

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

Blalack sentenced to 15 years for cheating five Alabama investors out of \$74,500

MONTGOMERY, ALABAMA (August 26, 2019) On August 22, 2019, Edwin Eugene Blalack, 58, of Germantown, Tennessee, was sentenced to 15 years on five counts of securities fraud, spilt to serve two years in the state penitentiary, followed by a period of five years probation announced Robert L. Broussard, District Attorney for the 23rd Judicial Circuit, Madison County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC). The sentences on each count will run concurrently. As part of his sentence, Blalack is required to make complete restitution of \$74,500 to the five victim investors. These charges stem from a scheme in which Blalack fraudulently solicited and accepted approximately \$74,500 from five Alabama investors. At the time he perpetrated the fraud, Blalack was neither registered as an agent, nor were the securities he sold properly registered with the ASC.

Evidence shows that from October 2014 through March 2015, Blalack incorporated a company called The TriRox Group, Inc. based in Madison County, Alabama. After incorporation, Blalack solicited the five victims to invest in the company and as part of the inducement to invest, Blalack offered them employment with the company. While soliciting the investments, Blalack falsely represented that he personally contributed \$500,000 in start-up capital for the company; that he had a functioning algorithm that would enhance the athletic performance of future TriRox customers; and that there was more than enough operating capital to fund TriRox until revenue-producing contracts were acquired; and that TriRox was soon to merge with a legitimate and successful company in the Madison County area. As a part of the fraud, Blalack did not tell victims that he had not been gainfully employed in over eight months and that investment funds would be spent on his personal expenses, personal vacations, and to repay other investors. Blalack's actions caused a financial loss of \$74,500 to the five victims but the damages were far greater because the victims resigned from their jobs to work for TriRox. The scheme caused the victims not only financial loss on their investment but also their employment.

Director Borg said, "We at the Alabama Securities Commission hope that the prosecution and resulting incarceration of Mr. Blalack sends a loud and clear message that individuals who defraud residents of Alabama will be severely and swiftly punished."

Blalack pleaded guilty to five counts of securities fraud, Class B felonies, on May 2, 2019 before the Honorable Circuit Court Judge Ruth Ann Hall. Blalack's plea is a result of a November 2017 indictment by the Madison County Grand Jury.

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.

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

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