

ALABAMA SECURITIES COMMISSION

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**Alabama Securities Commission Assists Italian Law Enforcement,
Leading to Six Arrests for Worldwide Prime Bank and High Yield Investment Fraud**

MONTGOMERY, ALABAMA (March 3, 2016) Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that the Italian Organization of Financial Police has made six (6) arrests resulting from an ongoing investigation in an International Prime Bank or High Yield Investment fraud scheme. The Alabama Securities Commission provided assistance to the Italian Police by previously gathering, organizing, and identifying hundreds of thousands of emails between the co-conspirators that Alabama obtained from search warrants issued to internet providers.

For the past two decades the Alabama Securities Commission has convicted a number of individuals for securities fraud related to Prime Bank and High Yield investment schemes; and as a result, created an investigative database that was shared with the Italian Organization of Financial Police.

The Italian investigation revealed that at least 22 suspects were involved in a worldwide scheme whereby the conspirators would find victims interested in paying large sums of funds in order to obtain exorbitant financing based upon bonds, bank guarantees or other bank instruments. The total amount of loss was approximately 32 million Euros (about \$34.7 million U.S. dollars). All of the bank instruments were determined to be worthless, and the investors received nothing.

In cooperation with Eurojust, Italian law enforcement, the Alabama Securities Commission, the U.S. Federal Bureau of Investigation's Los Angeles Office, and law enforcement authorities in the United Kingdom and Switzerland, were able to identify the multiple co-conspirators and ultimately make the arrests.

Prime Bank or High Yield investment schemes often lure investors with a promise that their funds will be used to purchase and trade "prime bank" financial instruments on clandestine overseas markets in order to generate large returns. In a typical sales pitch, fraudsters promise investors access to secret, high-yield investments made through trades among the world's top or "prime" banks that otherwise would be reserved for top financiers on Wall Street or other international financial centers. Prime bank promoters falsely claim the investments are guaranteed or secured by insurance or other collateral and investors are often told that they can expect unrealistically large returns with little risk. Regulators warn that neither the prime bank instruments, nor the markets on which they allegedly trade, exist.

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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