximum of 10 years imprisonment and a \$15,000 charge for each count, upon conviction. These charges stem from allegations that Tufo and others promoted unlawful trading in a gold commodities buy/sale/trade program.

**Huntsville, Alabama Woman Indicted, Arrested for Alleged Violations of Alabama Securities Act December 11, 2014** - Jacqueline (Jackie) Wilson, also known as Jackie Rose, turned herself in to the Madison County Sheriff's office on December 9, 2014, based on a warrant issued for her arrest. Wilson was released from custody after posting an \$80,000 bond. An October, 2014 Madison County, Alabama Grand Jury indictment charged her with 8 counts of alleged violations of the Alabama Securities Act. The charges allege seven violations of the registration provisions of the Act; including six counts of Sale of Unregistered Securities and one count of Sale of Securities by an Unregistered Agent. Additionally, Wilson was charged with one count of Securities Fraud for allegedly engaging in an act, practice or course of business which would operate as a fraud or deceit. Under Alabama law, registration violations are Class C felonies and are punishable by not more than 10 nor less than 1 year of confinement, upon conviction, and a fine not to exceed \$15,000 per charge. Securities Fraud is a Class B felony and is punishable by not more than 20 nor less than 2 years of confinement, and a fine not to exceed \$30,000 per charge. The indictment alleges that Wilson fraudulently solicited investor funds for Cypress Creek Organic Farms. According to the indictment, Cypress Creek Organic Farms would provide all testing, materials, supplies, equipment, training and support for growing organic tomatoes. Wilson further represented that Cypress Creek would provide USDA organic certification and a guaranteed buyback of the produce.

**Huntsville, Alabama Man Indicted, Arrested for Alleged Violations of Alabama Securities Act December 11, 2014** - James (Jaime) Albert Lawhorne, Jr., also known as Jim Gilley, was arrested in Huntsville by Madison County Sheriff's deputies on December 10, 2014. Lawhorne, who was previously in the custody of the Rutherford County, Tennessee Sheriff's office on unrelated charges waived extradition and was transported to Madison County to face the Alabama Charges. Lawhorne was held at Madison County detention facility under a \$600,000 bond. Lawhorne's arrest stemmed from an October, 2014 Madison County, Alabama Grand Jury indictment charging him with 24 counts of alleged violations of the Alabama Securities Act. Charges against Lawhorne include: seven counts of Sale of Unregistered Securities; one count of Sale of Securities by an Unregistered Agent; 13 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 were Class B felonies punishable by not more than 20 nor less than 2 years of confinement and not more than a \$30,000 fine per charge, upon conviction. The indictment alleged that Lawhorne fraudulently solicited investor funds for Cypress Creek Organic Farms, a company Lawhorne owned. According to the indictment, Cypress Creek Organic Farms would provide all testing, materials, supplies, equipment, training and support for growing organic tomatoes. Lawhorne further represented that Cypress Creek would provide USDA organic certification and a guaranteed buyback of the produce.

### Marion County



## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

**Winfield Alabama Man Arrested for Alleged Alabama Securities Act Violations April 6, 2015** - Timothy Lowell Franks, age 56, a resident of Winfield, AL was arrested April 1, 2015 for alleged violations of the Alabama Securities Act. Franks' arrest stems from a March, 2015 Marion County, Alabama Grand Jury indictment charging him with 6 counts of alleged violations of the Alabama Securities Act. Charges against Franks include: (1) count of Sale of Unregistered Securities; (1) count of Sale of Securities by an Unregistered Agent; (3) 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 would operate as a fraud or deceit); and (1) count of Theft by Deception, 1st Degree. Securities registration charges are Class C felonies, punishable by a maximum of 10 years' imprisonment and a fine of \$15,000 for each count, upon conviction. Securities Fraud and Theft by Deception 1st are Class B felonies, punishable by a maximum of 20 years imprisonment and a \$30,000 fine for each count, upon conviction. According to the indictment, Franks offered and sold securities in a coal mining operation. In connection with the securities transactions, Franks represented that he owned the mine and had the mineral rights necessary to operate the mine. The securities allegedly sold were investment contracts or interests in the mining operation. Franks was released after posting a \$15,000 bond.

### Montgomery County

**Securities Commission Sue Future Income Payments LLC for Activities Related to the Purported Purchase and Sale of Retirees' Pensions March 27, 2019** -Attorney General Steve Marshall, Superintendent of the Alabama State Banking Department Michael E. Hill, and Director of the Alabama Securities Commission Joseph P. Borg, have sued Future Income Payments LLC (FIP), and its chief executive officer, Scott Alan Kohn, for alleged illegal activities related to its purported purchase of pensions. The lawsuit was filed March 20 in Montgomery County Circuit Court.



The Attorney General's Office, Securities Commission and Banking Department are asking the court to issue an injunction to stop activities that they state are in violation of the Alabama Small Loan Act, the Alabama Consumer Credit Act, the Alabama Securities Act and the Alabama Deceptive Trade Practices Act.

"This company operated an illegal lending scheme that took advantage of vulnerable Alabama consumers by targeting the pension benefits that protect retirees from poverty and hardship," said Attorney General Marshall. "Anyone who is still making payments to FIP is advised to stop, and to cancel any debits from their accounts to this company. My office, along with the Alabama Banking Department and Alabama Securities Commission, is committed to putting a stop to this kind of exploitative and illegal activity."

FIP is a Nevada company which markets and advertises the purchase and sale of pension income streams. The allegations in the complaint indicate that the company targeted two groups of individuals, those who needed an immediate source of cash in the form of a lump sum payment, and those who were seeking an investment opportunity. The plaintiffs allege that FIP engaged in deceptive practices by exploiting those individuals who urgently needed cash for healthcare, family emergencies, or other immediate demands. The consumers were ultimately saddled with unlicensed loans, many of which were made at unlawful interest rates.

"Pension-backed structured cash flows are often touted as a safe and high-yield investment, but these investments can be risky and complex. In the case of FIP, investors were misled into believing not only that the investments were safe, but that they were insured by reserves," said Deputy Director of Enforcement for the Alabama Securities Commission, Amanda Senn.

**Florida Man Sentenced for Securities Fraud in Montgomery County, Alabama March 12, 2015** - On March 10, 2015, William Chris Blane ("C. Blane"), of Vero Beach, Florida, was sentenced by Montgomery County, Alabama Circuit Court Judge Eugene Reese, to 15 years incarceration, split to serve three years with five years' probation that will be served upfront.

Blane's probation was ordered so that he can make restitution payments totaling \$2,926,870, plus fines and fees ordered by the Court and required by statute. In January, 2015, Blane pleaded guilty to four counts of

## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

securities fraud. At the time of the crimes the pleas were all Class C felonies punishable by not more than 10 years, nor less than 1 year and 1 day in prison and not more than a \$15,000 fine per charge. The defendant agreed to make restitution payments over a four year time period during his probation. Chris Blane's charges resulted from May and November, 2014 Montgomery County, Alabama Grand Jury indictments relating to the offer and sale of securities in EyeWonder, Inc., an Atlanta, Georgia-based company; and Poly-Triplex Technologies, Inc./Poly-Triplex Investors, LLC, both Florida-based companies. ASC records indicated that C. Blane was not registered with the ASC to legally offer and/or sell securities into, within, or from Alabama.

**Florida Man Pled Guilty to Securities Fraud in Montgomery County, Alabama January 28, 2015** - On January 26, 2015, William Chris Blane ("C. Blane"), of Vero Beach, Florida, pled guilty to four counts of securities fraud in connection with the offer and sale of securities in various companies totaling about \$3,762,650. A sentencing and restitution hearing is scheduled for February 26, 2015. At the time the offenses were committed, the securities fraud charges were Class C felonies under Alabama law. The punishment for a Class C felony is not more than 10 years, nor less than one year and one day imprisonment and a fine of not more than \$15,000 per charge, upon conviction. The charges against C. Blane resulted from May and October, 2014 Montgomery County, Alabama Grand Jury indictments relating to the offer and sale of securities in EyeWonder, Inc., an Atlanta, Georgia-based company ("EyeWonder") and Poly-Triplex Technologies, Inc./Poly-Triplex Investors, LLC, Florida-based companies ("Poly Triplex"). His brother, Martin Blane ("M. Blane") and Robert Robinson ("Robinson"), were indicted as co-defendants on similar charges relating to Eye Wonder, Inc. Both M. Blane and Robinson have previously pled guilty and been sentenced. All charges results representing that their funds would be used for business purposes, but instead some funds were used for personal expenses and liabilities. ASC records indicate none of the companies' securities were registered or exempt from registration with the ASC, and that C. Blane was not registered with the ASC to legally offer and/or sell securities into, within, or from Alabama.

### Morgan County

**Morgan County, Alabama Man Indicted for Alleged Theft, Forgery, and Securities Fraud August 9, 2018** - Scott Anderson, District Attorney for the 8th Judicial Circuit, Morgan County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on August 2, 2018, Gregory Steenson, of Priceville, Alabama, was indicted by a Morgan County Grand Jury, which returned two separate indictments. The first indictment consists of 9 counts of theft and forgery brought by Mr. Anderson's office. The second indictment brought by the ASC consists of five counts alleging violations of the Alabama Securities Act and Financial Exploitation of an Elderly Person. Steenson is being held without bond in the Limestone County Jail following a bond revocation hearing today before Circuit Judge Glenn Thompson.



The first indictment brought by District Attorney Scott Anderson, 8th Judicial Circuit, Morgan County, Alabama, charges Steenson with seven counts of Theft of Property, First Degree; each of which 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. Additionally, the indictment charges Steenson with one count of Theft of Property, Second Degree; which is a Class C felony, 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. Finally, Steenson was charged with two counts of Forgery, Second Degree; 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.

The indictment alleges that between April and December 2015, Steenson sold or traded vehicles to eight victims for which he did not hold a legal title. The victims either paid cash to Steenson or traded their vehicle, or a combination of the two, for vehicles for which the victims were unable to obtain titles. Ad-

## Enforcement Headline Summaries by County

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ditionally, Steenson allegedly forged the signature of two victims on title applications.

The second indictment brought by the ASC charges Steenson 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 Steenson 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 employing any device, scheme, or artifice to defraud. 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. Finally, Steenson was charged with one count of Financial Exploitation of an Elderly Person, which is also a Class B felony, 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 in June 2015, Steenson sold an investment contract and/or participation in any profit sharing agreement, which are defined as securities under the Alabama Securities Act, to at least one victim in Morgan County. The investment contract/profit-sharing agreement was issued by Steenson to finance a quick "flip" of real estate. Steenson allegedly misrepresented to the investor that invested funds would be used to purchase real estate in Tennessee, and omitted to tell the investor that the funds would not be used for that purpose. Neither Steenson nor the investment contract/profit-sharing agreement he sold were registered with the ASC, as required by the Alabama Securities Act. The victim was 60 years of age or older at the time of the alleged conduct.

### Shelby County

**Purported Movie Producer Arrested in Utah on Shelby County, Alabama Indictment for Alleged Securities Fraud May 10, 2019** - A Circuit, Shelby County, Alabama, and Joseph Borg, Director of the Alabama Securities Commission (ASC), announced that David Matthew Raney, of Studio City, California, was arrested on Alabama warrants in Utah on February 27, 2019 by agents with the FBI's Salt Lake City field office. The warrants were issued when a November 2016 Shelby County Grand Jury returned a ten-count indictment for multiple alleged violations of the Alabama Securities Act. Raney was held in the Purgatory Correctional Facility in Hurricane, Utah under a \$150,000 bond before turning himself over to Alabama authorities on May 7, 2019.



The indictment charges Raney with seven 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. The securities fraud charges are Class B felonies, carrying a range of punishment of two to 20 years' imprisonment and a fine of up to \$30,000 per charge, upon conviction. Additionally, the indictment charges Raney with one count of Sale of Securities by an Unregistered Agent, one count of Selling Unregistered Securities, and one count of Conspiracy to Commit Securities Fraud; each of which is a Class C felony, carrying a range of punishment of one year and one day to 10 years' imprisonment and a fine of up to \$15,000, upon conviction.

**Alleged Securities Fraud Defendant Arrested in Miami, FL and Transported to Shelby County, AL February 26, 2019** - Jill Hall Lee, District Attorney for the 18th Judicial Circuit, Shelby County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that

## Enforcement Headline Summaries by County

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John David Geraci was arrested by the Miami-Dade Police Department at Geraci's residence. Geraci waived extradition and was transported to Shelby County on February 17, 2019 based on outstanding warrants in a securities fraud case investigated by ASC. An arrest warrant was issued based on a five-count indictment returned by the Shelby County Grand Jury in October 2018. Geraci is out on a \$45,000 bond as of February 19, 2019.

The indictment against Geraci charged him with one count each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Additionally, Geraci was charged with two counts of Fraud in Connection with the Sale of Securities (employing a device, scheme or artifice to defraud and making an untrue statement of material fact), and one count of Theft by Deception, 1st Degree. The registration charges are Class C felonies, punishable by incarceration in the state penitentiary between one year and a day to no more than 10 years, and a possible \$15,000 fine per charge upon conviction. The fraud and theft charges are Class B felonies, carrying a possible sentence of not less than two years and not more than 20 years' incarceration and a possible fine of \$30,000 per charge, upon conviction.

The indictment alleges that Geraci offered and sold an investment in the Meridian Matrix Long Short Equity Fund ("Fund"), which said security had not then been registered and recorded with the Alabama Securities Commission, nor had Geraci properly registered to effect the sale of the security into, within, or from Alabama as required by the Alabama Securities Act. The indictment also alleges that Defendant misrepresented that in exchange for the investment the Alabama resident would, according to a written agreement, receive "\$2,000,000 of shares of the Fund" and misled the Alabama resident as to the performance and value of the Fund. Between approximately August 21, 2015 and August 26, 2015, the Alabama resident transmitted via three wire transfers a total of \$2,060,135 to Geraci.

**California Man Pleads Guilty to Theft By Deception February 7, 2019-** Jill Lee, District Attorney for the 18th Judicial Circuit, Shelby County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on January 28, 2019, Terrell Chambers of Thousand Oaks, California pleaded guilty in Shelby County Circuit Court to one count of Theft of Property by Deception in the First Degree relating to investments sold to an investor. The offense is a Class B felony, punishable by not less than two, but no more than 20 years in prison, and a fine not to exceed \$30,000.

After the plea was entered, The Honorable Circuit Judge William H. Bostick sentenced Chambers to 42 months in the custody of the Alabama Department of Corrections. That sentence was suspended in accordance with the Alabama Sentencing Guidelines, and Chambers was ordered to pay \$5,198.00 in restitution to the victim in the case. The Court ordered Chambers to serve 3 years of supervised probation and to make monthly restitution payments.

Chambers' plea is the result of a February 2016 indictment by the Shelby County Grand Jury. Chambers was arrested in Chicago, Illinois on May 20, 2016 and extradited to Shelby County. Chambers made bail and has been awaiting trial. In or about March 2014, Chambers solicited funds from Alabama investors misrepresenting that he would pay dividends based on profits realized through use of "gift tax" provisions of the United States Internal Revenue Code. The victims sent four wire transfers to Chambers totaling \$5,725.00. Chambers had previously taken money from other investors using the same promises and had civil judgments against him for failing to repay those investors. Chambers failed to tell the Alabama investors about the prior investors or the civil judgments resulting from the same scheme. Neither Chambers nor the investments he sold were registered with the ASC, as required by the Act.

## Enforcement Headline Summaries by County

Read complete articles at [www.asc.alabama.gov](http://www.asc.alabama.gov)

### Talladega County



**Talladega County, Alabama Man Pleads Guilty to Securities Fraud September 19, 2016** - On September 13, 2016, Jason Todd Caudle, of Sylacauga, Alabama pleaded guilty in Talladega County Circuit Court to one count of Securities Fraud for employing a device, scheme, or artifice to defraud two Alabama investors out of \$35,500. The offense is a Class B felony, punishable by not less than two, but no more than 20 years in prison, and a fine not to exceed \$30,000. This is Caudle's first felony conviction. After the plea was entered, The Honorable Circuit Court Judge William E. Hollingsworth, III sentenced Caudle, according to the terms of his plea agreement. Caudle was sentenced to five years in the custody of the Alabama Department of Corrections. That sentence was split and Caudle was ordered to serve three years, with two years suspended, along with five years of supervised probation. Caudle was released on the probation portion of his sentence, after having served five months in the Talladega County Jail. Caudle must report back to the Court to begin the remainder of the incarceration portion of his sentence before his probation expires. Judge Hollingsworth further ordered Caudle to pay court costs and fees, a \$750 fine, and \$35,500 in restitution to the victims in the case. As part of the plea, Caudle also consented to be permanently barred from the securities industry in Alabama. Caudle's plea is the result of an indictment by the Talladega County Grand Jury in March 2016. Caudle told two Alabama investors that he operated a business called Hard Rock Properties, LLC, through which Caudle owned, managed, and rented residential real estate in Alexander City, Alabama. Caudle solicited investments by offering investment contracts and/or ownership shares in Hard Rock Properties to the investors in Talladega County. Caudle obtained funds from the investors on more than one occasion, beginning in April 2011. Caudle did not, in fact, own or manage the properties he told investors he did. Caudle produced falsified and/or misleading documents to the investors to further the scheme, and used funds for personal expenses. Neither Caudle nor the investments sold were registered with the ASC, as required by Alabama law.

**Talladega County, Alabama Man Indicted for Alleged Securities Fraud April 21, 2016** - On March 11, 2016, Jason Todd Caudle, of Sylacauga, Alabama was arrested for alleged violations of the Alabama Securities Act, based on an arrest warrant issued after the March 2016 Talladega County Grand Jury returned a five-count indictment. On the same day, Caudle posted a bond of \$25,000 and was released. Caudle then failed to appear for his arraignment on April 5, 2016 and a war-rant was issued for his arrest. He was re-arrested and returned to the Talladega County Jail on April 19, 2016. The indictment charges Caudle with one count of Sale of Unregistered Securities and one count of Sale of Securities by an Unregistered Agent; which are Class C felonies, carrying a range of punishment from one year and one day to 10 years' imprisonment and not more than a \$15,000 fine per charge, up-on conviction. Additionally, the indictment charges Caudle with three counts of Fraud in Connection with the Sale of Securities for making misrepresentations or omissions of material fact to an investor; for engaging in an act, practice or course of business which operates as a fraud or deceit upon an investor; and for employing a device, scheme or artifice to defraud an investor. The fraud charges are Class B felonies, carrying a range of punishment from two to 20 years' imprisonment and not more than a \$30,000 fine per charge, upon conviction. The indictment alleges that Caudle told two Alabama investors that he operated a business called Hard Rock Properties, LLC, through which Caudle owned, managed, and rented residential real estate in Alexander City, Alabama. Caudle solicited investments by

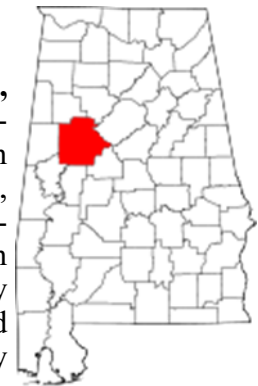
## Enforcement Headline Summaries by County

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offering investment contracts and/or ownership shares in Hard Rock Properties to the investors. Caudle obtained funds from the investors beginning in April 2011. After the initial investment, Caudle later secured further funds from the investors, by misrepresenting that funds were needed for underwriting fees and inspections, but no such expenses existed. The indictment alleges that Caudle did not in fact own the rental properties, and that Hard Rock Properties did not manage the properties. It further alleges that Caudle produced falsified and/or misleading documents to the investors to further the scheme, and that the investors' funds were used for personal expenses. Caudle was not registered with the ASC as a dealer or agent of securities in Alabama, nor were the investment contracts or shares he offered registered with the ASC as securities to be sold in Alabama, as required by the Alabama Securities Act.

### Tuscaloosa County

**Arizona Man Sentenced for Securities Fraud in Tuscaloosa County May 5, 2018** - Hays Webb, District Attorney for the 6th Judicial Circuit, Tuscaloosa County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on May 2, 2018, James Friend Liebes, of Paradise Valley, Arizona, pleaded guilty in Tuscaloosa County Circuit Court to one count of Securities Fraud for misstating or omitting to state material facts to an Alabama investor in connection with the sale of securities. The offense is a Class B felony, punishable by not less than two, but no more than 20 years in prison, and a fine not to exceed \$30,000. The charges stem from a May 2016 indictment by the Tuscaloosa County Grand Jury. Liebes, operating as Lanesborough Financial, sold stock in Careview Communications, Inc. to an Alabama investor, in exchange for \$39,683.00.



The investor was not told, however, that Liebes didn't actually own the stock, nor did he have the rights to sell the stock, but merely owned warrants to obtain the stock and had assigned those warrants to third parties prior to the sale. Further, Liebes diverted the invested funds to personal expenses, but told the investor that he would repay him with 7,000 shares of stock he owned in Lifelock, Inc. Liebes never transferred the purportedly owned shares in Lifelock, Inc., and failed to inform the investor that neither Liebes, nor his company, were registered to sell securities in Alabama as required by the Alabama Securities Act.

Liebes who has been incarcerated in the Maricopa County, Arizona jail since January 17, 2018 for failing to appear for the trial in this case, was transported last week to Tuscaloosa County and agreed to plead guilty to securities fraud. Pursuant to the plea agreement, the Honorable Judge John H. England sentenced Liebes to four years incarceration. During the sentencing phase, the Court credited Liebes with the time he served in jail and suspended the remainder of his sentence. Liebes will remain on probation pending any violation of the conditions of probation, including complete restitution and a permanent bar from the securities industry in Alabama.

**Tuscaloosa County, Alabama Man Indicted for Alleged Securities Fraud July 6, 2016** - On June 15, 2016, Terry Earl Hester, of Banks, Alabama turned himself in to the Tuscaloosa County Jail, based on an arrest warrant issued after the April 2016 Tuscaloosa County Grand Jury re-turned a six-count indictment for alleged violations of the Alabama Securities Act. Hester was released after posting a \$90,000 bond. The indictment charges Hester 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



## Enforcement Headline Summaries by County

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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 Hester with four counts of Fraud in Connection with the Sale of Securities for making untrue statements of, or omitting to state, material facts to an investor; for engaging in an act, practice or course of business which operates as a fraud or deceit upon an investor; and for employing a device, scheme or artifice to defraud an investor. Each of the securities fraud charges are Class B felonies, punishable by not more than 20 years or less than 2 years imprisonment and a fine of not more than \$30,000 per charge, upon conviction. The indictment alleges that, beginning in January 2012, Hester sold investment contracts for a "Private Placement Funding Agreement" and a "Standby Letter of Credit" to a local church in Tuscaloosa, Alabama. Hester misrepresented to the church that he could invest their money in these programs to generate \$3,000,000 to fund construction of a new church.

Hester convinced the church to appoint him as the finance director, and then obtained two investments from the church, totaling \$1,530,000. Hester promised that \$1,500,000 of the invested funds would remain in an attorney trust account in the church's name until the transaction was completed, but they did not. Hester also opened un-disclosed accounts in the church's name over which he was the sole signatory. Hester then used the church's in-vested funds to overpay Douglas Mills for services related to the transaction, without informing the church, and spent the church's funds on Hester's personal expenses. Neither Hester nor the investment contracts he sold were registered with the ASC, as required by the Alabama Securities Act.

**Arizona Man Indicted for Alleged Securities Fraud in Tuscaloosa County June 28, 2016** - On June 24, 2016, James Friend Liebes, of Paradise Valley, Arizona was arrested by the Maricopa County Sheriff's Office for alleged violations of the Alabama Securities Act, based on an arrest warrant issued after the April 2016 Tuscaloosa County Grand Jury returned a three count indictment. Liebes is currently being held in the Maricopa County Jail in Arizona, awaiting extradition to Alabama. The indictment charges Liebes with one count of Sale of Securities by an Unregistered Agent; which is a Class C felony, punishable by not more than 10 years or less than 1 year and 1 day and a fine of not more than \$15,000 per charge, upon conviction. Additionally, the indictment charges Liebes with two counts of Fraud in Connection with the Sale of Securities for making un-true 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, punishable by not more than 20 years or less than 2 years imprisonment and a fine of not more than \$30,000 per charge, upon conviction. The indictment alleges that Liebes told an Alabama investor that he owned and could sell shares of stock in Careview Communications, Inc. to the investor. Liebes obtained \$39,683.00 from the investor in exchange for 39,683 shares of Careview stock, beginning in June 2011. Liebes never gave the shares of stock to the investor, and, in fact, did not own any Careview stock. Liebes only owned warrants to obtain the stock. Liebes assigned those warrants to another third party instead of tendering them to the investor. Further, Liebes stated that he would transfer to the investor 7,000 shares of stock in Lifelock, Inc. as repayment for the in-vestment, but those shares were never given to the investor. Neither Liebes nor the corporation he used was registered with the ASC as a dealer or agent of securities in Alabama, as required by the Alabama Securities Act. Liebes did not inform the investor that he was not properly registered as a dealer or agent in Alabama. The funds obtained from the investor were not invested, but used by Liebes for personal expenses.

# ASC National News Coverage During FY 2018 - 2019 (Samples of coverage received)

Received June 1, 2019



Wells Fargo Advisor Ron Long on right with Joseph Borg, Director of the Alabama Securities Commission on left.



## Manhattan DA Indicts Dark Web Drug Dealers for Laundering \$2.3 Million in Bitcoin

[Samantha Ch...](#) 4/19/19 019 [Bitcoin Crime](#), [Crypto News](#)

NASAA president Joseph Borg said one of the goals of Operation Crypto Sweep is to raise public awareness of the predatory scam artists preying in the unregulated cryptocurrency market.

“Crypto-criminals need to know that state and provincial securities regulators are taking swift and effective action to protect investors from their schemes and scams,” Borg said.



## Alabama News: Alabama Attorney General's Office, Banking Department, Securities Commission Sue Future Income Payments LLC

[03/27/2019 Marty Smith](#)



“Pension-backed structured cash flows are often touted as a safe and high yield investment, but these investments can be risky and complex,” said Deputy Director of Enforcement for the Alabama Securities Commission, Amanda Senn.

## ASC National News Coverage During FY 2018 - 2019 (Samples of coverage received)

# Bloomberg Businessweek

March 12, 2019, 4:00 AM CDT

## The Battle Over Broker Rules Goes Local

Some states want to force advisers to act in clients' best interests.

*By Neil Weinberg*

Alabama Securities Commission Director Joe Borg, representing state regulators, wrote to the SEC in August lauding Regulation Best Interest as a good first step. But he also called for major modifications. Among them: Change the name from Best Interest to something more neutral, such as "Broker-Dealer Standard of Conduct," to avoid misleading investors about what they're getting. Borg says he's not surprised some states are moving faster. "This is a hot topic, and the bottom line is that states are going to move when there's political interest," Borg says. "Personally, I prefer to wait and see what the SEC does."



## Pro-Bitcoin Colorado Governor Signs Crypto-Friendly Digital Token Act

[Samantha Chang](#) 08/03/2019 [Bitcoin Regulation](#), [Crypto](#), [News](#)

"Crypto-criminals need to know that state and provincial securities regulators are taking swift and effective action to protect investors from their schemes and scams," NASAA president Joseph Borg said.

# THE WALL STREET JOURNAL.

U.S. Edition ▾ | December 26, 2018 | [Print Edition](#) | [Video](#)

By Jean Eaglesham and Dave Michaels

**Crypto Craze Drew Them In; Fraud, in Many Cases,  
Emptied Their Pockets**

Joseph Borg said state enforcers' focus is on stopping frauds.

# ASC National News Coverage During FY 2018 - 2019 (Samples of coverage received)



## Alabama: The Unlikely Frontline for America's Crypto Fraud Crackdown

"Wherever the hot issue is, that's where the fraudsters go," Bordenkircher said.



Brady Dale

Nov 20, 2018 at 05:01 UTC • Updated Nov 20, 2018 at 12:41 UTC



## Lobbyists Want to Shape the Regulatory Agenda While Investor Fraud is on the Rise

October 26, 2018

By [Alex Padalka](#)

"A lot of the scamsters are getting a lot smarter," Joe Borg, director of the Alabama Securities Commission, tells Investment News.

Oct 24, 2018 @ 11:42 am

By [Bruce Kelly](#)



## Remember Bernie Madoff? Big time financial fraud is back

*Dawn Bennett just the latest in a growing list of malfeasance by advisers and others*

"Now, there are a slew of cases where lawyers are roped in by the crooks. They recruit the attorney to open an LLC or create an operating agreement." "Scams are based on trust," Mr. Borg said."

# ASC National News Coverage During FY 2017- 2018 (Samples of coverage received)



Darla Mercado | @darla\_mercado Published 4:00 PM ET Sat, 22 Sept 2018 NBC.com

## Why investing in the next big start-up could be a disaster for your finances

State securities regulators have warned that because these investments are exempt from registration requirements, they expose investors to greater risk. "It's an important segment of the market, it's not very transparent and, by the time we see it, the damage has been done," said Joseph P. Borg, director of the Alabama Securities Commission and president of NASAA.



By Uma Johnson - Sep 22, 2018

## How To Minimize The Risks Of Being Scammed In Digital Currencies

Joseph Borg – who headed the probe of the state regulators, said that “while not every digital currency or Initial Coin Offering-related investment is a scam, it is crucial for individuals and companies selling these products to be aware that they aren’t doing so in a vacuum, adding that state and provincial regulations and laws may apply, especially securities laws.

Bloomberg  
Law

Bloomberg  
Tax

Bloomberg  
Government

Bloomberg  
Environment

September 10, 2018

## INSIGHT: EU Token Offerings: 10 Questions for an Issuer to Consider

NASAA president and Alabama Securities Commission director, Joseph Borg, recommended that: “sponsors of [cryptocurrency] products should seek the advice of knowledgeable legal counsel to ensure they do not run afoul of the law.



## Hurricane Florence May Leave Investment Scams In Its Wake, Regulators Warn

September 21, 2018 • Tracey Longo

While news stemming from Hurricane Florence has rightfully focused on the tireless efforts of first responders and neighbors helping neighbors, we know from experience that financial predators are lurking like snakes in the water to seek profit from the misfortune of others,” said Joseph P. Borg...

Bloomberg  
Law

Bloomberg  
Tax

Bloomberg  
Government

Bloomberg  
Environment

September 10, 2018

## INSIGHT: EU Token Offerings: 10 Questions for an Issuer to Consider

NASAA president and Alabama Securities Commission director, Joseph Borg, recommended that: “sponsors of [cryptocurrency] products should seek the advice of knowledgeable legal counsel to ensure they do not run afoul of the law.



## North American agency cracks down on over 200 ICO, crypto cases

By Paul How August 30, 2018

NASAA President Joseph Borg said, noting that offenses other than fraud, such as failure to register an offered product, were prevalent.



By Barbara Friedberg Contributor | July 18, 2018, at 4:23 p.m.

## 7 Ways to Prepare Your Investments for a Disaster Start today to assemble your money preparedness tool kit.

(Joe Borg) “The most effective and dangerous scams are ripped right out of the headlines. Con artists read the headlines and have a track record of tailoring investment scams to fit the latest disaster.”

# ASC National News Coverage During FY 2017 - 2018 (Samples of coverage received)

## THE WALL STREET JOURNAL.

MARKETS

By Jean Eaglesham and Coulter Jones

Updated July 2, 2018 6:11 p.m. ET

### Regulators Step Up Scrutiny of Sales of Private Stakes

"Based on the Journal's reporting, state and federal regulators need to work even more closely together," said Joseph Borg, president of the state regulators association and Alabama securities commissioner. "And that's exactly what we're planning."



### United States: House Subcommittee Considers Legislation On SEC Enforcement Of Securities Laws H.R. 5037

Last Updated: June 20 2018 Article by Kyle DeYoung Cadwalader, Wickersham & Taft LLP

The Securities Fraud Act would preempt state civil actions for securities fraud involving issuers listed on a major national exchange, and provide federal courts with exclusive jurisdiction over these actions. It would also require any criminal enforcement actions brought by a state to "comply in all respects with the legal requirements for securities fraud under federal law." Mr. Borg testified against H.R. 5037 as "misguided and dangerous."



### LPL agrees to \$26 million settlement with states over unregistered securities

In July 2017, NASAA established a task force with Massachusetts and Alabama as lead states to investigate LPL's failure to establish and maintain reasonable policies and procedures to prevent the sale of unregistered, non-exempt securities by LPL to its customers. LPL fully cooperated with the NASAA task force, according to NASAA.

## The New York Times

### Wall Street Titan Takes Aim at Law That Tripped Him Up

By [DANNY HAKIM](#) APRIL 15, 2018

Joseph P. Borg, the longtime director of the Alabama Securities Commission, said, "Any way you look at it, this bill is going to put investors at not only a disadvantage, but deep in harm's way."

## Forbes / Personal Finance #CyberSecurity APR 3, 2018 @ 03:47 PM/

Who better to learn FinTech from the NASAA President, Director of the Alabama Securities Commissioner, and Hofstra University Law School alumni, [Joseph Borg](#)? "Dollar wise, baby boomers are a greater target to the fraudster, than most millennials," said Borg.



### Buyers beware: It could be the next Bitcoin -- or a scam Susan Tompor, May 21, 2018

"Not every ICO or cryptocurrency-related investment is fraudulent, but we urge investors to approach any initial coin offering or cryptocurrency-related investment product with extreme caution," said Joe Borg,



### State regulators unveil nationwide crackdown on suspicious cryptocurrency investment schemes

"We're putting ourselves in the shoes of investors. We're seeing what's being promoted to investors. And then we're taking the next step and then we're finding out whether they're complying with securities laws," said Joseph Borg...

# ASC National News Coverage During FY 2016 - 2017 (Samples of coverage received)

## **Bloomberg BNA** **Meet the State Enforcers on the Frontline of Crypto Fraud Fight** *By Lydia Beyoud and Andrew Ramonas March 20, 2018*

The states are in discussion with the SEC on how to assist with those investigations, Alabama Securities Commission Director and NASAA President Joseph Borg told Bloomberg Law.

## **CR Consumer Reports** **New Ways to Prevent Elder Financial Abuse** *By Penelope Wang February 02, 2018*

The NASAA model rule also protects brokers and advisers from liability if they stop account disbursements, says Joseph Borg, Alabama Securities...



At the Alabama Securities Commission, Amanda Seiv, Ricky LockMar



### SDAMS **Fighting Financial Fraud and Identity Theft**

Learn what it's like on the front lines on our ride along with the scam police.

By ANNE KATES SMITH, Senior Editor [Twitter](#), and LISA GERSTNER, Contributing Editor [Twitter](#) and KIMBERLY LANKFORD, Contributing Editor [Twitter](#)  
From Kiplinger's Personal Finance, January 2018

The commission can bring both civil and criminal charges against those accused of breaking the rules or defrauding investors. An inside joke explains who gets hit with what kind of charge: "You lie, cheat or steal, you go to jail. Everything else we'll work out with an administrative order," says commission director Joseph Borg, who is also president of the North American Securities Administrators Association.



## **Bitcoin 'Is Just Likethe Dot-Com Bubble'**

ANNIE LOWREY | 8:00 AM ET | BUSINESS December 2017

Joseph Borg: From our office's point of view, we have money transmitters and securities. If Bitcoin is being used as a transmission vehicle for money, those businesses have to be licensed.



## **Don't Take Out a Second Mortgage to Buy Bitcoin** **SARAH HOLDER DEC 14, 2017**

Borg says, he's seeing people taking big financial risks, similar to those that preceded the housing crash of 2008. Some tell him that they've begun taking out second mortgages on their homes to buy bitcoin.

# ASC National News Coverage During FY 2016 - 2017 (Samples of coverage received)

## ThinkAdvisor

SEPTEMBER 27, 2017

### Alabama Securities Director Borg Steps Up as NASAA President

Borg starts one-year term, notes growing BD interest in NASAA Model Fee Disclosure Schedule

InvestmentNews

### Treasury calls on financial regulators to coordinate cybersecurity oversight

Jun 14, 2017 @ 2:09 pm By Mark Schoeff Jr.

State regulators also have increased their scrutiny of advisory firms' cyber defenses. State participation in the Financial and Banking Information Infrastructure Committee helps to get the regulators on the same page, according to Joe Borg, Alabama securities director and president-elect of the North American Securities Administrators Association.

FINANCIAL ADVISOR



· Annuities?  
JTSO

Borg said it is important for the regulators to recognize that cybersecurity protections that may be appropriate for large investment advisory firms may not be for smaller operations. He warned the annuities industry attendees that insurance sales people can cross the line in promoting life insurance and violate the law.

## The New York Times

RETIREMENT

### Declaring War on Financial Abuse of Older People

Retiring By ELIZABETH OLSON APRIL 14, 2017

Alabama passed the Protection of Vulnerable Adults from Financial Exploitation Act, to add a layer of protection to existing laws by requiring brokers and investment advisers who believe a vulnerable adult is being exploited to notify the Human Resources Department and the Alabama Securities Commission.

(Continued on next page)



# ASC National News Coverage During FY 2015 - 2016 (Samples of coverage received)

## The Intercept The Money Is Gone

After a stock analyst lost \$1 million on one penny stock, he set off to find out how...

David Dayen, Sep. 22, 2016

"They don't have the same standards," said Joseph Borg, director of the Alabama Securities Commission, who **achieved fame** by investigating Jordan "The Wolf of Wall Street" Belfort's company Stratton Oakmont for penny stock fraud in the 1990s.

## InvestmentNews

### Three states make elder-financial-abuse reporting mandatory starting Friday

Jun 30, 2016 @ 1:44 pm  
By **Mark Schoeff Jr.**

But Mr. Borg said the **Alabama law** for advisers had to be consistent with other state statutes that require the reporting of physical and emotional abuse of seniors.

## LawFuel

### "Insatiable Greed" Of No-Fault Insurance Fraudster Leads to 15 Years' Jail

By *LawFuel Editors* on January 29, 2016

U.S. Attorney Preet Bharara thanked the Federal Bureau of Investigation and the New York City Police Department for their continued outstanding work in the investigation. Mr. Bharara also thanked the National Insurance Crime Bureau, the investigative units of the insurance companies, the Manhattan District Attorney's Office and **the Alabama Securities Commission** for their valuable assistance with the investigation.

## Star-Telegram

### Investor behind Fort Worth amusement park runs afoul of Alabama regulators

FORT WORTH JANUARY 25, 2016 5:30 PM BY SANDRA BAKER

The Alabama Securities Commission in December ordered the head of the investor group backing proposed DreamVision amusement parks planned for Fort Worth and Muscle Shoals, Alabama, to stop illegally selling residential real estate investments.

## THE WALL STREET JOURNAL.

"In the long run we've got to say the greater good is served by making it mandatory and trying to protect the vast amount of people," said Joseph Borg, Alabama's securities commissioner. He plans to introduce such legislation early next year.

By JENNIFER LEVITZ and ANNA PRIOR  
Dec. 29, 2015 7:11 p.m. ET

## InvestmentNews

The Leading Information Source for Financial Advisers

### Regulators target free lunches for elderly clientele

By **Mark Schoeff Jr.**  
October 13, 2015

Free lunches were once used as a way to market a brokerage's services to a large group of people, said Joseph Borg, director of the Alabama Securities Commission. Now, firms are using the lunches to gather information about attendees' assets and fashion sales pitches for financial products.

# ASC Announcements, Commentaries and Investor Alerts from FY2015 - FY2016 through FY2018-FY2019

*(COMPLETE ARTICLES MAY BE READ AT [WWW.ASC.ALABAMA.GOV](http://WWW.ASC.ALABAMA.GOV))*

## Announcements & Investor Alerts From FY 2018- 2019

06/18/2019 - **Alabama Securities Commission Recognizes World Elder Abuse Awareness Day And Conducts Outreach Events Year-Round Warns Of Danger Signs For Suspected Financial Abuse**

06/12/2019 - **Governor Ivey Signs Bill To Help Alabama Victims Of Theft By Deception Receive Restitution June 11, 2019**

05/03/2019 - **Alabama Securities Commission Welcomes New Commissioner**

04/10/2019 - **ALABAMA SECURITIES COMMISSION ISSUES ADVISORY ON ROBO-ADVISERS**

03/28/2019 - **Alabama Joins In National "Facts On Saving And Investing" Investor Education Initiative; Governor Ivey Signs Proclamation**

03/20/2019 - **CRYPTO-CURRENCY INVESTOR ALERT: Securities Commission Issues Five Cease And Desist Orders To Protect Investors**

02/25/2019 - **Alabama Securities Commission Participates In National Investor Awareness Campaigns**

01/14/2019 - **State Securities Regulators Are Unaffected By The Partial Shutdown Of The Federal Government**

11/26/2018 - **Alabama Securities Commission Announces IARD System Fee Waiver For Investment Adviser Firms Reduced System Fees Continued For Investment Adviser Representatives**

10/15/2019 - **ALABAMA SECURITIES COMMISSION ISSUES ADVISORY MARIJUANA RELATED INVESTMENTS**

## Announcements & Investor Alerts From 2017- 2018

09/24/2018 - **Alabama Securities Commission Cracks Down On Unregulated Crypto-Currency Initial Offerings**

11/18/2018 - **WATCH FOR SCAMS IN FLORENCE'S WAKE**

09/28/2018 - **ALABAMA SECURITIES COMMISSION UPDATES COORDINATED CRYPTO CRACKDOWN**

08/09/2018 - **Alabama Securities Commission Director Borg Receives A Lifetime Achievement Award From The Alabama Senior Citizens Hall Of Fame**

07/09/ 2018 - **Alabama Securities Commission Appoints Senn To Deputy Director Of Enforcement**

# ASC Announcements, Commentaries and Investor Alerts from FY2015 - FY2016 through FY2018-FY2019 (Samples of coverage received)

*(COMPLETE ARTICLES MAY BE READ AT [WWW.ASC.ALABAMA.GOV](http://WWW.ASC.ALABAMA.GOV))*

06/12/ 2018 - **ALABAMA SECURITIES COMMISSION RECOGNIZES WORLD ELDER ABUSE AWARENESS DAY  
WARNS OF THE DANGER SIGNS FOR SUSPECTED ABUSE BY GUARDIANS**

05/21/2018 - **ALABAMA SECURITIES COMMISSION PARTICIPATES IN COORDINATED INTERNATIONAL CRYPT  
TO CRACKDOWN *Joseph Borg: "This Is Just The Tip Of The Iceberg."***

03/07/2018 - **INFORMED INVESTOR ADVISORY Are Unicorns A Myth?**

01/12/2018 - **Alabama Securities Commission Appoints Acting Deputy Director And Announces New Chief  
Litigation Counsel**

01/04/2018 - **Alabama Securities Commission Reminds Investors To Approach Cryptocurrency With Caution**

12/13/2017 - **ALABAMA SECURITIES COMMISSION ANNOUNCES TOP INVESTOR THREATS Promissory Notes,  
Real Estate Investments And Ponzi Schemes Top The List**

## Announcements & Investor Alerts From FY 2016- 2017

09/13/2017 - **Alabama Securities Commission Issues Binary Options Advisory**

08/29/2017 - **Alabama Veterans Face A Serious Threat: Financial Scammers**

08/16/2017 - **Alabama Legislature Passes Bill To Modernize Regulation Of Money Transfers Governor Ivey  
Signs Into Law Effective On August 1, 2017)**

## Announcements & Investor Alerts From FY 2015- 2016

08/29/2016 - **EB-5 Fraud: Immigrant Investors Beware**

06/15/2016 - **ALABAMA SECURITIES COMMISSION RECOGNIZES WORLD ELDER ABUSE AWARENESS  
DAY BY ASKING CITIZENS TO WATCH FOR SIGNS OF ELDER FINANCIAL EXPLOITATION**

05/17/2016 - **Alabama Securities Commission Reaches Settlement With LPL Financial Firm Agrees To  
Return Alabama Investors' Money For Inappropriate Real Estate Investment Sales**

04/18/2016 - **Alabama Legislature Passes Bill To Help Protect Vulnerable Adults From Financial  
Exploitation-Governor Bentley Signs Into Law**

12/21/2015 - **Alabama Securities Commission Releases Top Investor Threats Investors Urged To  
Approach Unsolicited Offers With Caution**

12/16/2015 - **Telephone Scams To Watch Out For Now!**



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