

**ANNUAL REPORT
FISCAL YEAR ENDING
SEPTEMBER 30, 2004**

ANNUAL REPORT FISCAL YEAR ENDING SEPTEMBER 30, 2004

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Prepared and submitted pursuant to *Code of Alabama, 1975, § 8-6-53(d)*.

STATUTORY AUTHORITY

The Commission is responsible for administering and enforcing the laws of the State of Alabama relative to:

Sec. 8-6-1, *et seq.* - Securities Act No. 740
(1969 Regular Session) and as amended

Sec. 8-6-110, *et seq.* - Industrial Revenue Bonds Act
No. 586
(1978 Regular Session)

Sec. 8-7-1, *et seq.* - Sale of Checks Act No. 177
(1961 Special Session)

The Commission's authority extends to **any activity involving the issuance, offering, sale, and other related transactions involving securities made within, into, or from the State of Alabama.**

The purpose of the Securities Act is to protect investors from fraud and to preserve legitimate capital markets. The accomplishment of these objectives is legislatively provided for in five different ways by:

Requiring the registration or the specific exemption from registration of securities prior to their public or private offer of sale;

Requiring the registration of Broker/Dealers and salesmen and regulation of their activities;

Requiring the registration of Investment Advisers and Investment Adviser Representatives and regulation of their activities;

Providing civil remedies to purchasers of securities sold in violation of the Acts; and

Providing administrative, civil, and criminal penalties for those who participate in the unlawful sale of securities.

Through its legislative mandate, the Commission and its staff assist Alabama businesses during capital formation and protects Alabama issuers, businesses, and residents from fraudulent securities transactions. The Commission does not recommend or endorse broker/dealer firms, salesmen, investment adviser firms, representatives, or the purchase of any securities, nor does it pass upon the accuracy or completeness of any prospectus, private placement memorandum or sales literature.

ORGANIZATION

The Alabama Securities Commission consists of the Attorney General, the State Superintendent of Banks, the State Insurance Commissioner (by virtue of their offices). Also, two attorneys and two certified public accountants are appointed by the Governor from lists of nominees submitted by the Alabama Bar Association and the Alabama Society of Certified Public Accountants and confirmed by the Senate. The Commission maintains oversight, provides policy guidance and establishes rules for the performance of its functions and the accomplishment of its purpose. The members of the Commission during Fiscal Year 2003-2004 were:

ACTIVE

HAROLD B. KUSHNER, JR., Chairman	Attorney at Law Birmingham, Alabama	03/01- Present
J. WRAY PEARCE, CPA, Vice Chairman	Certified Public Accountant Birmingham, Alabama	05/01-Present
BILL PRYOR, ESQ., Member	Attorney General Montgomery, Alabama	01/97-02/04
TROY KING, ESQ., Member	Attorney General Montgomery, Alabama	03/04-Present
ANTHONY HUMPHRIES, Member	Superintendent of Banking Montgomery, Alabama	03/03-Present
WALTER A. BELL, Member	Commissioner of Insurance Montgomery, Alabama	01/03-Present
TYRONE C. MEANS, Member	Attorney at Law Montgomery, Alabama	05/01-Present
DANIEL C. HARDMAN, CPA, Member	Certified Public Accountant Birmingham, Alabama	03/02- Present

OFFICE PERSONNEL

Directorate Division

Joseph P. Borg, Director
Christie A. Rhodes, Executive Assistant II
Angela D. Motley, Clerical Aide

Legal Division

Susan B. Anderson, Deputy Director and General Counsel
J. Randall McNeill, Deputy Attorney General
Kimathy J. Booher, Legal Research Assistant

Accounting/Personnel Division

Renee S. Sanders, Senior Accountant
Gwendolyn Lover, Account Clerk

Data Systems Division

David E. Gilmore, IT Systems Specialist

Education and Public Affairs Division

Daniel G. Lord, Training Specialist II

Enforcement Division

John M. Foley, Sr. Special Agent; Manager/Enforcement

Stephen E. Brantley, Special Agent	Kimberly S. Lewis, Special Agent
Ricky G. Locklar, Special Agent	Reuben E. Redd, Special Agent
Charles D. Harrison, Special Agent	Nelson D. Williams, Special Agent
Christopher P. Young, Special Agent	Rossie L. Peters, Special Agent
Patrisa J. Elmore, Executive Secretary	Donjaleque Q. Jackson, Adm. Support Asst. I
Anita F. Wilkerson, Admin. Support Asst. II	Ruth E. Markland, Admin. Support Asst. II
Keedra L. Battle, Clerical Aide	

Registration Division

Edwin L. Reed, Attorney I/II

Rena H. Davis, Registration Manager; Examinations	Lisa M. Tolar, Registration Manager; Licensing
Marvernitha B. Kyles, Securities Analyst	Rebecca D. Lynam, Securities Analyst
Walter W. Goss, Jr., Securities Analyst	Leslie D. Worrell, Securities Analyst
Spencer D. Lee, Securities Analyst	David J. Kirke, Securities Analyst
Arlanda H. Goodwin, Admin. Support Asst I	Sandra S. Pitts, Admin. Support Asst I
Conceita R. Watkins-Crumpton, Clerk	Alrika R. Ingram, Clerk
Lauren B. Worthington, Student Aide	

PURPOSE

The Alabama Securities Commission (the “Commission”) administers and enforces the following Alabama statutes: THE ALABAMA SECURITIES ACT, including the Sale of Checks Act, the Pre-Issuance Procedures for Industrial Revenue Bonds and Fiduciary Security Transfers. The Commission is comprised of seven Commissioners, consisting of the Attorney General, the Superintendent of Banks, the Commissioner of Insurance, two Attorneys and two Certified Public Accountants.

The Commission is functionally divided into the following six divisions: (1) Directorate; (2) Legal; (3) Accounting/Personnel; (4) Data Systems; (5) Education and Public Affairs; (6) Enforcement; (7) Registration.

The function of the Commission and its staff is to regulate the sale of securities and the securities industry in Alabama. The Commission’s jurisdiction encompasses all securities offered and sold in or from Alabama or to Alabama residents. The Securities Act requires the registration of all securities offered for sale in Alabama unless there is an applicable exemption. The Securities Act provides a series of exemptions to cover situations where, because of the nature of the security or the character of the transaction, registration is not deemed to be necessary in the public interest or for the protection of investors.

With respect to the responsibility for regulating the securities industry in Alabama, the Commission maintains as its primary objective the encouragement of investor protection and confidence in the investment industry. In this respect, all persons who propose to act as broker-dealers, agents (registered representatives), investment advisers or associated persons (investment adviser representatives) must be licensed by the Commission prior to engaging in such activities.

The Sale of Checks Act requires the filing of an application and issuance of a license before engaging in the business of selling, issuing or dispensing checks or receiving money as an agent for obligors for the purpose of paying obligor’s bills, invoices or accounts.

The Commission’s functions also include pre-clearance of industrial revenue bonds, the investigations of alleged violations of the provisions of the above-referenced statutes along with the initiation of administrative, civil and criminal proceedings and case referrals to other agencies where appropriate.

The primary purpose of the regulatory responsibilities and objectives described above is to protect the public from fraudulent practices in connection with the offer, sale, and purchase of securities in Alabama while encouraging, at the same time, the financing of legitimate business and industry in the state.

Annual Report

Fiscal Year Ending September 30, 2004

--Legislation, Education & Enforcement--

**THE ASC MISSION
IS TO PROTECT
INVESTORS FROM
SECURITIES FRAUD
AND PRESERVE
LEGITIMATE
CAPITAL
MARKETS**

Alabama is proud to have one of the best conviction rates for criminal securities fraud in the United States. The Commission is lauded as one of the top ten most responsive state securities agencies in the country. The securities industry magazine "Research" has called Alabama "a model" for state regulators.



Recently, in addition to its record in protecting investors, the Commission participated as a lead state, in partnership with the SEC, NYSE, and NASD, in gathering detailed investigative evidence, resulting in new rules of practice and the payment of fines by large Wall Street firms who allegedly issued biased stock research and gave executives of client companies' special access to stock offerings.

The Commission's objective in participating in enforcement and legislation at the national level is to encourage a productive market by leveling the playing field so investors can get accurate analyst information to make an informed investment decision. The most significant barrier to the recovery of our markets is the loss of confidence by investors.

The Commission's active participation with other state regulators through NASAA* has paid great dividends in the regulation of the securities industry. The securities business today has few boundaries, especially with the wide use of the internet. We have seen small scam operations garner millions of dollars from citizens of Alabama, other states and countries all over the world in just a few months using the internet to advertise, solicit investments by email, and by use of other more traditional marketing methods. Alabama's cooperation with other state and federal authorities enables security regulators to combine resources throughout North America.

Some NASAA/Alabama projects include promoting personal finance and investor education, and comprehensive professional education in such areas as enforcement, registration, and compliance. ASC staffers are working on uniformity of securities regulation throughout the United States and on cross border issues with our neighboring countries of Mexico and Canada. NASAA is a member of a worldwide securities regulatory organization known as IOSCO (International Organization of Securities Commissioners), as well as an association of North and South American regulators known as COSRA (Counsel of Securities Regulators of the Americas), in an effort to promote new markets and efficient securities regulation. ASC has been one of three official U.S. states' representatives to IOSCO for the last three years. In addition, Alabama was specifically invited by the United Nations Committee on International Trade and Law to present its experience concerning international securities fraud and white collar crime.

The ASC Education and Public Affairs Division has significantly expanded our ability to provide fraud prevention training and materials to all Alabamians. Recently, the Commission has joined with banks, industry and other governmental agencies throughout Alabama to found the Alabama Jump\$tart Coalition. This volunteer effort will organize and combine resources to promote financial education in high schools throughout the state. In June 2004 this Commission assisted the Department of Education to receive grants and conduct a personal financial training program to over 350 business technical high school teachers in Alabama (over 85% of all teachers in this category). The Commission's staff conducts numerous presentations, speaking engagements and seminars for a variety of civic groups and associations, fraternal organizations and educational institutions. ASC's objective is to educate all citizens of Alabama – from high school students to senior citizens – in controlling one's own resources, to avoid victimization, and to acquire the knowledge and comprehension to make an informed investment decision.

The Commission is committed to promote legislation to ensure a fair market and takes strict enforcement action against people who steal from Alabama investors. Commission activities in this arena will help restore the investment market in Alabama and assist our citizens in saving, investing, and accumulating wealth.

* The Alabama Securities Commission is a member of the North American Securities Administrators Association (NASAA), an organization of the 66 state, provincial and territorial securities administrators in the U.S., Canada, Mexico and Puerto Rico.

EDUCATION AND PUBLIC AFFAIRS

Annual Report Update



Daniel Lord, Manager

I am pleased to report a significant increase in personal finance and investor education to citizens throughout the state of Alabama.

The Senior Citizen education initiative is helping Alabamians protect their retirement pensions and estates. Through ASC programs, Alabamians are learning to effectively protect themselves from security fraud. Also, speaking activities and training sessions provide critical information for people to understand different investment products and proven concepts such as diversification and dollar cost averaging. The working citizen, from technician to construction worker, to teachers and physicians are being informed about current securities scams and encouraged to “investigate before investing.

Printed materials and internet information is all provided free of charge. The Commission has made partnering arrangements with other state, federal and commercial agencies to provide thousands of dollars of educational delivery to teachers and students in addition to printed materials.

The Commission assisted the Alabama Cooperative Extension, the Jump\$tart Program, and the Alabama Council of Economic Education to receive grants from the Investors Protection Trust, a charitable foundation. Funds come from securities fraud settlements such as the recent Wall Street Settlements that were earmarked for educational initiatives. These funds will be used to purchase materials and training for high school teachers, students and senior citizens.

In Public Affairs, ASC has enjoyed statewide and nationwide publicity on a number of issues such as fraud prevention and the war on white collar crime. Utilizing the media, ASC keeps citizens of Alabama informed about enforcement actions, investor alerts, fraud prevention tips, and free services available from the Commission.

Financial Literacy Programs for Public and Private Schools (K-12)

The Commission’s Financial Literacy program offers two professionally developed curriculum books to any interested high school public or private school teacher at no expense. The first publication released was the Basics of Saving and Investing teaching guide. This guide can be and is presently used in various business, math, and social studies courses. In addition, high school economics teachers throughout the state of Alabama have access to a publication entitled Personal Finance in the Economics Classroom which meets specific curriculum criteria for Alabama Public Schools and is available in hard copy or may be downloaded off the internet. These publications were developed jointly by securities regulatory and business organizations such as IPT, NASAA, NASD and NICE. ASC provides training and information to teachers requesting assistance in the use of these publications.

Financial Education Programs for All Citizens of Alabama.

ASC provides printed information to any citizen who calls or writes and provided Fraud Prevention, Investor, and Personal Finance education to all segments of society in Alabama. Some of the organizations receiving presentations and training include AARP (mature citizens), NAIC (investor clubs), Commercial Banking Industry, Rotary Clubs, Kiwanis Clubs, and the Better Business Bureau. ASC worked with the Alabama Cooperative Extension System and participated in numerous conferences which included an event in Huntsville that provided fraud prevention and investor education information to over 350 senior citizens. In Montgomery the Commission partnered with the Attorney Generals office, the Department of Senior Services and other agencies to organize an event for over 300 Alabama law enforcement officials and caregivers to train them and provide materials to enhance the protection of senior citizens. ASC actively participated for the past four years in the nationwide program called “Facts on Saving and Investing Campaign Month” and the Governor of Alabama supported this event in April 2004 with a proclamation.

NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION

The Commission continues its membership in the North American Securities Administrators Association, Inc. (NASAA), consisting of the securities administrators of the 50 US states, District of Columbia, Canadian provinces and territories, Republic of Mexico and Puerto Rico.

As a NASAA member, the Commission joins other securities administrators in programs relating to investor education, information sharing, and cooperative enforcement efforts; and in promoting uniformity of state securities requirements and other actions necessary for effective state and federal securities regulation.

Commission Director Joseph Borg was the elected President of NASAA in 2001 and completed his one-year term in October of 2002 and remained a member of the NASAA Board of Directors until 2003. Since then he has served as Chair of the Enforcement Section for NASAA. Other staff members participated in project groups made up of counterparts from other states or countries. Project groups develop many policy guidelines and consider issues of financial education, registration, licensing, litigation and enforcement, and areas involving regulatory areas concerning investment advisors.

NASAA programs are carried out through its various committees. During Fiscal Year 2003-2004 Commission employees served on or participated with the following NASAA committees:; Investment Advisor Operations; Investment Advisor Zones; Investor Education Coordination; Legal Committee; Litigation Training and Enforcement Policy; Senior Outreach; Special Projects and Viaticals for Enforcement; and the Board of Directors.

The Commission intends to continue active participation on various NASAA committees, which, in coordination with the SEC, NASD, NYSE, other exchanges, industry representatives, the accounting and legal professions, and other related groups have promulgated national uniform standards and guidelines. The adoption of these uniform filings alleviate burdens on those sectors of the securities industry by eliminating duplicative examination and registration requirements, thus reducing the amount of time, money, effort, and paperwork required, and achieving less costly and more effective regulation of the industry. Such guidelines apply to the following types of securities activities and filings: licensing, registration, audits, oil and gas, real estate, real estate investment trusts, commodity pools, equipment leasing, health care facilities programs, offerings on the Internet, and others.

ALABAMA SECURITIES COMMISSION **REGULATORY SERVICES PROGRAM**

APPROPRIATION DESCRIPTION

The Alabama Securities Commission assists Alabama businesses during capital formation and protects Alabama's issuers, businesses and residents from fraudulent securities transactions. The Commission does not recommend or endorse broker-dealer firms, salesmen, investment adviser firms, representatives or the purchase of any securities; nor does it pass upon the accuracy or completeness of any prospectus, private placement memorandum or sales literature. The Commission does, however, bring administrative, civil, and criminal actions including receiverships, the issuing of warrants, preparation of indictments and conducts trials when necessary. Extensive examinations and investigations are conducted by Commission personnel, including multi-jurisdictional investigations and joint cases with Federal, state and local law enforcement agencies.

FUND 374: Sale of Checks Fund. The Sale of Checks Act requires the filing of an application and issuance of a license before engaging in the business of selling, issuing, or dispensing checks or receiving money as an agent for obligors for the purpose of paying obligors bills, invoices or accounts. Section 8-7-1, *et seq.*, Sale of Checks Act No. 177 authorizes the Commission to accept applications, conduct investigations with respect to said applications, require bond and conduct examinations as necessary.

FUND 375: Securities Commission Fund. The Commission is responsible for administering and enforcing laws of the State of Alabama relative to the Alabama Securities Act, § 8-6-1, *et seq.*, Securities Act No. 740. The purpose of the Act is to protect investors from fraud and to preserve legitimate capital markets. The accomplishment of these objectives is legislatively provided for in five major ways: (1) requiring the registration or the specific exemption from registration of securities prior to their public or private offer of sale; (2) requiring the registration of broker-dealers and salesmen and regulation of their activities; (3) requiring the registration of investment advisers and investment adviser representatives and regulation of their activities; (4) requiring notice filings of mutual funds, Reg. A, and Reg. D filings under the Securities Acts of 1933 and 1934; and (5) the filing of certain other specialized securities offerings by way of coordination, notification, qualification, or limited exemptions.

FUND 376: Industrial Revenue Bond Notification Fund. The Alabama Securities Commission acts as a pre-clearance check on certain industrial revenue bonds as provided for under Section 8-6-110, *et seq.*, Industrial Revenue Bonds Act No. 586. The Commission reviews and analyzes filings made prior to sale of said bonds to investors and issues appropriate No Stop Orders.

FILING	DEFINITION	FEE	AUTHORITY
	(3) Expansion Order filing to increase the number of purchasers in a limited offering that has already been exempted from registration.	\$250	§ 8-6-11(c), <i>Code of Alabama</i> , 1975
	(4) For sale up to 35 Alabama purchasers in 12 months.	\$250	Commission Rule 830-X-6-.12(1)(d)(iv)
	Extension of the term up to 12 months	\$150	Commission Rule 830-X-6-.12(1)(d)(iv)
Mutual Fund Exemption	Registration exemptions for Open-End Management Investment Company:		§ 8-6-10(11)(b)(2), <i>Code of Alabama</i> , 1975
	Total assets less than or equal to \$25 million:	\$300+ \$40 new application fee	§ 8-6-10(11)b.2., <i>Code of Alabama</i> , 1975
	Total assets greater than \$25 million, less than \$100 million:	\$600+ \$40 new application fee	
	Total assets greater than \$100 million:	\$1,000+ \$40 new application fee	
	Unit Investment Trusts:	\$200 + \$40 new application fee	
IDB	Industrial Revenue Bonds are municipal bonds issued for purpose of constructing facilities.	1/20 of 1% of principal amount of described bonds. No less than \$25, but not to exceed \$1,000	§ 8-6-115, <i>Code of Alabama</i> , 1975
Sale of Checks	Sale of any check, draft, money order, or other instrument for transmission or payment of money.		§ 8-7-6, <i>Code of Alabama</i> , 1975 § 8-7-9, <i>Code of Alabama</i> , 1975
	(1) Investigative fee for initial application	\$250	
	(2) Registration fee for principal office	\$250	
	(3) Additional location and agents in the state	\$5	
		(Max registration fee \$500, exclusive of investigative fee)	

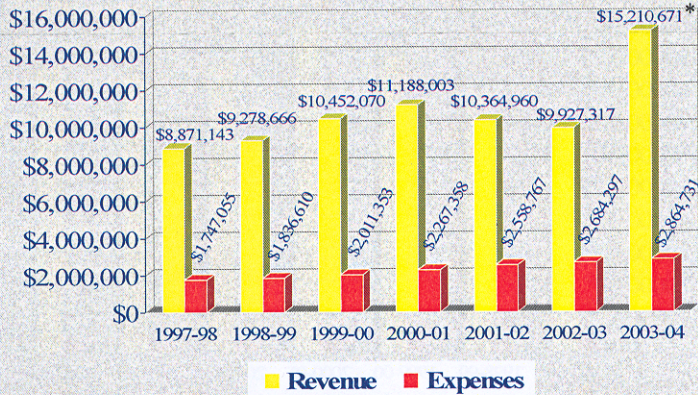
FILING	DEFINITION	FEE	AUTHORITY
Opinions	Interpretations	\$150	§ 8-6-29, <i>Code of Alabama, 1975</i>
Agent	Any individual, other than a dealer, who represents a dealer or issuer in effecting or attempting to effect sales of securities.	\$50	§ 8-6-3(h), <i>Code of Alabama, 1975</i>
Dealer	Any person engaged in the business of effecting transactions in securities for the account of others or for his own account.	\$200	§ 8-6-3(h), <i>Code of Alabama, 1975</i>
Investment Adviser	Any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities.	\$200	§ 8-6-3(h), <i>Code of Alabama, 1975</i>
Investment Adviser Representative	Any partner, officer, director of or other individual employed by or associated with an investment adviser, except clerical or ministerial personnel, who (a) makes recommendations or renders advice regarding securities; (b) manages accounts or portfolios of clients; (c) determines which recommendations or advice	\$50	§ 8-6-3(h), <i>Code of Alabama, 1975</i>

FILING	DEFINITION	FEE	AUTHORITY
	regarding securities should be given; (d) solicits, offers or negotiates for the sale of or sells investment advisory services; and (e) supervises employees who perform any of the foregoing.		
Administrative Assessment	Fee imposed upon any person who violates any provision of the article or rule or order issued under the article.	Not to exceed \$5,000 for each act or omission. Total assessment not to exceed \$50,000	§ 8-6-19(j)(2)(5), <i>Code of Alabama, 1975</i>
Investigative Examinations	Investigative costs for examinations of violations of any provision of the article or violations of any rule.	Actual costs of investigation	§ 8-6-19(k)(1)(2), <i>Code of Alabama, 1975</i>

ALABAMA SECURITIES COMMISSION STATISTICS

Combined Revenue and Expenses

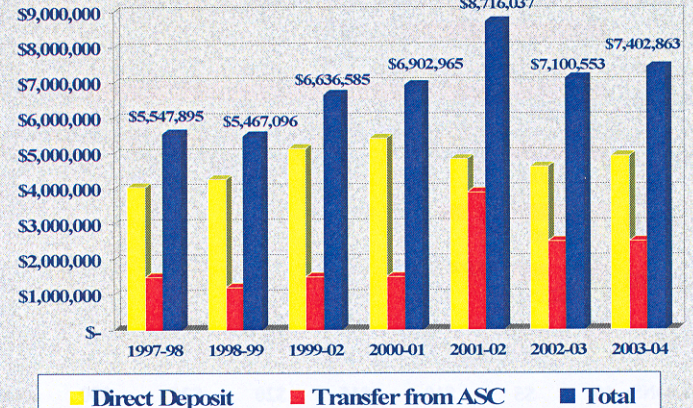
Fiscal Year 1996/97 – 2002/03



* \$5,000,000 attributed to Wall Street settlement

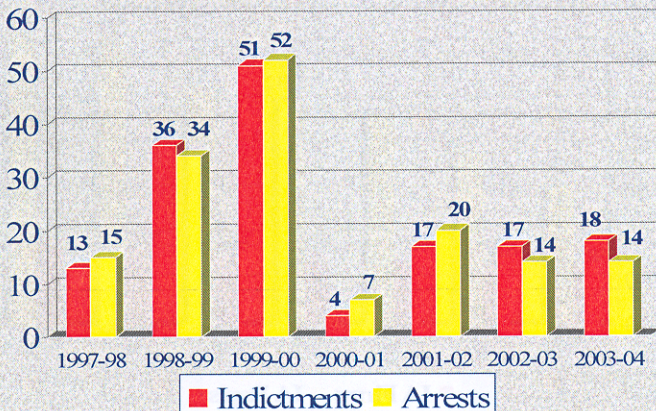
Total Revenue to General Fund

Fiscal Year 1997/98 – 2003/04



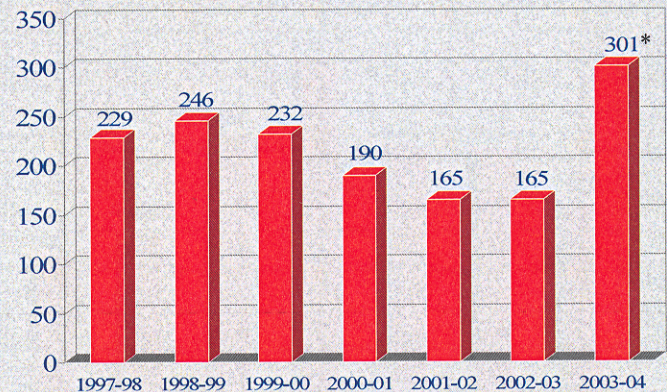
Indictments and Arrest

Fiscal Year 1997/98 – 2003/04



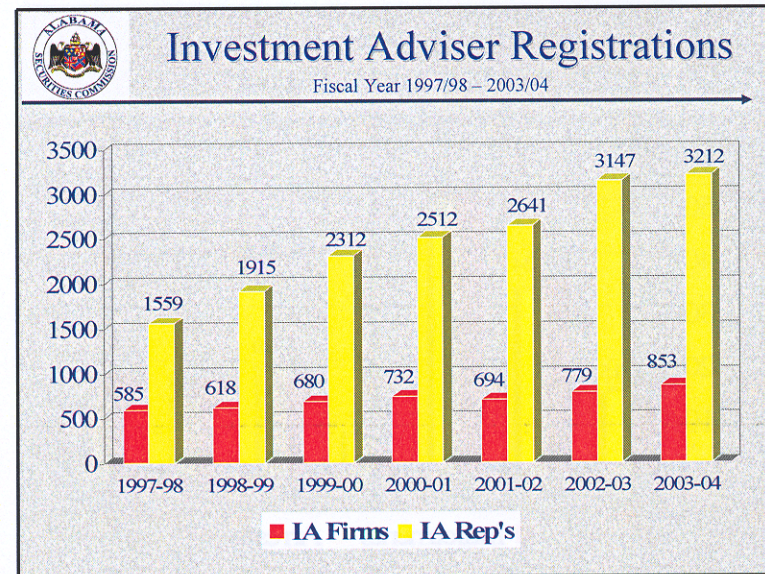
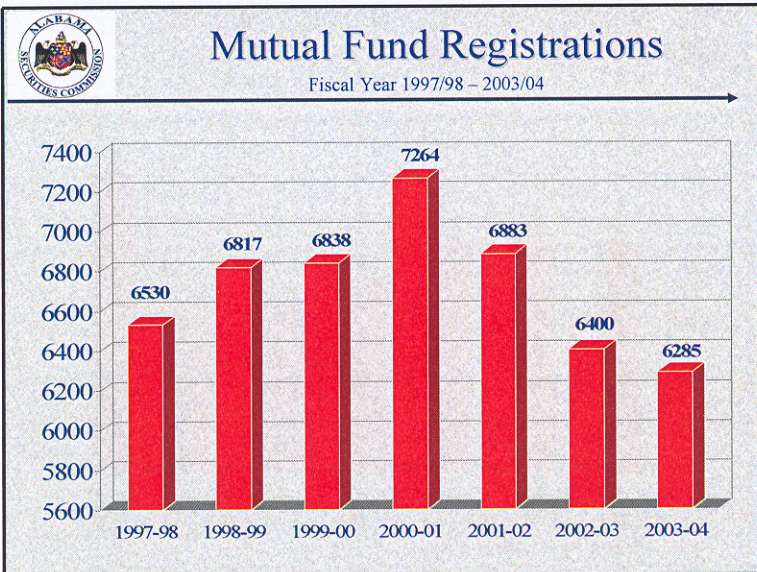
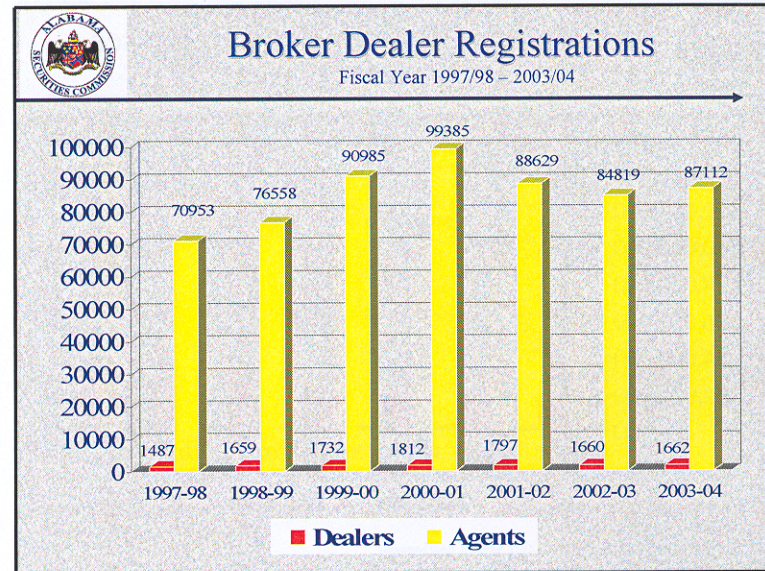
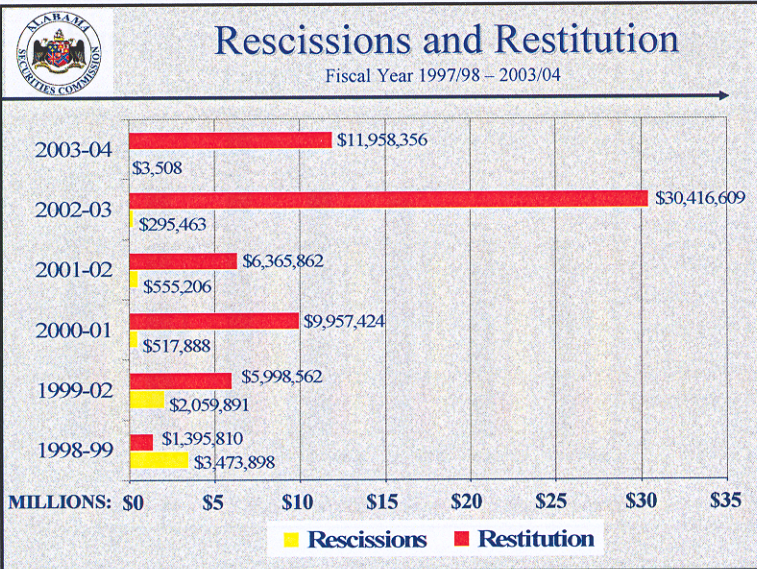
COMPLAINTS & CORPORATE INQUIRIES

Fiscal Year 1997/98 – 2003/04



* Increased service on checking newly filed incorporations and verifying new business legal requirements

ALABAMA SECURITIES COMMISSION STATISTICS



Alabama Securities Commission Enforcement Division

Administrative Orders Issued

**A comparative summary of the Enforcement Division's
Fiscal Year 2003-2004 activities are shown on the
following charts:**

TYPE OF ORDER ISSUED	Fiscal Year 2003-2004	
	No. of Respondents	Orders
Cease and Desist	86	22
Consent	50	16
Show Cause	3	1
Order to Vacate	5	3
Permanent Bar	0	0
TOTALS	144	42

Restitution Fiscal Year 2003-2004

No. of Cases: 10

Total Amount: \$11,958,356

Alabama Securities Commission Enforcement Division Enforcement Activity

"I"=Inquiry
"S"=Formal Investigation

Fiscal Year
2003-2004

As of 9/30/04, there were 23 individuals awaiting Grand Jury, 5 individuals pending arrest, and 11 individuals awaiting trial.

STATISTICAL SUMMARY

10/01/2003 - 09/30/2004

	Application Filed	Application Approved	Renewal Processed	Application Withdrawn	Application Terminated
Broker/Dealer	144	135	1527	29	117
Broker/Dealer Agent	2327	22996	64116	0	19634
Eleemosynary Financing Exemption	54	36	0	6	0
Exempt Consent	18	17	0	0	0
Expansion Order	2	2	0	0	0
Industrial Revenue Bond	12	12	0	0	0
Investment Adviser - Federal	83	83	630	3	5
Investment Adviser - State Registered	15	17	123	2	6
Investment Adviser Representative	184	711	2501	0	577
Limited Offering	563	544	0	2	9
Mutual Fund Exemptions	840	856	5429	1	80
Registration by Coordination	76	46	0	10	1
Registration by Qualification	4	4	0	0	0
Restricted Agent	48	42	140	1	1
Sale of Checks Vendor	16	13	52	0	0

Note: The total number of registrations and exemptions issued in fiscal year 2004 was 100,032.

INDUSTRIAL REVENUE BONDS

FY 2003 - 2004

LESSEE	DATE FILED	FEE CHANGED	DATE APPROVED	AMOUNT OF ISSUE
Health Services, Inc	10/01/2003	\$402.50	10/02/2003	\$805,000.00
C & E Supply L.L.C.	10/22/2003	500.00	10/26/2003	1,000,000.00
Alabama Power Project	12/03/2003	1,000.00	12/04/2003	50,000,000.00
Wellborn Forest Products, Inc	12/19/2003	1,000.00	12/22/2003	3,000,000.00
Cush, L.L.C. (Industrial Development Board of Clarke County)	01/22/2004	450.00	01/25/2004	900,000.00
Weidmann Plastics Technology North America (City of Auburn Industrial Revenue Bonds)	04/29/2004	1,000.00	04/30/2004	2,200,000.00
International Paper Company	04/30/2004	1,000.00	04/30/2004	30,000,000.00
Mitchell Grocery Corp. Project	05/24/2004	1,000.00	05/25/2004	8,300,000.00
The Industrial Development Board of the City of Jasper, Alabama	06/10/2004	286.51	06/11/2004	573,017.00
Jay Mid-South LLC	06/25/2004	1,000.00	06/27/2004	2,700,000.00
Paragon Decors Project	07/07/2004	1,000.00	07/07/2004	2,600,000.00
Cedala LLC	07/19/2004	862.50	07/23/2004	1,725,000.00
TOTALS:		\$9,501.51		\$103,803,017.00



JOSEPH P. BORG
Director

SUSAN B. ANDERSON
Deputy Director/General Counsel

ALABAMA SECURITIES COMMISSION

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J. WRAY PEARCE
Certified Public Accountant

COMMISSIONERS
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Attorney General

ANTHONY HUMPHRIES
Superintendent of Banks

WALTER A. BELL
Commissioner of Insurance

TYRONE C. MEANS
Attorney at Law

DANIEL C. HARDMAN
Certified Public Accountant

ALABAMA SECURITIES COMMISSION MEETING OF NOVEMBER 6, 2003

The Alabama Securities Commission held a quarterly meeting on November 6, 2003, at 9:00 a.m., in the Conference Room located on the 5th Floor of the RSA Plaza Building, 770 Washington Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham News/Post Herald, Huntsville Times, and the Mobile Register.

Commission Members Present Were:

Hon. Harold B. Kushner, Attorney, Chairman
Hon. J. Wray Pearce, CPA, Vice-Chairman
Hon. Daniel Hardman, CPA
Hon. Tyrone Means, Attorney
Hon. Bill Garrett, Asst. Attorney General (Representing the Attorney General)

Commission Members Absent Were:

Hon. Anthony Humphries, Superintendent of Banks
Hon. Walter A. Bell, Commissioner of Insurance

Staff Members Present:

Joseph P. Borg, Director
Susan B. Anderson, Deputy Director
J. Randall McNeill, Deputy Attorney General
Edwin L. Reed, Associate Counsel
Christie Rhodes, Executive Assistant

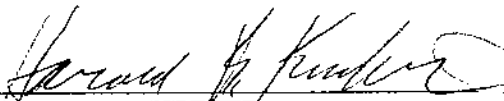
Chairman Kushner called the meeting to order at 9:00 a.m. As the first order of business, Chairman Kushner requested the Commissioners to review and approve the minutes of the August 13, 2003, meeting. Commissioner Pearce moved to approve the minutes and Commissioner Hardman seconded the motion. The motion carried unanimously.

Under new business, Director Borg advised the Commission that Senior Special Agent James G. Pugh has announced his retirement January 1, 2004 and that Special Agent Ricky Locklar has been appointed as Acting Senior Special Agent effective the date of Mr. Pugh's retirement. Director Borg advised that a number of Mr. Pugh's duties in the administrative area were being reassigned to other employees of the agency, and that he anticipates splitting the Enforcement Division between the supervision of Senior Special Agent Michael Foley and Acting Senior Special Ricky Locklar. However, these plans are still in the formation process, and the Commissioners will be kept posted on any developments.

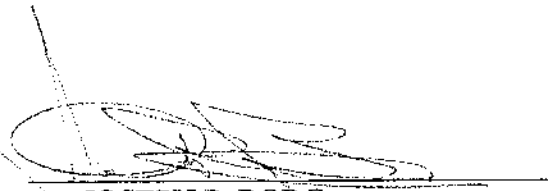
Director Borg next gave the Commissioners a status report on the WBI case, and the disbursement by the Commission of funds to victims. The Commission confiscated approximately \$2.6 million dollars in investor funds, and those funds have now been repaid to investors. However, after payment, it was learned that certain victims had received overpayments and certain victims had received underpayments of amounts due to them. Although it is still not clear how this occurred, it appears that there was a computer error in the program which caused some miscalculations to occur. Director Borg advised that he has already notified the Examiners of Public Accounts of this situation, and that the Department intends to provide an auditor to assist the Commission in remedying this situation. Director Borg also advised that he has placed the fidelity bond insurer on notice of a potential claim, in the event the staff is unable to obtain refunds from all investors who received overpayments.

Next, Director Borg provided the Commissioners with a pamphlet he intends to distribute to the members of the Sunset Review Committee, which is meeting today at 10:00 a.m. Director Borg intends to orally provide the Sunset Review Committee with information concerning the

activities of the Commission, including its public education campaign and press clippings. All Commissioners present plan to attend the Sunset Review Committee meeting with the staff. Chairman Kushner adjourned the meeting at 9:40 a.m.



HAROLD B. KUSHNER
CHAIRMAN



JOSEPH P. BORG
DIRECTOR



JOSEPH P. BORG
Director

SUSAN B. ANDERSON
Deputy Director/General Counsel

ALABAMA SECURITIES COMMISSION

770 WASHINGTON AVE, SUITE 570
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1-800-222-1253
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CHAIRMAN
HAROLD B. KUSHNER
Attorney at Law

VICE CHAIRMAN
J. WRAY PEARCE
Certified Public Accountant

COMMISSIONERS
BILL PRYOR
Attorney General

ANTHONY HUMPHRIES
Superintendent of Banks

WALTER A. BELL
Commissioner of Insurance

ALABAMA SECURITIES COMMISSION MEETING OF JANUARY 6, 2004

The Alabama Securities Commission held a quarterly meeting on January 6, 2004, at 1:30 p.m., in the conference room located in the Alabama Securities Commission offices on the 5th Floor of the RSA Plaza Building, 770 Washington Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham News/Post Herald, Huntsville Times, and the Mobile Register.

Commission Members Present Were:

Hon. Harold B. Kushner, Attorney, Chairman
Hon. Daniel Hardman, CPA
Hon. Tyrone Means, Attorney
Hon. Anthony Humphries, Superintendent of Banks
Hon. Walter A. Bell, Commissioner of Insurance
Hon. Bill Garrett, Assistant Attorney General (Representing the Attorney General)

Commission Member Absent But Listening By Telephone (non-voting) Was:

Hon. J. Wray Pearce, CPA, Vice-Chairman

Staff Members Present Were:

Joseph P. Borg, Director
Susan B. Anderson, Deputy Director
Christie Rhodes, Executive Assistant

Chairman Kushner called the meeting to order at 1:30 p.m. As the first order of business, Chairman Kushner requested that the Commissioners review the agenda for the meeting and the Commissioners unanimously approved the agenda. Chairman Kushner then requested the Commissioners to review and approve the minutes of the November 6, 2003 meeting. Commissioner Means moved to approve the minutes and Commissioner Humphries seconded the motion. The motion carried unanimously.

Under new business, Chairman Kushner called upon Director Borg to provide the Commission with a first quarter report of the activities of the Commission. Director Borg provided the Commissioners with information concerning the receipts and disbursements of the Commission, as well as a personnel report. Director Borg advised that Senior Special Agent James G. Pugh had retired on January 1, 2004, and that Special Agent Ricky Locklar has been temporarily placed in this position. There are a number of other openings on the Commission staff that need to be filled, particularly in the Registration Division. Director Borg also advised the Commission concerning the global settlement with the Wall Street financial firms, and how Alabama's share of the settlement funds were distributed between the General Fund, the Attorney General's Office, the Commission and the Investor Protection Trust.

Director Borg next called the Commission's attention to the ongoing investigation of Wealth Builders International and its owner, Terry Harris. Commissioner Means moved for an executive session to discuss an ongoing investigation and Commissioner Bell seconded the motion. The Commission entered into executive session.

Upon conclusion of the discussion of the Wealth Builders International ("WBI") case, Chairman Kushner resumed the regular meeting. Director Borg advised the Commission that, in the interest of the public pursuant to §8-6-15 and Rule 830-X-2-.04, he has released a number of documents obtained during the course of the WBI investigation in order to refute the unsubstantiated allegations being made by members of WBI. The Commissioners were in agreement with this approach.


Director Borg then directed the Commissioners attention to a draft of the Alabama Uniform Securities Act and a listing of the Commission staff's objections to the Act, as drafted. The draft was prepared by the Alabama Law Institute, and the staff is concerned about certain non-uniform law changes proposed by the banking lobby. The staff intends to continue to work

with members in the banking industry to attempt to resolve the issues raised by these proposed changes. However, in the event those negotiations are unsuccessful, the staff may oppose the Act as currently drafted.

Director Borg gave the Commission a brief update on the status of the Commission's activities concerning Worldcom (now MCI) and its bankruptcy, financial difficulties and potential actions which might be taken by the Commission. A brief report was then given concerning the internal restructuring of the Enforcement Division, including the fact that the Special Agents will be divided between the two Senior Special Agents for supervision and that a permanent complaint officer will be named.

Commissioner Bell requested the Commission's support on the fraud bill being introduced into the Alabama Legislature during this legislative session and Commissioner Bell will be forwarding a copy of the proposed legislation to the Commission staff. Having no other business, the Chairman Kushner adjourned the meeting at 2:40 p.m.


HAROLD B. KUSHNER
CHAIRMAN


JOSEPH P. BORG
DIRECTOR



JOSEPH P. BORG
Director

SUSAN B. ANDERSON
Deputy Director/General Counsel

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Certified Public Accountant

COMMISSIONERS

TROY KING
Attorney General

ANTHONY HUMPHRIES
Superintendent of Banks

WALTER A. BELL
Commissioner of Insurance

TYRONE C. MEANS
Attorney at Law

DANIEL C. HARDMAN
Certified Public Accountant

ALABAMA SECURITIES COMMISSION MEETING OF APRIL 22, 2004

The Alabama Securities Commission held a quarterly meeting on April 22, 2004, at 10:00 a.m., in the conference room located in the Alabama Securities Commission offices on the 5th Floor of the RSA Plaza Building, 770 Washington Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham News/Post Herald, Huntsville Times, and the Mobile Register.

Commission Members Present Were:

Hon. Harold B. Kushner, Attorney, Chairman
Hon. J. Wray Pearce, CPA, Vice-Chairman
Hon. Troy King, Attorney General
Hon. Daniel Hardman, CPA
Hon. Tyrone Means, Attorney
Hon. Walter A. Bell, Commissioner of Insurance
Hon. Bill Garrett, Assistant Attorney General (Representing the Attorney General)

Commission Member Absent Was:

Hon. Anthony Humphries, Superintendent of Banks

Staff Members Present Were:

Joseph P. Borg, Director
Susan B. Anderson, Deputy Director
Christie Rhodes, Executive Assistant

Chairman Kushner called the meeting to order at 10:05 a.m. As the first order of business, Chairman Kushner requested that the Commissioners review the agenda for the meeting and the Commissioners unanimously approved the agenda. Chairman Kushner then requested the Commissioners to review and approve the minutes of the January 6, 2004 meeting.

Commissioner Hardman moved to approve the minutes and Commissioner Means seconded the motion. The motion carried unanimously.

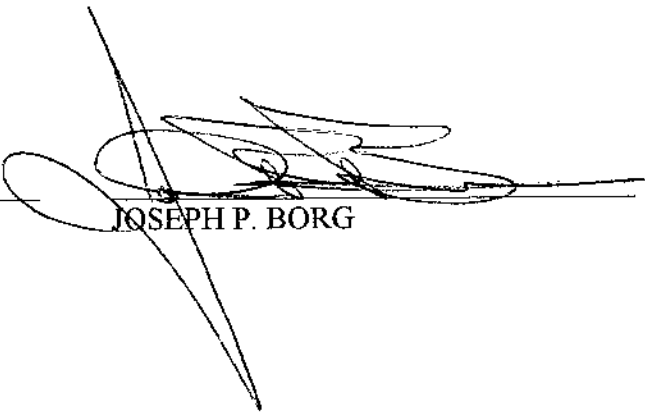

Under old business, Chairman Kushner called upon Director Borg to give the March 2004 - Second Quarter Report to the Commission. Director Borg first welcomed to the meeting Attorney General Troy King, who has been appointed to this position since the January meeting of the Commission. Director Borg next provided the Commissioners with information concerning the receipts and disbursements of the Commission, as well as a personnel report. During a discussion concerning the disbursements of the Commission, questions were raised concerning the status of *Jordan v. Riley, et al.*, litigation that is currently pending against a number of State officials in their official capacity and which involves appropriations made by the Legislature from Securities Commission funds. Commissioner Hardman moved for the Commission to enter executive session to discuss this pending litigation, and Commissioner Means seconded the motion. The motion carried unanimously.

Upon emerging from executive session, Director Borg provided the Commission with Registration and Enforcement statistics.

Under new business, Director Borg provided the Commission with an update concerning the Wealth Builders International case. In that this case involves potential litigation, Commissioner Bell moved to enter executive session to discuss active litigation. Commissioner Pearce seconded the motion, and the Commission entered executive session.

Upon emerging from executive session, Director Borg provided the Commission with a report concerning his recent trip to Vienna to speak at the United Nations Committee on International Trade and Law. Director Borg also provided the Commissioners with a copy of Governor Riley's recent Proclamation, denoting April as the "Facts On Saving And Investing Campaign Month" for the State of Alabama. This Proclamation was presented to Chairman Kushner and Deputy Director Anderson on Friday, April 16, 2004.

Having no other business, Chairman Kushner adjourned the meeting at 11:30 a.m.



HAROLD B. KUSHNER
CHAIRMAN

JOSEPH P. BORG



JOSEPH P. BORG
Director

SUSAN B. ANDERSON
Deputy Director/General Counsel

ALABAMA SECURITIES COMMISSION

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Attorney at Law

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Certified Public Accountant

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TROY KING
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ANTHONY HUMPHRIES
Superintendent of Banks

WALTER A. BELL
Commissioner of Insurance

TYRONE C. MEANS
Attorney at Law

DANIEL C. HARDMAN
Certified Public Accountant

ALABAMA SECURITIES COMMISSION MEETING OF AUGUST 23, 2004

The Alabama Securities Commission held a quarterly meeting on August 23, 2004, at 2:00 p.m., in the conference room located in the Alabama Securities Commission offices on the 5th Floor of the RSA Plaza Building, 770 Washington Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published in the Montgomery Advertiser, Birmingham News/Post Herald, Huntsville Times, and the Mobile Register.

Commission Members Present Were:

Hon. Harold B. Kushner, Attorney, Chairman
Hon. J. Wray Pearce, CPA, Vice-Chairman
Hon. Daniel Hardman, CPA
Hon. Tyrone Means, Attorney
Hon. Walter A. Bell, Commissioner of Insurance
Hon. Bill Garrett, Assistant Attorney General (Representing the Attorney General)

Commission Member Absent Was:

Hon. Anthony Humphries, Superintendent of Banks

Staff Members Present Were:

Joseph P. Borg, Director
Susan B. Anderson, Deputy Director
Christie Rhodes, Executive Assistant

Vice-Chairman Pearce called the meeting to order at 2:01 p.m. As the first order of business, Vice-Chairman Pearce requested that the Commissioners review the agenda for the meeting. Commissioner Bell moved to approve the agenda and Commissioner Hardman seconded the motion. The motion carried unanimously. Vice-Chairman Pearce then requested

the Commissioners review and approve the minutes of the April 22, 2004 meeting. Commissioner Means moved to approve the minutes and Commissioner Hardman seconded the motion. The motion carried unanimously.

Under old business, Chairman Kushner called upon Director Borg to give the July Monthly Report of the operations of the Commission. Director Borg provided the Commissioners with information concerning the receipts and disbursements of the Commission, as well as a Personnel Report and Registration and Enforcement Statistics. Director Borg reported to the Commission that it appears that several large multi-jurisdictional task force investigations appear ready to settle and that he will provide them with further information regarding these matters, when, and as, they occur.

Under new business, Director Borg provided the Commission with the Fiscal Year 2004-2005 Operations Plan. Built into this plan is an approximate ten percent increase in expenses, which is made up in large part of personnel costs and equipment. The Fiscal Year 2004-2005 Operations Plan is attached hereto as Exhibit "A".

Deputy Director Anderson was then called upon to provide the Commissioners with the history prompting the staff to recommend amendments to two existing administrative regulations of the Commission. The two Rules which will be affected by the amendments are Rule 830-X-3-.05(3) and Rule 830-X-3-.14(1)(m), both of which pertain to information which is required to be reported to this Commission by registered brokers, agents, investment advisers, and investment adviser representatives. The proposed revisions are attached hereto as Exhibit "B" and Exhibit "C", respectively. A general discussion ensued concerning the impact of these revisions. Vice-Chairman Pearce then moved to approve the proposed amendments to the Rules and Commissioner Bell seconded the motion. The motion carried unanimously.

The Director then advised the Commission that it was necessary to enter executive session in order to discuss the good name and character of an individual. Commissioner Bell moved to enter executive session, and Commissioner Pearce seconded the motion. The motion carried unanimously, and the Commission moved into executive session. The Commissioner emerged from executive session, and the Commission meeting was adjourned at 3:30 p.m.

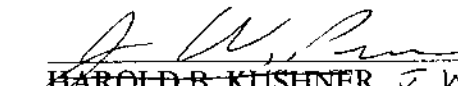

HAROLD B. KUSHNER *J. W. Roy Pearce* JOSEPH P. BORG
✓ -CHAIRMAN

Exhibit A

STATE OF ALABAMA

Agency No. 336

EBO Form No. 8

Revision No. _____

OPERATIONS PLAN

Date _____

Fiscal Year 2004-05

Agency Name: Alabama Securities Commission

Appropriation Unit Name: Agency Appropriation Summary		Appropriation Unit No. _____				
Activity Name: Securities Regulation		Activity No.: _____				
Budget Org. Name: _____		Budget Org. No.: _____				
Objective: _____						
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
NUMBER OF EMPLOYEES		55.00	55.00	55.00	55.00	XXXXXX
Code	Expenditures By					
No.	Major Object:					
01	Personnel Costs	656,360	646,860	577,960	547,640	2,428,820
02	Employee Benefits	215,985	225,750	201,495	190,931	834,161
03	Travel-In-State	20,000	20,000	20,000	20,000	80,000
04	Travel-Out-Of State	10,000	7,500	7,500	5,000	30,000
05	Repairs & Maintenance	10,000	10,000	5,000	5,000	30,000
06	Rentals and Leases	100,000	85,000	85,000	80,000	350,000
07	Utilities/Communications	15,000	15,000	15,000	15,000	60,000
08	Professional Services	125,000	50,000	40,000	35,000	250,000
09	Supplies, Mats, Op Exp	100,000	50,000	25,000	25,000	200,000
10	Transp Equip Operations	7,000	6,000	6,000	6,000	25,000
11	Grants and Benefits	500				500
12	Capital Outlay					
13	Transp Equip Purchases	75,000				75,000
14	Other Equip Purchases	50,000	40,000	40,000	20,000	150,000
15	Debt Service					
16	Miscellaneous					
TOTAL EXPENDITURES		4,009,845	3,781,110	3,647,955	3,574,571	15,013,481
SOURCE OF FUNDS						
Fund No.	Fund Name:					
0374	Sale of Checks Fund	20,000				20,000
0375	Securities Comm Fund	1,344,845	1,156,110	1,022,955	949,571	4,473,481
0375	Transfer to General Fd from Sec Comm Fund	2,625,000	2,625,000	2,625,000	2,625,000	10,500,000
0376	Industrial Revenue Bond	20,000				20,000
TOTAL SOURCE OF FUNDS		4,009,845	3,781,110	3,647,955	3,574,571	15,013,481
EBO USE ONLY						
DATE: _____						
A: _____						

Approved: _____

Agency Head

Date

Revised 6/32

OPERATIONS PLAN
Fiscal Year 2004-05

Agency Name: Alabama Securities Commission

Appropriation Unit Name: Regulatory Services Appropriation Unit No.: 041
 Activity Name: Securities Regulation Activity No.: 0029
 Budget Org. Name: _____ Budget Org. No.: _____

Objective: _____

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
NUMBER OF EMPLOYEES	0.2				XXXXXXX
Code Expenditures By					
No. Major Object:					
01 Personnel Costs	20,000				20,000
02 Employee Benefits					
03 Travel-In-State					
04 Travel-Out Of-State					
05 Repairs & Maintenance					
06 Rentals and Leases					
07 Utilities/ Communications					
08 Professional Services					
09 Supplies, Mats, OpExp					
10 Transp Equip Operations					
11 Grants and Benefits					
12 Capital Outlay					
13 Transp Equip Purchases					
14 Other Equip Purchases					
15 Debt Service					
16 Miscellaneous					
TOTAL EXPENDITURES	20,000				20,000
SOURCE OF FUNDS					
Fund No. Fund Name:					
03/4 Sale of Checks Fund	20,000				20,000
TOTAL SOURCE OF FUNDS	20,000				20,000

EBO USE ONLY

DATE: _____
 A: _____

Approved: _____
 Agency Head

OPERATIONS PLAN
Fiscal Year 2004-05

Agency Name: Alabama Securities Commission

Appropriation Unit Name: Regulatory Services Appropriation Unit No.: 041
 Activity Name: Securities Regulation Activity No.: 0029
 Budget Org. Name: _____ Budget Org. No.: _____

Objective:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
NUMBER OF EMPLOYEES	54.60	55.00	55.00	55.00	XXXXXXX
Code Expenditures By No. Major Object:					
01 Personnel Costs	616,360	646,860	577,960	547,640	2,388,820
02 Employee Benefits	215,985	225,750	201,495	190,931	834,161
03 Travel-In-State	20,000	20,000	20,000	20,000	80,000
04 Travel-Out-Of-State	10,000	7,500	7,500	5,000	30,000
05 Repairs & Maintenance	10,000	10,000	5,000	5,000	30,000
06 Rentals and Leases	100,000	85,000	85,000	80,000	350,000
07 Utilities/Communications	15,000	15,000	15,000	15,000	60,000
08 Professional Services	125,000	50,000	40,000	35,000	250,000
09 Suppl'es, Matls, Op Exp	100,000	50,000	25,000	25,000	200,000
10 Transp Equip Operations	7,000	6,000	6,000	6,000	25,000
11 Grants and Benefits	500				500
12 Capital Outlay					
13 Transp Equip Purchases	75,000				75,000
14 Other Equip Purchases	50,000	40,000	40,000	20,000	150,000
15 Debt Service					
16 Miscellaneous	2,625,000	2,625,000	2,625,000	2,625,000	10,500,000
TOTAL EXPENDITURES	3,969,845	3,781,110	3,647,955	3,574,571	14,973,481
SOURCE OF FUNDS					
Fund No. Fund Name:					
0375 Securities Comm Fund	1,344,845	1,156,110	1,022,955	949,571	4,473,481
0375 Transfer to General Fund from Sec Comm Fund	2,625,000	2,625,000	2,625,000	2,625,000	10,500,000
TOTAL SOURCE OF FUNDS	3,969,845	3,781,110	3,647,955	3,574,571	14,973,481

DATE: _____
 A: _____

Approved: _____
 Agency Head

OPERATIONS PLAN
Fiscal Year 2004-05

Agency Name: Alabama Securities Commission

Appropriation Unit Name: Regulatory Services Appropriation Unit No.: 041
 Activity Name: Securities Regulation Activity No.: 0029
 Budget Org. Name: _____ Budget Org. No.: _____

Objective:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
NUMBFR OF EMPLOYEES	020				XXXXXXX
Code Expenditures By No. Major Object:					
01 Personnel Costs	20,000				20,000
02 Employee Benefits					
03 Travel-In-State					
04 Travel-Out-Of-State					
05 Repairs & Maintenance					
06 Rentals and Leases					
07 Utilities/ Communications					
08 Professional Services					
09 Supplies, Mats, OpExp					
10 Transp Equip Operations					
11 Grants and Benefits					
12 Capital Outlay					
13 Transp Equip Purchases					
14 Other Equip Purchases					
15 Debt Service					
16 Miscellaneous					
TOTAL EXPENDITURES	20,000				20,000
SOURCE OF FUNDS					
Fund No. Fund Name:					
0376 Industrial Revenue Bond Fund	20,000				20,000
TOTAL SOURCE OF FUNDS	20,000				20,000

EBO USE ONLY
 DATE: _____
 A: _____

Approved: _____
 Agency Head

Revised 6/92

_____ Date

EMPLOYEE STAFFING PLAN
FISCAL YEAR 2004-2005
AGENCY NAME Alabama Securities Commission

CLASSIFICATION	CLASS CODE	10/1/2004	9/30/2005	10/1/2004	9/30/2005	FY 2003-2004	FY 2004-2005
		NUMBER FULL-TIME EMPLOYEES	NUMBER FULL-TIME EMPLOYEES	NUMBER PART-TIME EMPLOYEES	NUMBER PART-TIME EMPLOYEES	TOTAL ANNUAL SALARY	TOTAL ANNUAL SALARY
Clerical Aide	10103	1	2			13,434	24,799
Clerk	10121	2	3			34,058	53,403
Executive Secretary	10146	1	1			37,250	37,250
Administrative Support Asst I	10196	4	5			62,971	91,078
Administrative Support Asst II	10197	2	3			45,568	64,740
Administrative Support Asst III	10198		1				27,079
IT Systems Specialist	10528	1	1			62,468	65,439
Account Clerk	10602	1	1			29,851	29,851
Accountant	10611		1				27,082
Senior Accountant	10613	1	1			51,155	53,546
Training Specialist I	10821		1				27,756
Training Specialist II	10822	1	1			42,039	44,007
Special Agent	11280	8	10			374,983	464,106
Senior Special Agent	11284	1	2			84,478	120,477
Securities/Ins. Registration Mgr.	11285	2	2			111,794	117,801
Securities Analyst	11286	6	8			211,049	337,202
Deputy Director	11288	1	1			118,922	118,922
Director	11290	1	1			118,922	118,922
Legal Research Assistant	11503	1	2			36,348	67,159
Attorney I/II	11530	1	2			62,468	115,359
Attorney III	11533		2				141,373
Student Aide	11901	1	2			4,444	32,209
Executive Assistant II	99002	1				40,056	4,622
Executive Assistant III	99003		1				37,189
Deputy Attorney General	99417	1	1			95,177	95,177
Longevity						10,900	16,800
Board Member Compensation						800	1,000
Subsistence Pay						21,732	32,400
Termination Costs						32,389	63,071
TOTAL		38	55	0	0	1,703,256	2,428,820

Agency Head _____

Date _____

ALABAMA SECURITIES COMMISSION

Department

QUARTERLY PERFORMANCE REPORT
FY 2004-05

PERFORMANCE INDICATORS	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Investigations Opened - "S"	12		11		11		11	
Investigations Closed - "S"	10		10		10		10	
Investigations Opened - "I"	28		27		27		28	
Investigations Closed - "I"	25		25		25		25	
Administrative Actions (Respondents)	29		29		29		28	
Civil Actions	0		0		0		0	
Receiverships Appointed	0		0		0		0	
Rescission Offers Obtained	1		1		0		1	
Indictments Obtained	3		3		3		3	
Arrest Warrants Obtained	1		0		1		0	
Arrests Made	3		3		3		3	
Convictions Obtained	4		4		4		3	
Public Warnings Issued	2		2		1		1	
Referrals to other Agencies	2		2		2		2	
Registration by Coordination	25		12		15		18	
Registration by Qualification	1		1		1		0	
Registration by Notifications	0		0		0		0	
Exemption by Rule / Notice Filings (Reg D Rule 506)	105		150		125		95	
Exemption by Order	1		2		1		1	
Exemption by Eleemosynary	12		10		12		16	
Exemption by Mutual Fund	1,660		1,675		1,600		1,765	
Broker Dealer Firms	40		1,650		55		35	
Broker Dealer Salesmen	4,500		72,000		5,800		6,200	
Investment Advisor Firm Registrations	5		75		10		10	
Investment Advisor Firm Notice Filings	25		655		30		15	
Investment Advisor Representatives	200		2,850		175		175	
Sale of Checks	5		45		5		5	
Industrial Revenue Bonds	5		5		10		5	

Exhibit B

830-X-3-.05 Statement of Financial Condition.

(1) An applicant filing a new application for registration as a dealer or investment adviser shall file a balance sheet prepared in accordance with generally accepted accounting principles, dated not more than ninety days prior to the date of filing. Such balance sheet shall be in compliance with Rule 830-X-3-.05(4) or audited in accordance with generally accepted auditing standards accompanied by an unqualified opinion of an independent certified public accountant registered with the Alabama State Board of Public Accountancy or a similar board of the state in which the certifying accountant resides.

(2) If an applicant is registered with the United States Securities and Exchange Commission, National Association of Securities Dealers, Inc., or a recognized stock exchange, the filing with the Commission of financial reports prepared in accordance with the rules and requirements of that organization shall satisfy the requirements of this rule; however, should such a report be submitted, it shall be accompanied by a balance sheet attested to by an officer of the applicant, unless said report contains an opinion as set forth in paragraph (1) of this rule.

(3)(a) Except as otherwise ordered by the Commission, all persons required to be registered as investment advisers in this state shall file a balance sheet audited in accordance with generally accepted auditing standards accompanied by an unqualified opinion of an independent certified public accountant registered with the Alabama State Board of Public Accountancy or a similar board of the state in which the certifying accountant resides, within sixty (60) days after the close of the registrant's fiscal period.

(b) For the purposes of satisfying the provisions of Code of Alabama 1975, §8-6-3(g), relating to the filing of yearly audited financial statements of broker-dealers, the filing of financial reports with the U.S. Securities and Exchange Commission ("SEC") pursuant to SEC Rule 17a-5 (17 C.F.R. 240.17a-5 (1991)) as amended will be deemed to satisfy the provisions of the section.

(c) All persons required to be registered as investment advisers or dealers in this state shall file with the Commission, within 15 days of a written request

of the Commission staff, their most recent financial statements audited in accordance with generally accepted auditing standards accompanied by an unqualified opinion of an independent certified public accountant registered with the Alabama State Board of Public Accountancy or a similar board of the state in which the certifying accountant resides.

(d) Any financial statements submitted to the Commission staff for the purposes of satisfying a request made pursuant to subdivision (3)(c) of this rule must accurately represent the financial condition of the dealer or investment adviser as of a date within twelve months of the date of such request.

(4) Attached to every balance sheet or financial statement which may be required to be submitted to the Commission shall be an oath or affirmation that such statement is true and correct to the best knowledge, information, and belief, after a diligent inquiry, of the person making such oath or affirmation. The oath or affirmation shall be made before a person authorized to administer such oath or affirmation. If the dealer or investment adviser is a sole proprietorship, the oath or affirmation shall be made by the proprietor; if a partnership, by a general partner; if a corporation, by a duly authorized officer; and if a trust, by a trustee.

(5) Securities in which an applicant has an interest disclosed in the balance sheet or financial statement shall be listed in a separate schedule and valued at cost. Market value of such securities shall be shown parenthetically as of a date within thirty (30) days of the date of filing any application.

Author: Alabama Securities Commission

Statutory Authority: Code of Ala. 1975, §8-6-23.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983. **Emergency rule** filed December 22, 1983. **Amended:** Filed September 28, 1990. **Amended:** November 19, 2004. **Ed. Note:** Formerly Rule 830-X-3-.03.

830-X-3-.05 Statement Of Financial Condition.

(1) An applicant filing a new application for registration as a dealer or investment adviser shall file a balance sheet prepared in accordance with generally accepted accounting principles, dated not more than ninety days prior to the date of filing. Such balance sheet shall be in compliance with Rule 830-X-3-.05(4) or audited in accordance with generally accepted auditing standards accompanied by an unqualified opinion of an independent certified public accountant registered with the Alabama State Board of Public Accountancy or a similar board of the state in which the certifying accountant resides.

(2) If an applicant is registered with the United States Securities and Exchange Commission, National Association of Securities Dealers, Inc., or a recognized stock exchange, the filing with the Commission of financial reports prepared in accordance with the rules and requirements of that organization shall satisfy the requirements of this rule; however, should such a report be submitted, it shall be accompanied by a balance sheet attested to by an officer of the applicant, unless said report contains an opinion as set forth in paragraph (1) of this rule.

(3) (a) Except as otherwise ordered by the Commission, all persons required to be registered as investment advisers in this state shall file a balance sheet audited in accordance with generally accepted auditing standards accompanied by an unqualified opinion of an independent certified public accountant registered with the Alabama State Board of Public Accountancy or a similar board of the state in which the certifying accountant resides, within sixty (60) days after the close of the registrant's fiscal period.

(b) For the purposes of satisfying the provisions of Code of Alabama 1975, §8-6-5(e) relating to the filing of yearly audited financial statements of broker-dealers, the filing of financial reports with the U.S. Securities and Exchange Commission ("SEC") pursuant to SEC Rule 17a-5 (17 C.F.R. 240.17a-5 (1991)) as amended will be deemed to satisfy the provisions of the section.

(c) All persons required to be registered as investment advisers or dealers in this state shall file with the Commission, within 15 days of a written request of the Commission staff, their most recent financial statements audited in accordance with generally accepted auditing standards accompanied by an unqualified opinion of an independent certified public accountant registered with the Alabama State Board of Public Accountancy or a similar board of the state in which the certifying accountant resides.

Deleted: Except as otherwise ordered by the Commission, all registered dealers and investment advisers shall file a balance sheet audited in accordance with generally accepted auditing standards accompanied by an unqualified opinion of an independent certified public accountant registered with the Alabama State Board of Public Accountancy or a similar board of the state in which the certifying accountant resides, within sixty (60) days after the close of the registrant's fiscal period.

(d) Any financial statements submitted to the Commission staff for the purposes of satisfying a request made pursuant to subdivision (3)(c) of this rule must accurately represent the financial condition of the dealer or investment adviser as of a date within twelve months of the date of such request.

(4) Attached to every balance sheet or financial statement which may be required to be submitted to the Commission shall be an oath or affirmation that such statement is true and correct to the best knowledge, information, and belief, after a diligent inquiry, of the person making such oath or affirmation. The oath or affirmation shall be made before a person authorized to administer such oath or affirmation. If the dealer or investment adviser is a sole proprietorship, the oath or affirmation shall be made by the proprietor; if a partnership, by a general partner; if a corporation, by a duly authorized officer; and if a trust, by a trustee.

(5) Securities in which an applicant has an interest disclosed in the balance sheet or financial statement shall be listed in a separate schedule and valued at cost. Market value of such securities shall be shown parenthetically as of a date within thirty (30) days of the date of filing any application.

Author: Alabama Securities Commission

Statutory Authority: Code of Ala. 1975, §8-6-23.

History: Filed September 30, 1982. **Readopted:** Filed November 9, 1983. **Emergency rule** filed December 22, 1983.
Amended: Filed September 28, 1990. **Ed. Note:** Formerly Rule 830-X-3-.03.

Exhibit C

830-X-3-.14 Records Required Of Registered Dealers.

(1) Every dealer registered in this state, except as otherwise provided by this rule, shall make and keep current the following books and records relating to its business as provided herein:

(a) Blotters (or other records of original entry) containing an itemized daily record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all receipts and disbursements of cash and all other debits and credits. Such records shall show the account for which each such transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date, and the name or other designation of the person from whom purchased or received or to whom sold or delivered.

(b) Ledgers (or other records) reflecting all assets and liabilities, income and expenses and capital accounts.

(c) Ledger accounts (or other records) itemizing separately as to each cash and margin account of every customer and of such dealer and partners thereof, all purchases, sales, receipts, and deliveries of securities for such account and all other debits and credits to such account.

(d) Ledgers (or other records) reflecting the following:

1. Securities in transfer;
2. Dividends and interest received;
3. Securities borrowed and securities loaned;
4. Monies borrowed and monies loaned (together with a record of the collateral therefor and any substitutions in such collateral);
5. Securities failed to receive and failed to deliver.

(e) A securities record or ledger reflecting separately for each security as of the clearance dates all "long" or "short" positions (including securities in safekeeping) carried by such dealer for its account or

for the account of its customers or partners showing the location of all securities "long" and the offsetting position to all securities "short" and in all cases the name and designation of the account in which each position is carried.

(f) A memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. Such memorandum shall show the terms and conditions of the order or instructions and of any modification or cancellation thereof, the account for which entered, the time of entry, the price at which executed and, to the extent feasible, the time of execution or cancellation. Orders entered pursuant to the exercise of discretionary power by such dealer, or any employee thereof, shall be so designated. The term "instruction" shall be deemed to include instructions between partners and employees of a dealer. The term "time of entry" shall be deemed to mean the time when such dealer transmits the order or instruction for execution or, if it is not so transmitted, the time when it is received.

(g) A memorandum of each purchase and sale of securities for the account of such dealer showing the price and, to the extent feasible, the time of execution; and, in addition, where such purchase or sale is with a customer other than a dealer, a memorandum of each order received, showing the time of receipt, the terms and conditions of the order, and the account in which it was entered.

(h) Copies of confirmation of all purchases and sales of securities and copies of notices of all other debits and credits for securities, cash, and other items for the accounts of customers and partners of such dealers.

(i) A record in respect to each cash and margin account with such dealer containing the name and address of the beneficial owner of such account and, in the case of a margin account, the signature of such owner; provided, that in the case of a joint account or an account of a corporation, such records are required only in respect to the person or persons authorized to transact business for such account.

(j) A record of all puts, calls, spreads, straddles, and other options which such dealer has granted or guaranteed, containing at least an identification of the security and the number of units involved.

(k) A record of the proof of money balances of all ledger accounts in the form of trial balances. Such trial balances shall be prepared currently at least once a month.

(l) An application for employment executed by each associated person of such dealer, which application shall be approved in writing by an authorized representative of such dealer and shall contain at least the following information with respect to such person:

1. Name, address, social security number and the starting date of employment or other association with the dealer;

2. Date of birth;

3. The educational institutions attended and whether or not graduated therefrom;

4. A complete consecutive statement of all business connections for at least the preceding seven (7) years, including reasons for leaving each prior employment, and whether the employment was part-time or full-time;

5. A record of any denial of membership of registration, and of any disciplinary action taken or sanction imposed, upon such associated person by any federal or state agency, or by any national securities exchange or national securities association, including any finding that such associated person was a cause of any disciplinary action or had violated any law;

6. A record of any denial, suspension, expulsion or revocation of membership in any national securities association, securities exchange, or registration with any state, federal or governmental agency, with which such associated person was associated in any capacity when such action was taken;

7. A record of any permanent or temporary injunction entered against him or any member of a national securities association or stock exchange, or dealer with which such associated person was associated in any capacity at the time such injunction was entered;

8. A record of any arrests, indictments or convictions for any felony or any misdemeanor, except minor traffic offenses, of which such associated person has been the subject;

9. A record of any other name or names by which such associated person has been known or has used; provided, however, that if such associated person has been registered as a registered representative of such dealer with, or such associated person's employment has been approved by the National Association of Securities Dealers, Inc., or the American Stock Exchange, the Boston Stock Exchange, the Midwest Stock Exchange, the New York Stock Exchange, the Pacific Coast Stock Exchange, or the Philadelphia-Baltimore-Washington Stock Exchange, then retention of a full, correct, and complete copy of any and all applications for such registration or approval shall be deemed to satisfy the requirements of this subparagraph (1).

(m) Unless otherwise provided by order of the Commission, each registered dealer shall make, maintain and preserve books and records in compliance with U.S. Securities and Exchange Commission Rules 17a-3 (17 C.F.R. 240.17a-3 (1991)), 17a-4 (17 C.F.R. 240.17a-4 (1991)), 15c2-6 (17 C.F.R. 240.15c2-6 (1991)) and 15c2-11 (17 C.F.R. 240.15c2-11 (1991)) as amended, and specifically, but without limiting the foregoing, all filings dealing with fingerprint cards and criminal records.

(2) This rule shall not be deemed to require a member of a national securities exchange to make or keep such records of transactions cleared for a member by another member as are customarily made and kept by the clearing member.

(3) Every issuer selling its own securities shall make and keep current the following books and records relating to his business:

(a) Ledger, journals (or other records) reflecting all assets and liabilities, income and expenses, and capital accounts properly maintained in accordance with general accounting principles.

(b) Stock Certificate books.

(c) Stockholders ledger or other record reflecting alphabetically the names and addresses of all stockholders, stock certificates issued to each, dates paid, and full details as to transfers or cancellations.

(d) Copies of all promotional and/or sales materials used in connection with the sales of all securities as distributed.

(e) Copies of all confirmations of sales of securities.

(f) A record of any arrests, indictments, or convictions for any felony or any misdemeanor, except minor traffic offenses, of which any of its principal officers has been the subject.

(4) A dealer registered in this state who maintains and preserves records in accordance with the provisions of the Securities Exchange Act of 1934, as amended, shall not be subject to the requirements of paragraphs (1) and (3) of this rule.

(5) All registered issuers or dealers shall maintain in this state the books and records referred to in this rule unless otherwise approved by the Commission. Any issuers or dealers who are approved to keep such records physically outside this state shall make such records available to the Commission, at a time and place designated by the Commission, for inspection upon request.

(6) All records required to be kept hereunder shall be in such form as may conveniently be examined by the Commission or its staff without the necessity of employing mechanical methods of reproduction or inspection.

Author: Alabama Securities Commission

Statutory Authority: Code of Ala. 1975, §8-6-23.

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