

## **ALABAMA SECURITIES COMMISSION**

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FOR IMMEDIATE RELEASE

### **Wealth Builders International (WBI) Founder Arrested**

MONTGOMERY, ALABAMA (March 25, 2004) - The Alabama Securities Commission announced the arrest of Terry Harris, a resident of Birmingham, Alabama. Harris is the founder of the former Wealth Builders International, a Birmingham based company.

Harris was arrested by the Birmingham Police Department on March 24, 2004 and transported to the Montgomery County Jail by Montgomery County Sheriff deputies. Harris was released late Wednesday evening on a \$15,000 bond.

The arrest was a result of a 3 count indictment returned by the March 2004 Session of the Montgomery County Grand Jury. Harris was indicted on 1 count of Selling Unregistered Securities, 1 count of Selling Securities Without Benefit of Registration as a Securities Agent, and 1 count of Transacting Business as an Unregistered Investment Advisor.

Borg said, "The investigation involving Harris and WBI activities is continuing."

The Alabama Securities Commission's Enforcement Division began investigating Wealth Builders International ("WBI"), headquartered in Birmingham, due to discrepancies pertaining to the licensing and registration of Wealth Builders International, Inc. and its operation. Under Alabama law it is unlawful for any person to offer or sell any security into, within, or from the state or to give investment advice unless that person and/or entity is registered or exempt from registration.

WBI engaged in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities. During the course of the Commission's investigation it was determined that investor funds were not directly invested as represented.

Investor funds were also withdrawn from the WBI account without notification to the investors and utilized to pay salaries of office personnel, purchase office supplies, and pay office lease payments. Further, it was determined that investor's funds were utilized to make

payments to some investors in the form of represented profit earnings, where profits did not exist. Profits that were posted to the individual Investor's account were determined to be misrepresentations, not true profits. Investors were told they had profits in the accounts when in fact significant losses occurred.. The Commission alleged that WBI misrepresented the returns being made through WBI's trading efforts.

The Commission's investigation of WBI indicates that between September 1, 2001 and February 26, 2003, approximately 1,767 investors deposited \$4,743,537.98 either in WBI or an associated entity.

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Investors were paid approximately \$952,338.90 allegedly as profits which in fact did not exist. Trading fees/losses totaled \$1,088,302.08. Unaccounted/ misappropriated funds totaled \$197,829.05. The amount of funds available for disbursement totaled approximately \$2.5 million.

To accurately account for all investors' funds it was necessary to liquidate WBI's holdings. To minimize any further losses to the investors, all funds were placed in an interest bearing trust account under the strict control of a Birmingham law firm and under the review of the Commission. There was less money in the accounts than would be required for all individuals to receive a 100% return of their original investment. The Commission issued 1643 checks to investors amounting to 60% of their investment.

Note: A copy of the Cease & Desist Order issued to Wealth Builders International can be found on line at the Alabama Securities Commission website at [www.asc.state.al.us](http://www.asc.state.al.us).

The Director of the Alabama Securities Commission (ASC) cautions potential investors to thoroughly check out any investment opportunity. Contact ASC for inquiries regarding securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities, to report suspected fraud, or obtain consumer information:

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