

ALABAMA SECURITIES COMMISSION

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Texas Man Pleads Guilty to Securities Fraud in Connection with Wide-Ranging Investment Scheme

MONTGOMERY, ALABAMA (May 5, 2009) Randall Houston, District Attorney for the 19th Judicial Circuit, Elmore County, Alabama; and, Joseph Borg, Director of the Alabama Securities Commission (ASC) announce that Arnulfo M. Acosta, 45, a resident of Edinburg, Texas, has pled guilty in Elmore County Circuit Court to one count of Fraud in Connection with the Sale of a Security. He was sentenced to five years imprisonment which will run concurrently with a federal sentence. Restitution to be paid to Alabama victims will be combined with amounts due to victims in other states under a Federal Court order.

An indictment handed down by an Elmore County Grand Jury in July, 2006 alleged that Acosta, together with other principals of Learn Waterhouse, Inc., a Texas corporation, offered and sold certain securities in the form of investment contracts described as "high-yield, low risk opportunities," to investors in Alabama without being lawfully registered with the ASC to conduct securities business in the state. Acosta was arrested in January 2009 in Alabama for alleged violations of the Alabama Securities Act related to a purported investment scheme which garnered millions of dollars from Alabama investors. Acosta had previously pled guilty in the U.S. District Court, Southern District of California, prior to trial, to federal felony charges of conspiracy and making a false statement to a federal officer, brought by the U.S. Securities and Exchange Commission.

Federal charges against Acosta further stipulate that he and other defendants operated a classic "Ponzi" scheme between February 2003 and August 2005, using money received from new investors to make payments to earlier investors and that Acosta and his Learn Waterhouse co-defendants received in excess of \$82 million from more than 1700 investors nationwide including more than \$4 million from 187 Alabama investors. The charges alleged that only a small fraction of investors' money raised by the company was ever placed in any investment and those investments generated almost no returns. Charges against Acosta also allege that he and his co-defendants converted millions of dollars of investors' funds for their personal use.

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.

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

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