

ALABAMA SECURITIES COMMISSION

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Baldwin County Man Pled Guilty to Involvement in Prime Bank Scheme

MONTGOMERY, ALABAMA (June 29, 2015) Hallie Dixon, District Attorney for the 28th Judicial Circuit, Baldwin County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that Henry Young, a New York resident, pled guilty to one count of Sale of Unregistered Securities, a Class C felony, punishable by a sentence not to exceed 10 years' imprisonment and a fine up to a \$15,000. Young's conviction is the result of his participation in a Prime Bank Fraud Scheme. Young's plea before Judge J. Langford Floyd was followed by the State of Alabama recommending a year and a day in prison. Young applied for probation and the Court instructed him, that his probation is contingent on payment of \$100,000 in restitution to the victim and \$3,300 for extradition costs to the Baldwin County Sheriff's Office within 90 days. Young was released on the original \$10,000 cash bond for the 90 day period during which he was ordered to make restitution.

On or about August 2009, Henry Young, Richard James Tucker (Synergy Finance Group LLC of Baldwin County), and a Michael Judd represented to an investor, that if he would invest \$705,000 with them, they could get him a Bank Instrument worth \$10 million. It was further represented that the Bank Instrument would be a "non-recourse loan" that did not have to be paid back. The investor was seeking funding to develop a new airport in California. Relying on their representations, the investor wired the money to Tucker who kept and spent \$350,000; the remainder was sent to Judd. The funds received by Young were spent for personal expenses. No Bank Instrument was ever produced, and the victim lost his entire investment of \$705,000.

Joseph P. Borg, Director of the ASC said, "Prime Bank Fraud Schemes often promise high-yield, tax-free returns that are said to result from off-shore trades of bank debentures. Investors are told that only very wealthy people can get the benefit of these programs but the promoter has an avenue to make it available to the victim, even though the victim would not otherwise qualify. Sometimes the victim is required to execute a confidentiality agreement in order to invest and is told not to consult an attorney, accountant, or financial planner, because they keep these programs for the big boys and such disclosures could cause the victim to lose the opportunity to participate. There are no Prime Banks, no such debentures, and no such high-yield trades. These Prime Bank Fraud Schemes always sound too good to be true because they are. Investors should be alert to any promise of abnormally high rates of return."

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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