

ALABAMA SECURITIES COMMISSION

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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

Tuscaloosa County, Alabama Man Indicted for Alleged Securities Fraud

MONTGOMERY, ALABAMA (July 6, 2016) Lyn Head, District Attorney for the 6th Judicial Circuit, Tuscaloosa County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on June 15, 2016, Terry Earl Hester, of Banks, Alabama turned himself in to the Tuscaloosa County Jail, based on an arrest warrant issued after the April 2016 Tuscaloosa County Grand Jury returned a six-count indictment for alleged violations of the Alabama Securities Act. Hester was released after posting a \$90,000 bond.

The indictment charges Hester with one count of Sale of Unregistered Securities and one count of Sale of Securities by an Unregistered Agent; each of which are Class C felonies, carrying a range of punishment from one year and one day to 10 years' imprisonment and a fine of up to \$15,000 per charge, upon conviction. Additionally, the indictment charges Hester with four counts of Fraud in Connection with the Sale of Securities for making untrue statements of, or omitting to state, material facts to an investor; for engaging in an act, practice or course of business which operates as a fraud or deceit upon an investor; and for employing a device, scheme or artifice to defraud an investor. Each of the securities fraud charges are Class B felonies, punishable by not more than 20 years or less than 2 years imprisonment and a fine of not more than \$30,000 per charge, upon conviction.

The indictment alleges that, beginning in January 2012, Hester sold investment contracts for a "Private Placement Funding Agreement" and a "Standby Letter of Credit" to a local church in Tuscaloosa, Alabama. Hester misrepresented to the church that he could invest their money in these programs to generate \$3,000,000 to fund construction of a new church. Hester convinced the church to appoint him as the finance director, and then obtained two investments from the church, totaling \$1,530,000. Hester promised that \$1,500,000 of the invested funds would remain in an attorney trust account in the church's name until the transaction was completed, but they did not. Hester also opened undisclosed accounts in the church's name over which he was the sole signatory. Hester then used the church's invested funds to overpay Douglas Mills for services related to the transaction, without informing the church, and spent the church's funds on Hester's personal expenses. Neither Hester nor the investment contracts he sold were registered with the ASC, as required by the Alabama Securities Act.

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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(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 a reasonable doubt in court).

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