

ALABAMA SECURITIES COMMISSION

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**MADISON COUNTY, ALABAMA BUSINESS OWNER Pleads Guilty to
SECURITIES FRAUD IN Athletic Enhancement Performance Scam**

MONTGOMERY, ALABAMA (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. Blalack represented that the company would engage in the business of enhancing athletic performance through the use of a unique algorithm. 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, Blalack agreed that the appropriate sentence would be 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

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\$74,500 to the victim investors. Furthermore, Blalack consented to a permanent bar from participating in the securities industry within the State of Alabama.

Joseph P. Borg, Director of the Alabama Securities Commission said, "Alabama investors have a right to receive truthful and accurate information about the businesses they invest with, even when they are employee shareholders. In his case, Blalack's employees lost not only their investment money, but also their former and current employment."

Blalack's plea is a result of a November 2017 indictment by the Madison County Grand Jury. The seventeen count indictment charged Blalack with seven counts of Securities Fraud, five counts of Sale of Unregistered Securities, and five counts of Sale of Securities by an Unregistered Agent.

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

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

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