

ALABAMA SECURITIES COMMISSION

770 Washington Ave., Suite 570

Montgomery, Alabama 36130-4700

Mail: Post Office Box 304700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Arizona Man Arrested for Alleged Violations of Alabama Securities Act

MONTGOMERY, ALABAMA (May 11, 2009) Steven Giddens, District Attorney for the 29th Judicial Circuit, Talladega County, Alabama; and, Joseph P. Borg, Director of the Alabama Securities Commission (ASC), announce the arrest of Gene Grobstein, a Scottsdale, Arizona resident, for alleged violations of the Alabama Securities Act. Grobstein was arrested by deputies of the Talladega County Sheriff's Department after turning himself in to ASC Enforcement agents and the Talladega County Sheriff on May 6, 2009. He was released under a \$10,000 bond. Arraignment is set for May 27, 2009 in Talladega County Circuit Court.

As a result of an ASC investigation, a two-count indictment was returned against Grobstein by the Talladega County Grand Jury in October, 2008 alleging two counts of Sale of Securities Without Registration, classified as Class C Felonies under Alabama law.

The indictment alleges that Grobstein, doing business as GG Consulting International, described as a financial consulting firm registered in Arizona, offered and sold promissory notes valued at \$45,000, between September and October 2004, to an Alabama investor. The notes were allegedly issued into Alabama from Arizona through The Meta Company, a Sylacauga, Alabama company. The president of The Meta Company, Gary Allen Mitchell, a Sylacauga resident, allegedly aided in locating Alabama investors on behalf of Grobstein. Mitchell, who was not registered with the ASC to conduct securities business in Alabama, was arrested in October 2008 for similar violations of the Alabama Securities Act.

The indictment against Grobstein further alleges that he failed to repay the notes and further misled the investor by failing to disclose that neither he, his company nor the promissory notes he offered and sold were registered and licensed with the Alabama Securities Commission, as required by law. Grobstein is not registered with the ASC to conduct securities business in Alabama and there is no record of registration for the securities he allegedly offered and sold to the Alabama investor.

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, to report suspected fraud or to obtain consumer information.

(NOTE: An arrest or indictment is not evidence that the defendant committed the crimes(s) charged. The defendant is presumed innocent until the government meets its burden of proving guilt beyond reasonable doubt in court). ###

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

ALABAMA SECURITIES COMMISSION

770 Washington Ave., Suite 570

Montgomery, Alabama 36130-4700

Mail: Post Office Box 304700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov