

ALABAMA SECURITIES COMMISSION

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Coffee County Securities Fraud Trial Leads to Prison Sentence

MONTGOMERY, ALABAMA (May 17, 2011) Tom Anderson, District Attorney for the 12th Judicial Circuit, Coffee County, Alabama; and, Joseph Borg, Director of the Alabama Securities Commission (ASC) announced today that Scott Alan Frye, formerly of Knoxville, TN, was sentenced in Coffee County Circuit Court by Circuit Judge Thomas Head to serve 20 years imprisonment after Frye had been found guilty, April 13, 2011, of five counts of Sale of Unregistered Securities in violation of the Alabama Securities Act. Frye is being held in the Coffee County jail without bond, awaiting transport to Jefferson County where he faces a 74-count indictment for various securities law violations and where investor losses exceed \$2.2 million.

The Coffee County charges against Frye were the result of an investigation by ASC Enforcement Division agents and the discovery that Frye had gained access to deferred compensation accounts of several Century 21 real estate agents and obtained \$44,500 through loans taken out against the accounts. The funds obtained by Frye were purportedly used to purchase notes in a Bahamian land development scheme, referred to as Ecclesia Development. According to the investigation, the Century 21 agents had no knowledge that funds from their deferred compensation plans were being used to purchase unregistered securities and that Frye was using the money for personal use. The ASC investigation led to a five-count indictment being returned against Frye by a Nov., 2005 Coffee County Grand Jury. Prior to the indictment being served, Frye fled to the Philippines and was arrested in Manila by Philippine authorities in Oct., 2009 on immigration charges. He was deported to Los Angeles, CA and extradited to Coffee County on March 19, 2010.

Director Borg said, "Due to the tireless efforts of the Coffee County District Attorney and law enforcement, authorities in the Philippines and in California, the crucial investigation performed by our Enforcement agents and the excellent prosecution performed by our legal team, this financial predator no longer poses a threat to Alabama investors. This Commission will continue to aggressively prosecute those that would prey on the trust and financial well-being of our citizens."

ASC Deputy Director and Chief Prosecutor Randy McNeill said, "This conviction was made possible by the hard work of many professionals who believe in the ASC's mission to protect Alabama investors from securities fraud. I want to especially thank Judge Head for his professionalism in weighing the evidence in this case and seeing that justice was served. This sentence should send a very strong message to all financial criminals that Alabama is not the place to ply their trade."

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

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