

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

New Law Strengthens Role of Alabama Securities Commission to Protect Investors

MONTGOMERY, ALABAMA (July 31, 2009) A law passed during the 2009 regular session of the Alabama Legislature will go into effect on August 1, 2009 and grants the Alabama Securities Commission (ASC) additional enforcement powers to help fight financial crime in Alabama.

House Bill 627, sponsored by Rep. John Knight and a companion Senate Bill, sponsored by Sen. Roger Bedford, was signed into law by Gov. Bob Riley and amends the Alabama Securities Act to increase the criminal penalty for violations of the antifraud provisions of the Alabama Securities Act from a Class C felony to a Class B felony. The revised enacted law provides the ASC with enhanced authority to prosecute all fraudulent acts associated with the offering and/or sale of securities in Alabama and applies to offenses committed after August 1, 2009. Previously, securities fraud was classified as a Class C felony under the Criminal Code of Alabama, punishable by a prison sentence of not less than one year and a day, up to ten years and a fine of \$15,000 per count. The new law increases that penalty to not less than two years and not more than 20 years imprisonment and a fine of up to \$30,000 per count.

Given the gravity of the country's economic downturn and its effects on consumer confidence, the ASC lobbied the Legislature to increase the penalty for securities fraud in Alabama as a more assertive means by which to prosecute financial criminals who might prey on Alabama's "main street" investors. According to ASC Director Joseph Borg, the thrust of the revised law is two-fold. "We must do everything we can to increase consumer confidence in the marketplace," Borg said. "The vitality of our state's economy, as well as that of the national economy, is directly related to investors' belief that if they take the risk to invest for a more secure financial future, they should be able to have complete confidence that their money will be used for its intended purpose. Additionally, in order to be the strongest possible advocate for Alabama's investors, we want to make the punishment for stealing our citizens' financial security commensurate with the crime. With the passage of this law, the stakes for financial criminals have increased and this Commission will aggressively prosecute them for their greed and corruption."

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

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