

ALABAMA SECURITIES COMMISSION

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Two Jefferson County Men Enter Guilty Pleas Related to Unregistered Investment Clubs

MONTGOMERY, ALABAMA (Sept. 27, 2012) Brandon K. Falls, District Attorney for the 10th Judicial Circuit, Jefferson County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission announced that, on Sept. 26, 2012, during a plea hearing before Jefferson County Circuit Judge Tommy Nail, Spero X. Vourliotis of Birmingham, pled guilty to one count of Fraud in Connection With the Sale of Securities, more specifically described as Employing a Device, Scheme or Artifice to Defraud. Vourliotis' plea was related to the offering and sale of investments through self-described investment clubs identified as The Cornerstone Investment Group, The Capstone Group and The Tri-Stone Group. The Fraud charge against Vourliotis is a Class B Felony, punishable by no less than two years, and not more than 20 years in the state penitentiary, to include a fine of up to \$30,000. Additionally, Vourliotis will be required to pay approximately \$5.3 million in restitution to victims. Vourliotis remains free on a \$20,000 bond and will face a sentencing hearing on Nov. 30, 2012.

An investigation by Alabama Securities Commission Enforcement Division agents led to a Feb., 2012 indictment being returned against Vourliotis by the Jefferson County Grand Jury, charging that he operated a "Ponzi" scheme, wherein initial investors were paid from capital derived from subsequent investors rather than from actual earned profits. The indictment charged that Vourliotis, acting in a management capacity, formed The Cornerstone Investment Group to pool investor capital to facilitate investments. Further investigation revealed that Vourliotis did not invest victims' money as represented and produced fraudulent financial statements to conceal investor losses. ASC records indicated that neither Vourliotis nor the companies he represented were registered with the Commission to conduct securities business in Alabama, as required by law.

In a related case, Carey Michael Billingsley, a Rockford, Alabama resident, and associate of Vourliotis, pled guilty to a felony count of Sale of Unregistered Securities. The charge is a Class C felony, punishable by not less than one year, and not more than ten years incarceration, to include a \$15,000 fine. Billingsley will be required to pay \$350,000 in restitution to the victims he recruited into the scheme. Billingsley also remains free under a \$20,000 bond and will face a sentencing hearing on Oct. 25, 2012.

Information gathered by the Alabama Securities Commission Enforcement Division indicates that approximately 26 Alabama investors who lost money with Vourliotis or Billingsley through participation in the investment clubs they represented, stand to receive money back as a result of the men's guilty pleas.

Alabama Securities Commission Director, Joseph P. Borg said, "Securities Fraud causes tremendous harm to people who, in many instances, can least afford it and who often lose money they have been relying on to support them in their retirement." Borg praised the cooperative efforts between Jefferson County District Attorney Falls' office and the law enforcement agents working for the Alabama Securities Commission in bringing the responsible parties in this case to justice.

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

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