

## **ALABAMA SECURITIES COMMISSION**

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### **Former Cypress Creek CEO Pleads Guilty to Securities Fraud**

MONTGOMERY, ALABAMA (July 22, 2015) Robert L. Broussard, District Attorney for the 23<sup>rd</sup> Judicial Circuit, Madison County, Alabama, and Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announced that on July 22, 2015, James Albert Lawhorne, Jr., plead guilty today in Huntsville before Madison County Circuit Judge James P. Smith to two (2) counts of Securities Fraud, in connection with an investment scheme involving his company, Cypress Creek Organic Farms, Inc.

As part of the plea agreement executed in Court, Lawhorne admitted to the acts of fraud, each a Class B Felony carrying a maximum sentence of 20 years in prison and a fine up to \$30,000. In exchange for his guilty plea, the State recommended the Court impose a 15 year sentence on each count, to run concurrently. He also agreed to pay restitution of approximately \$2.1 million dollars to the victims and to forfeit cash seized during his arrest in Florida and cash seized from a bank account. Lawhorne will remain in the Madison County Jail until transported to prison where he will begin serving his sentence.

Lawhorne was CEO and owner of Cypress Creek, a company organized in April 2013 in Alabama for the purpose of recruiting individuals to grow organic tomatoes. In exchange for a \$9,950 investment, his company would provide all of the testing, equipment, training, certification, and support necessary for growing organic tomatoes. Lawhorne further represented that he had negotiated a contract with a major grocery chain to purchase the organic tomatoes. Between February 2013 and September 2013, Lawhorne collected over \$2 million dollars but he did not fulfill his promises, and no contract ever existed.

Lawhorne was indicted in October 2014 and arrested two months later in December 2014, after being transported from the Rutherford County, TN jail, where he was being held on unrelated charges. After posting a \$100,000 bond, which included a condition that he remain under electronic supervision, Lawhorne removed the electronic device and fled the jurisdiction. He was apprehended on February 22, 2015 in Lake Mary, Florida, by Bill Honea of A 2nd Chance Bail Bonding Company, with the assistance of the Lake Mary Police Department and transported back to Madison County.

“Lawhorne’s acts and false representations persuaded investors to part with their hard earned money. Many of the investors were farmers who pulled money from their retirement accounts

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in hopes of building a stronger financial future by earning money part-time growing tomatoes,” said Amanda W. Senn, General Counsel of the Alabama Securities Commission. “We will continue to aggressively pursue those who devise investment scams to fleece folks of their savings and retirement funds.”

The Commission would like to specially thank Madison County District Attorney Robert Broussard, Deputy District Attorney Rebekah Callahan, and their staff for the invaluable assistance provided in this case. “This investigation demonstrates the ongoing commitment and partnership between the ASC and the District Attorneys’ offices to carefully watch the securities industry in Alabama and to hold accountable those who promote investment scams. Also, special thanks goes for support provided by the Madison County Sheriff’s office, Lake Mary, Florida law enforcement and the Rutherford County, Tennessee DA and Sheriff’s office,” said Director Borg of the Alabama Securities Commission.

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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