

ALABAMA SECURITIES COMMISSION

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Alabama Securities Commission Investigating Possible Ponzi Scheme Involving Cornerstone Investment Group

MONTGOMERY, ALABAMA (June 3, 2011) Brandon K. Falls, District Attorney for the 10th Judicial Circuit, Jefferson County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC), announced today that Spero X. Vourliotis of Birmingham, AL, turned himself in to the Jefferson County Sheriff's Department on Thursday and was arrested and charged with one count each of Sale of Unregistered Securities, Acting as an Unregistered Investment Advisor, and Securities Fraud. Also turning himself in to Jefferson County law enforcement officials today, was Carey Michael Billingley, a Rockford, Alabama resident and business partner of Vourliotis. Billingley was arrested and charged with one count each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Vourliotis was released on \$ 20,000 bond and Billingley was released on \$ 20,000 bond. The Federal Bureau of Investigation (FBI) is coordinating with the Alabama Securities Commission and the District Attorney's office in this investigation.

The charges against Vourliotis stem from the alleged offering and sale of investments through self-described investment clubs identified as The Cornerstone Investment Group, The Capstone Group and The Tri Stone Group. ASC records indicate that neither Vourliotis nor the companies he represented were registered with the Commission to conduct securities business in Alabama as required by law.

Vourliotis, on the advice of his attorney, turned himself in to the ASC and is currently cooperating with ASC officials. Information provided to the ASC Enforcement Division Special Agents indicated that Vourliotis was operating a classic "Ponzi" scheme, wherein initial investors are paid from capital derived from subsequent investors rather than from actual earned profits. Vourliotis, acting as Managing Partner, allegedly formed The Cornerstone Investment Group to pool capital from investors to facilitate investments. Vourliotis allegedly began investing and, after several months, lost investor funds through bad trades. Further information alleged that Vourliotis began producing fraudulent financial statements to conceal investor losses. Billingsley allegedly partnered with Vourliotis in Tri Stone Investment Group and was responsible for bringing in new capital.

Information provided to the ASC indicates that approximately 28 known Alabama investors allegedly participated in the investment clubs and that investor losses could be in the millions.

DA Falls said, "We are glad to combine resources with the Alabama Securities Commission and other law enforcement agencies to investigate this alleged Ponzi scheme and work together to assure justice is served in accordance with pertinent laws."

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Director Borg said, “This Commission is committed to stopping any illegal actions involving securities and will do our best to seek appropriate punishment to those breaking the law and restitution to victims. We appreciate the continued cooperation with DA Falls, his staff, Jefferson County enforcement officials, and the FBI on this case.”

Any Alabama investor who invested with Vourliotis, Billingsley and their companies are encouraged to contact the Alabama Securities Commission, Enforcement Division, by calling 1-800-222-1253.

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.

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

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

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