

ALABAMA SECURITIES COMMISSION

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**Former Houston County, Alabama Attorney Indicted,
Arrested for Alleged Violations of Alabama Securities Act**

MONTGOMERY, ALABAMA (Sept. 23, 2014) Douglas Valeska, District Attorney for the 20th Judicial Circuit, Houston County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on September 19, 2014, Frederick Mitchell "Mitch" McNab, of Dothan, Alabama (a former Houston County attorney) surrendered to, and was arrested by, Houston County, Alabama Sheriff's deputies, based on a warrant issued for his arrest. McNab was released upon making bond set at \$310,000 and the surrender of his passport.

McNab's arrest was the result of a September, 2014 Houston County, Alabama Grand Jury indictment charging him with 31 counts of alleged violations of the Alabama Securities Act. The charges include: Sale of Securities by an Unregistered Agent, Acting as an Unregistered Investment Adviser for Compensation, and multiple counts of Sale of Unregistered Securities. At the time these securities offenses were allegedly committed, they were designated as Class C Felonies, punishable from one year and a day to not more than 10 years imprisonment and up to a \$15,000 fine per charge, upon conviction. The indictment also charge McNab with 12 counts of Securities Fraud by making Untrue Statements of Material Facts or Omitting to State Material Facts in connection with the offer purchase or sale of a security; 5 five counts of Securities Fraud by Engaging in an Act, Practice or Course of Business Which Operates as a Fraud or Deceit Upon Any Person in connection with the offer purchase or sale of a security; three counts of Securities Fraud by Employing a Device, Scheme or Artifice to Defraud in connection with the offer purchase or sale of a security; and one count of Financial Exploitation of an Elderly Person, 1st Degree. At the time these offenses were allegedly committed, they were designated as Class B Felonies, with possible punishment of from two to 20 years imprisonment and not more than a \$30,000 fine per charge, upon conviction.

The indictment against McNab, charges that on multiple occasions, from about November, 2002 to November, 2013, McNab allegedly misappropriated and misused funds totaling approximately \$10,554,479, of multiple clients, who are current residents of Houston and surrounding counties. The indictment alleges that McNab illegally used client funds to pay earlier victim clients who believed their funds were secure in an account held or controlled by McNab and earning interest for the benefit of the victims. The indictment also alleges that McNab used client funds for unrelated personal expenses. McNab was previously arrested in 2013, and again in April, 2014 by Houston County law enforcement officials on felony theft by deception charges related to an earlier investigation conducted by the Dothan Police Department.

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 reasonable doubt in court).

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