

ALABAMA SECURITIES COMMISSION

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FOR IMMEDIATE RELEASE

Wayne H. Smith of Heflin, Alabama Pleads Guilty to Violations of the Alabama Securities Act

MONTGOMERY, ALABAMA (March 21, 2007) The Honorable Joseph D. Hubbard, District Attorney for the 7th Judicial Circuit and the Honorable Joseph P. Borg, Director of the Alabama Securities Commission(ASC), announced today that Wayne H. Smith, resident of Heflin, Alabama, plead guilty to a 12-count indictment handed down in a November 2004 session of the Cleburne County Grand Jury. Smith plead guilty before Circuit Judge Malcolm B. Street, Jr. to four counts of Theft of Property, First Degree; two counts of Fraud in Connection with the Sale of Securities; two counts of Sale of Securities by an Unregistered Agent; and, four counts of Selling Unregistered Securities.

Smith, a local attorney, plead guilty to accepting investment funds from clients, leading them to believe their money would be invested in an “off-shore leveraged loan program,” through an investment entity known as Cheaha Management. Investigation revealed that Smith used portions, or in some cases, all of the clients’ investment funds for his personal benefit. It is estimated that Smith took more than \$300,000 of investors’ money. As a result of these illegal activities, Smith has been disbarred from practicing law and could face jail time and/or heavy fines, once sentenced.

The violation of any associated securities counts are considered Class C felonies, punishable by one year and a day to 10 years in prison, and/or a fine of up to \$10,000 or any amount double the pecuniary gain to the defendant. The Theft of Property, First Degree is considered a Class B felony punishable by not more than 20 years or less than two years in prison.

“Once again, those who commit this kind of white-collar crime have been sent a clear message that we will vigorously investigate and prosecute anyone who preys upon the citizens of Alabama,” said ASC Director, Joseph Borg. “We also want to thank the District Attorney and law enforcement authorities of Cleburne County for helping to ensure that justice was served for these illegal actions.”

The ASC cautions potential investors to thoroughly check out any investment opportunity prior to handing their money over to possible unscrupulous companies or individuals. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities or to report suspected fraud.

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If you have further questions call Dan Lord, Education and Public Affairs Manager, 334-353-4858; Email: dan.lord@asc.alabama.gov.

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