

ANNUAL REPORT

Fiscal Year Ending
September 30, 2007



Serving, Protecting and
Informing Citizens of Alabama...

Mission

The mission of the Alabama Securities Commission (ASC) is to protect investors from securities fraud and preserve legitimate capital markets in Alabama.

Note: This is a reprint of the originally submitted annual report. The following change/ corrections have been made to ensure clarity for readers: On pages 24-29 in the vertical tabs “Eforcement” has been changed to read “Enforcement.”

MISSION & OVERVIEW

The goal of the Alabama Securities Commission (ASC) is to protect Alabama citizens from deceptive and illegal practices associated with offers, sales and purchases of securities in Alabama. In order to meet this goal, the ASC carries out three important functions: registration, enforcement and education, and strives to continually refine and strengthen its role as a staunch advocate for Alabama's "main street" investors.

The ASC's efforts to help shape investor protection legislation at both the state and national levels help sustain investor confidence by promoting efficient regulatory policy, controlling fraudulent practices through stringent enforcement and promoting financial literacy, investor education and fraud prevention awareness to all Alabama citizens.

The ASC administers and enforces the Alabama Securities Act, Sale of Checks Act, and Pre-Issuance Procedures for Industrial Revenues Bonds. These laws empower the ASC to exercise jurisdiction over securities offered, issued and sold in Alabama or to Alabama residents, including the registration of securities, the granting of specific exemptions from registration of securities and securities transactions and the denial, suspension and revocation of registration. The ASC helps foster legitimate capital opportunities for businesses and industries throughout Alabama in the following ways:

- By requiring the registration of securities prior to their public sale;
- By requiring the registration of dealers, agents, investment advisors and investment advisor representatives and by regulating their activities;
- By providing civil remedies for violations of the Act; and
- By providing administrative, civil and criminal penalties for those who participate in the unlawful sale of securities.

The Alabama Securities Commission is committed to providing the strongest possible investor protection and will continue to apply all its resources and expertise to ensure fair and transparent markets for Alabama investors and to continue to aggressively enforce applicable laws.



MISSION

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

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ASC STATUTORY AUTHORITY

The Commission is responsible for administering and enforcing the laws of 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.

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ASC COMMISSION

The Alabama Securities Commission members are 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 2006-2007 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
TROY KING, ESQ., Member	Attorney General Montgomery, Alabama	03/04-Present
JOHN D. HARRISON, Member	Superintendent of Banking Montgomery, Alabama	04/05-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

ASC PERSONNEL

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Directorate

Joseph P. Borg, Director
Christie A. Rhodes, Executive Assistant II
Sarah J. Pike, Admin. Support Asst. I

Legal Division

J. Randall McNeill, Deputy Director
Jane L. Brannan, Attorney III
Edwin L. Reed, Attorney III
Kimathy J. Booher, Legal Research Asst.
Marion D. Newcomb, Legal Research Asst.

Accounting/Personnel Division

Renee S. Sanders, Accounting Manager
Gwendolyn Lover, Account Clerk

Data Systems Division

David E. Gilmore, IT Systems Specialist

Education and Public Affairs Division

Daniel G. Lord, Training Specialist II
Clint L. Niemeyer, Public Information Specialist

Enforcement Division

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

Ricky G. Locklar, Sr. Special Agent
Manager/Administrative

Stephen E. Brantley, Special Agent
Michael L. Gantt, Special Agent
Jerry T. Hankins, Sr., Special Agent
Paul A. Gugliotta, Special Agent
Charles G. Harrison, Special Agent
Steven R. Jones, Special Agent
Kimberly S. Lewis, Special Agent
Michael D. Wilkerson, Special Agent
Rossie L. Peters, Special Agent
Nelson D. Williams, Special Agent

Patrisa J. Elmore, Executive Secretary
Anita F. Wilkerson, ASA III
Dawn M. Matthews, ASA III
Carrie L. Springer, ASA II

Registration Division

Rena H. Davis, Registration
Manager; Examinations

Marilyn D. Bullard, Securities Analyst
Marvernitha B. Kyles, Securities Analyst
Sandra D. Smith, Securities Analyst
Leslie D. Worrell, Securities Analyst
Teri T. Johns, ASA III

Patricia J. Wilson, ASA II
Conceita R. Watkins-Crumpton, Clerk

Lisa M. Tolar, Registration
Manager; Licensing

Spencer D. Lee, Securities Analyst
LaShonda D. Moultrie, Securities Analyst
Robert W. Sharp, Securities Analyst
Tina M. Tell, Securities Analyst
Lauren W. Hitt, ASA I

ASC PURPOSE

ASC PURPOSE

The Alabama Securities Commission (the “Commission”) administers and enforces the following Alabama statutes: THE ALABAMA SECURITIES ACT, including the Sale of Checks Act and the Pre-Issuance Procedures for Industrial Revenue Bonds. 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, issued or sold in, or to, 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, including debt management or credit counseling services.

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.

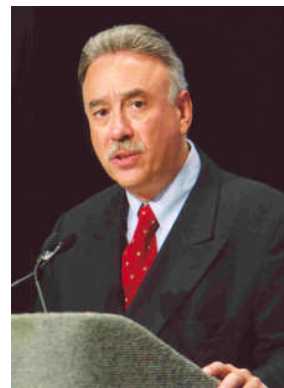
The primary purpose of the regulatory responsibilities and objectives described above is to protect the public from fraudulent practices in connection with the offer, sale, and purchase of securities in Alabama while encouraging, at the same time, the financing of legitimate business and industry in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

ALABAMA SECURITIES COMMISSION

DIRECTOR'S COMMENTARY

On behalf of the Securities Commission and its staff, we are proud to report our continuing efforts to protect the citizens of Alabama against securities fraud and to educate Alabamians to make informed investment decisions throughout their working career and into retirement. The Commission has licensed/registered more than 124,300 securities broker-dealers, agents, investment advisors, investment advisor representatives, financial professionals, mutual funds and investment trusts who conduct business in Alabama. The ASC is the first line of defense for ensuring that the public or private sale of securities in Alabama is a fair, equitable market for investors. The teamwork between the Enforcement Division, the Registration Division and Office of Legal Counsel expedites the investigation of complaints and, where appropriate, seeks punishment of, and restitution from, those who attempt to cheat citizens out of their hard-earned savings (See Enforcement & Action Headlines, page 24). The ASC collaborates with many agencies including the Department of Education, the Alabama Jump\$tart Coalition and the Investor Protection Trust, to make personal finance-specific curricula available to all math and social studies students in grades 7-12 throughout Alabama. In addition, ASC conducts various activities to train educators about personal finance and investing. The Commission staff has expanded its statewide presentations to professional, business and civic organizations, senior citizen groups, high school classes and other interested groups. (See ASC Education and Public Affairs Corner, page 9).

In addition to serving as the “local cop on the securities beat,” the Commission’s opinion is sought by numerous other agencies in the securities industry in the United States and internationally. We are committed to a fair and safe investment market for the citizens of Alabama. Our participation in the leadership of the North American Securities Administrators Association (NASAA), and representation as a delegate to an Intergovernmental Expert Group for the United Nations Commission on International Trade Law (UNCITRAL) enhances our ability to ensure fair markets and improved access for those desiring to invest in emerging markets in the future. The following articles highlight some key securities industry issues that will directly affect opportunities and impact the future investment protection of Alabamians.



Joseph P. Borg

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TO PROTECT
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ASC Director and Former NASAA President Joseph Borg Addresses
National Forums
Securities Regulation, Investor Protection Highlight Presentations

Joseph P. Borg, Director of the Alabama Securities Commission (ASC) and past president of the North American Securities Administrators Association (NASAA) spoke to several respected organizations during the past fiscal year about issues critical to the integrity and preservation of capital markets and helping investors meet their financial goals.

Testifying before the **U.S. Senate Special Committee on Aging**, September 5, 2007, Alabama Securities Commission (ASC) Director Joseph Borg shared his insight with lawmakers about illicit investment sales practices that prey on senior citizens to exhaust their retirement savings.

Citing examinations by state regulators, the U.S. Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and the North American Securities Administrators Association (NASAA) of 110 investment firms in seven states, including Alabama, that have large retiree populations, Borg, then serving as NASAA president, warned Senate panelists about prevalent, and often illegal, practices used by financial advisers to target America’s retirees. Seniors hold the largest portion of personal financial assets in the country, an estimated \$16 trillion in savings, and are most often the victims of financial fraud. Questionable sales practices include ‘free’ lunch investment seminars used to lure potential clients to hear sales pitches for complex and unsuitable investment products and sales agents’ use of ambiguous, professional-sounding titles and designations to steer seniors toward inappropriate and potentially ruinous investments.

According to Borg, these misleading activities often amount to little more than slick marketing pitches that mask deceptive and fraudulent sales tactics and that are violations of securities laws. “Most of these scams are just a way to gain trust—empty marketing devices,” Borg said.

The Senate hearing was conducted to call for reform and to enlist the help of securities regulators to develop a model rule for a universal accreditation standard for investment sales agents and advisors working with older Americans.

Following the Senate hearing, NASAA issued a *Senior Investor Alert*, warning retirees and those nearing retirement that they remain vulnerable to investment scams, like those described above. “Only the lowest of the low intentionally seek to deprive retirees of the savings they have worked so hard for so many years to accumulate,” Borg stated. “NASAA members will continue our ongoing and active pursuit of criminals who cheat seniors out of their hard-earned retirement savings.”

On September 10, 2007, co-chairing with SEC Chairman Christopher Cox at the second annual **Seniors Summit**, sponsored by the SEC, NASAA, FINRA and AARP, Borg identified some of the most common traps facing senior investors and provided examples of common enticements promoters use to solicit new customers and sell dubious investment products and services. “Often, these traps go hand-in-hand with aggressive marketing programs to create a perfect storm for senior investment fraud,” Borg said.

In August, Borg represented state securities regulators at the **National Conference of State Legislatures’ (NCSL) 2007 Strong States Strong Nation Legislative Summit** in Boston. Speaking to the NCSL’s Communications, Financial Services and Interstate Commerce Committee, Borg reiterated NASAA’s position that financial service regulators’ support for preemption of states’ securities laws and regulations could lead to compromised investor protection and weakened corporate accountability and regulatory control. He also voiced NASAA’s concurrence with the NCSL’s recent policy statement on State Sovereignty in Financial Services that expresses opposition to federal preemption of securities laws. Borg noted the NCSL’s specific policy statements regarding banking and insurance regulation and urged the organization to also adopt a specific securities regulatory policy statement. “I believe it crucial for the NCSL to send a more direct message to the U.S. Congress and the federal financial service regulators that the international competitiveness of our capital markets is, of course,

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important to maintaining America’s economic leadership in the world,” Borg said. “But, rolling back a system of regulation that has vigorously protected U.S. investors for decades could have profound and costly consequences if it went too far. History does repeat itself when its lessons are forgotten or ignored.”

Testifying before the **U.S. House of Representatives Committee on Oversight and Government Reform Subcommittee on Domestic Policy** in July, Borg outlined NASAA’s concern about the risks posed to everyday investors from Initial Public Offerings (IPOs) of private equity and hedge fund firms. Specifically, Borg voiced NASAA’s belief that such offerings should be subject to the requirements of the Investment Company Act of 1940 (ICA), a regulatory safeguard protecting individual investors against potential misuse of their invested funds.

Citing the ASC and other state securities regulators’ advocacy on behalf of retail investors and the perplexing array of new and complex investment products available to them, Borg urged continued diligence and oversight of these products and the companies wishing to sell them to the investing public. “Due to a lack of transparency, the level of individual and systemic risk attached to these investments remains unknown to the individual investor,” Borg stated. “Their fee structures and lack of full disclosure obscure real returns. The structure of these new instruments places investors in a vulnerable position, subject to the whims of controlling persons and literally without recourse. In light of the complexity and uncertainty surrounding these instruments, allowing them to be offered to the public without appropriate regulatory protections poses serious risks to investors.”

Borg’s remarks came during a hearing examining possible risks retail investors could face from IPOs of heretofore private management companies engaging in the public sale of speculative and high-risk investment instruments typically offered to only the most savvy and financially qualified purchasers. Borg emphasized that NASAA does not object to access to alternative investments by retail investors as long as these IPOs embrace all appropriate and necessary investor protections, rights and remedies.

During a March presentation to the **National Press Club** in Washington, D.C., ASC Director Borg, speaking on behalf of NASAA, hosted a symposium and live webcast entitled, “*Protecting Investors and the Integrity of Financial Markets.*”

Borg’s comments focused on the impact of “globalization” on financial markets, promoting investor confidence through strong investor protection and improving and maintaining a successful and cooperative regulatory relationship between federal, state and industry regulators.

“Globalization is here, with stronger, deeper foreign markets, technology equivalent to ours and a populace willing to invest in their own domestic markets,” Borg said. He went on to explain that, in some quarters, “burdensome regulation” has been blamed for the increased market competition being experienced by Wall Street. Instead, Borg believes, our markets may not be losing ground at all, but the rest of the world is beginning to draw alongside us, increasing international competitiveness in our capital markets and demonstrating that we must strive ever harder to maintain America’s economic leadership in the world.

“Investor confidence is the cornerstone of the success of our capital markets,” Borg added. “A key component of investor confidence is a regulatory framework that provides strong investor protection.” Citing headline-grabbing record profits being reported on Wall Street and the echoes of the Enron scandal still resonating, Borg cautioned that weakening a regulatory structure that has vigorously protected U.S. investors over the past decades could profoundly affect the stability of markets and seriously erode the rights of shareholders.

“One of the central themes of our 2007 legislative agenda is the need to maintain federal laws designed to ensure corporate accountability and shareholder confidence,” Borg stated. “We also recognize and agree that proper and fair implementation of any new law is important to assure that it does not create excessive burdens, while at the same time, making sense for investors and the markets.”

ASC's International Involvement Safeguards Alabama Investors

By Clint Niemeyer, ASC Education and Public Affairs

The evolving financial services industry, the myriad of financial products available to consumers and the investment sophistication needed to successfully negotiate potential pitfalls and avoid fraudulent practices have become daunting challenges for the "average" investor. Alabama investors, however, have an advantage in that Joseph Borg, Director of the Alabama Securities Commission (ASC), brings many years of experience and knowledge gained through collaboration in international forums to investors' aid.

Borg, in addition to being Alabama's top securities regulator--a post he has held since 1994, recently concluded his second term as president of the North American Securities Administrators Association (NASAA), an organization of 67 state, provincial and territorial securities administrators in the U.S., Canada, Mexico and Puerto Rico. "Alabama investors can take heart that the ASC, through its membership in NASAA, is committed to protecting them against securities fraud, to safeguard their hopes, their dreams and their financial futures," Borg said.

Borg's relationships with fellow NASAA member organizations, the U.S. Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), law enforcement agencies and attorneys general throughout the country has helped advance cooperative, coordinated regulation and enforcement to strengthen investor protection. "Collectively, we as regulators have a duty to serve and protect," Borg said. "We must be ever mindful to do what is right for our investors to maintain their trust and confidence. We must also be vigilant to guard our gates, lest unscrupulous interests attempt to destroy that trust and confidence."

As Borg sees it, investor confidence transcends borders and as America's participation in the global economy increases and international market competitiveness intensifies, regulatory bodies here and abroad must develop and sustain meaningful dialog and forge lasting alliances that further their constituents' ability to make the most informed investment decisions possible and protect their financial interests in worldwide markets.

In this regard, Borg's participation in several notable international organizations is helping to pioneer some vigorous initiatives. Borg serves as a delegate to an Intergovernmental Expert Group for the United Nations Commission on International Trade Law (UNCITRAL), to prepare a study on international fraud and criminal misuse and falsification of identity. Borg also works tirelessly to maintain solid relationships with other international bodies, such as the Canadian Securities Administrators, the International Organization of Securities Commissions (IOSCO) and the Council of Securities Regulators of the Americas (COSRA).

The bold initiatives supported by these organizations are designed to sustain investor confidence that is crucial to the success of capital markets. Included in these initiatives is the continued promotion of investor protection legislation, promoting sound, effective regulatory actions to meet the ever-changing investment landscape, controlling fraudulent practices through effective enforcement and achieving financial literacy and education among all investors.

"Financial markets in the United States are subject to forces that continually reshape the economic landscape and emerging markets in other countries want to emulate us and enjoy our successes," Borg said. "By combining our efforts with those of other international financial organizations, we can develop the methods necessary to promote suitable investment strategies, mitigate investor financial losses and expedite cross-border enforcement actions. In doing so, fairer and safer markets will be created for our citizens, providing new investment opportunities for them worldwide."

Promoting Investor Protection Through Instruction and Information

The ASC's Education and Public Affairs office serves a fundamental but indispensable service pursuant to the agency's mission to protect investors from securities fraud and to preserve legitimate capital markets in Alabama. According to ASC Director Joseph Borg, for Alabamians in all walks of life, knowledge is power when it comes to understanding the myriad financial products available on the market and avoiding the many pitfalls associated with building and securing a sound financial future. "The more informed and educated our citizens are about the means available to them to save and invest their hard-earned dollars, the better prepared they will be to succeed financially," Borg said. "We are very dedicated to making certain Alabamians have the most current and accurate information available to help them make informed investment decisions."

During the past year, this office has promoted personal finance education and fraud prevention techniques to citizens throughout Alabama, representing almost every age group. Educational outreach was provided to three distinct target groups: youth and students, adults/senior citizens and affinity groups. Each target group presented unique educational challenges that were met with a variety of initiatives, as outlined below.

Youth and Student Programs

The ASC's Education and Public Affairs office worked with the Alabama Department of Education and the Alabama Jump\$tart Coalition to incorporate personal finance into existing objectives for math and social studies courses in grades 7-12. In July 2007, at the Annual Conference for Business Technical Teachers, the ASC helped sponsor activities to provide the opportunity for over 400 teachers to integrate personal finance education into their classroom activities and provided seminars about how to make an informed investment decision and protect their own personal finances. For the fourth consecutive year, the ASC Education and Public Affairs office partnered with Trenholm State Technical College to conduct a four-week summer school program, Financial Planning and Career Preparation, for approximately 50 students (grades 7-10) from Montgomery and Lowndes Counties. This program has been so successful the ASC is currently exploring the possibility of offering similar programs in areas near Florence and Troy, Alabama next year. The ASC has also helped sponsor several extracurricular financial education experiences for students in public schools, including the "LifeSmarts" team competition, (working together with the Alabama Cooperative Extension, the Department of Education and the Alabama Jump\$tart Coalition) which taught financial-based life skill disciplines and personal finance initiatives to more than 30 state high school teams. The ASC also offers free field trips to public schools and partnered with the Alabama Council on Economic Education to provide a field trip for students from various Dallas County high schools which included personal finance education at the Commission and a tour of the Alabama State Capitol.

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Dan Lord, Manager



Clint Niemeyer, Public Affairs Specialist

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ASC Education and Public Affairs Corner

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Adult and Senior Citizens Programs

Adults and senior citizens comprise the fastest growing segment of our state and national population and hold a majority of the personal wealth. The ASC, as part of its mission, strives to provide the opportunity for Alabama’s senior investors to take control of their personal finances, make informed investment decisions and protect themselves from fraud. The ASC Education and Public Affairs Office partnered with the Alabama Department of Senior Services, The Alabama Attorney General’s office, the Alabama Cooperative Extension System (ACES), AARP Alabama and other agencies to conduct adult and senior citizen outreach events throughout Alabama to promote financial literacy, investor education and fraud prevention. ASC provided highly qualified staff members for presentations and free printed/electronic educational materials for citizens of Alabama. The ASC Education and Public Affairs office of Public Affairs, together with ACES and AARP, sponsored or co-sponsored numerous investor education events to more than 1,000 seniors from areas to include Andalusia, Tuskegee, Huntsville, Greater Birmingham, Cullman, Dothan, Wetumpka, Hartselle and Montgomery. Highlights of these events included collaboration with the South Central Alabama Development Commission Area Agency on Aging in Tuskegee to educate sociologists, case workers and senior caregivers about securities fraud, how to identify fraudulent practices and steps to take if fraud is suspected or perpetrated against their clients. ASC staff members participated (for the third consecutive year) in the 2007 Senior Expo event at the Von Braun Center, Huntsville, Alabama. This event was attended by an estimated 12,000 attendees. ASC personnel answered individual inquiries and distributed a wealth of personal finance, investor education, and fraud prevention materials to hundreds of senior citizens during the two-day event. Events this year include hosting Investor University and Estate Planning seminars, in cooperation with ACES and AARP in Enterprise, Monroeville, Montgomery, Anniston, Auburn and the Macon and Greene County areas. These seminars are designed to offer investor education and fraud prevention training to seniors 50 and older and working adults.

Affinity Group Programs

The ASC Education and Public Affairs office has enjoyed tremendous success in carrying this Commission’s investor education program to affinity groups throughout the state. Affinity groups are business, civic, religious, fraternal or other stakeholder organizations with common interests or goals. These groups are typically comprised of working professionals who invest in securities, assume certain levels of financial risk and can become involved in investment ventures that may or may not be legitimate. They also are often difficult to reach for investor education and fraud prevention training. The Commission’s outreach efforts included presentations to Rotary Clubs in Phenix City, Montgomery, Ft. Payne, Talladega, Leeds, Boaz, Demopolis, Florence, Pell City and Arab. Other organizations reached through ASC outreach efforts included Alabama State Employees Association (ASEA) statewide leadership, retired teachers in Oneonta, Area Agency on Aging senior citizen service providers in Birmingham, Kiwanians in Montgomery and Business and Industry Committee members in Opelika.

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The Commission continues its membership with the North American Securities Administrators Association (NASAA). NASAA is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

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.

Joseph P. Borg became President-elect for NASAA in September 2005 and assumed his post in September 2006. Borg's tenure as NASAA President marks his second term in the position and he is only the second two-term president of the organization in its 88-year history. Borg was first elected President of NASAA in 2001, completing his one-year term in October of 2002. He remained a member of the NASAA Board of Directors until 2003 then served as Chair of the Enforcement Section for NASAA and was re-elected to the Board of Directors.

A number of ASC staff members have participated in committees and project groups consisting of regulatory counterparts from other states and countries to develop policy guidelines and consider issues of financial education, registration, licensing, litigation and enforcement.

NASAA programs are carried out through its various committees. During Fiscal Year 2006-2007 Commission employees served on or participated with the following NASAA committees: Investment Advisor Operations; Investment Advisor Zones; Affinity and Ethnic-Based Outreach; Legal Committee; Litigation Forum; Litigation Training and Enforcement Policy; Senior Outreach; Special Projects; Viaticals; Enforcement; and Board of Directors.

The Commission intends to continue active participation on various NASAA committees, which, in coordination with the SEC, FINRA, 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 policies 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.



NASAA Insight

The Voice of State & Provincial Securities Regulation

NASAA Spotlights Strong State Senior Initiatives at Summit

NASAA's leadership highlighted the long-standing role of state securities regulators in leading the fight against senior investment fraud during the second annual Seniors Summit, hosted by the Securities and Exchange Commission in Washington, D.C. in September.

Then NASAA President Joseph Borg also discussed the proliferation of disingenuous senior designations and outlined NASAA's efforts to develop a model rule that would make it a violation of the law to use a designation to mislead investors.

"Only the lowest of the low intentionally seek to deprive retirees of the savings they have worked so hard for so many years to accumulate," Borg said. "NASAA members will continue our ongoing and active pursuit of criminals who cheat seniors out of their hard-earned retirement savings."

The summit also featured four panels with SEC Commissioners serving as co-panelists with North Dakota Securities Commissioner Karen Tyler, Wisconsin Securities Administrator Patricia Struck,



NASAA President Joe Borg and SEC Chairman Christopher Cox at the 2007 Seniors Summit

North Carolina Deputy Securities Administrator David Massey, and Massachusetts Securities Director Bryan Lantagne. Each NASAA panelist strongly advocated the role of state securities regulators. *Details on Pg. 10-11*

NASAA Tells Senate Panel That Seniors Face Abusive Sales Practices at 'Free Meal' Investment Seminars

In testimony before the U.S. Senate Special Committee on Aging, NASAA reported that senior investors are being targeted through "free lunch" investment seminars by predators holding professional-sounding designations that can be nothing more than empty marketing tools.

"State securities regulators share your outrage at the practices used to swindle seniors out of the hard-earned money they need for a secure retirement," then NASAA President Joseph Borg told Senator Herb Kohl (D-WI), chairman of the Committee on Aging during a hearing entitled, "Advising Seniors About Their Money: Who Is Qualified - and Who Is Not?"

"The financial victimization of seniors is simply intolerable, and the entire community of state securities regulators will continue to play an active role in protecting seniors through enforcement, education, and regulation," Borg said. "Since NASAA first identified the risk seniors face at free meal investment seminars in 2003, state securities regulators have been actively investigating and bringing cases to stop the spread of abusive sales practices that often emanate from these events."

"Our members are seeing a variety of violations associated with many of these events, ranging from outright lies and the conversion of investor funds to more sophisticated forms of abuse," Borg said.

"From steakhouses in Sun City, Arizona, to country clubs in Fredericksburg, Virginia, the retirement savings of seniors, as well as those nearing retirement, are being targeted by well-trained salesmen who, in too many cases, put their own personal interests ahead of those of their clients."

Borg said that state securities regulators also see another disturbing trend in the area of senior abuse. "Increasingly, licensed securities professionals,



Then NASAA President Joseph Borg testifies before Senate Special Committee on Aging.

"The financial victimization of seniors is simply intolerable."

— Joseph Borg

insurance agents, and unregistered individuals are using impressive-sounding but sometimes highly misleading titles and professional designations," he said. "Many of these designations imply that whoever bears the title has a special expertise in addressing the financial needs of seniors."

While some of these designations reflect bona fide credentials in the field of advising seniors, many do not. Borg

noted. "These titles can serve as an easy way for an unscrupulous sales agent or adviser to gain a senior's trust, which is the first step in a successful fraud," Borg said. "Often these designations are used in conjunction with 'free lunch' seminars and are highlighted in mass mailings, business cards, and other promotional materials."

Borg told the committee that it is "exceedingly difficult" for prospective investors — particularly senior citizens — to determine whether a particular designation represents a meaningful credential by the agent or simply an empty marketing device. A survey earlier this year of the NASAA membership found that nearly half of the respondents had taken an enforcement action against individuals who had used a senior designation in a deceptive manner, and other members were investigating such allegations.

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 issuance 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 or regulatory 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. These objectives are accomplished legislatively by: (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 dealers, agents, investment advisors and investment advisor representatives and regulating their activities; (3) requiring Reg. D filing notices under the Securities Acts of 1933; (4) requiring the filing of mutual funds and certain other specialized securities offerings through exemption; and, (5) providing civil remedies for violations of the Act and providing administrative, civil and criminal penalties for those who violate the Act.

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.

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ASC FEE SCHEDULE

FILING	DEFINITION	FEE	AUTHORITY
Notification	Generally available for seasoned issuers and requires limited disclosure.	\$40 filing fee + registration fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state. Registration fee not to exceed \$1000	§ 8-6-8(d) <i>Code of Alabama, 1975</i>
Coordination	Registered statement has been filed in connection with the same offering. State filing in conjunction with SEC filing.	\$40 filing fee + registration fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state. Registration fee not to exceed \$1000	§ 8-6-8(d) <i>Code of Alabama, 1975</i>
Qualification	Any other security.	\$40 filing fee + registration fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state. Registration fee not to exceed \$1000	§ 8-6-8(d) <i>Code of Alabama, 1975</i>
Exemption	Securities not required to be registered by virtue of exemption under federal, state, or provincial statutes.		
Limited Offerings	(1) Alabama ULOE	\$150	§ 8-6-11(a)(14)(m)(4), <i>Code of Alabama, 1975</i>
	(2) Regulation D filing under Rules 505 and 506	\$250	§ 8-6-11(c), <i>Code of Alabama, 1975</i> Commission Rule 830-X-6-11(1)(a)(3)(iv)
	(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, 1975</i>
	(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)

ASC FEE SCHEDULE

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FILING	DEFINITION	FEE	AUTHORITY
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)	
Opinions	Interpretations	\$150	§ 8-6-29, <i>Code of Alabama</i> , 1975
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</i> , 1975
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</i> , 1975
Investment Adviser	Any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to	\$200	§ 8-6-3(h), <i>Code of Alabama</i> , 1975

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FILING	DEFINITION	FEE	AUTHORITY
	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.		
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 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.	\$50	§ 8-6-3(h), <i>Code of Alabama</i> , 1975
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), <i>Code of Alabama</i> , 1975
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), <i>Code of Alabama</i> , 1975



Alabama Securities Commission

ASC STATISTICS

Joseph P. Borg
Director
Alabama Securities Commission



ASC STATISTICAL SUMMARY FY 2006 - 2007

- ASC Total Staff – **43** (includes 4 attorneys, 12 special agents, 8 analysts)
- Registrations and exemptions issued – **124,300**
- Complaints and corporate inquiries received – **508**
- Industrial Revenue Bonds issued - **\$1,299,863,764**
- Administrative Orders issued – **57**
- Rescissions ordered - **\$171,380**
- Restitution to victims - **\$6,659,133**
- Administrative Actions – **149**
- Public warnings issued – **3**
- Indictments obtained – **14**
- Arrests made – **12**
- Individuals awaiting grand jury action, arrest or trial – **46**
- Contributed to State General Fund - **\$7.65 million**

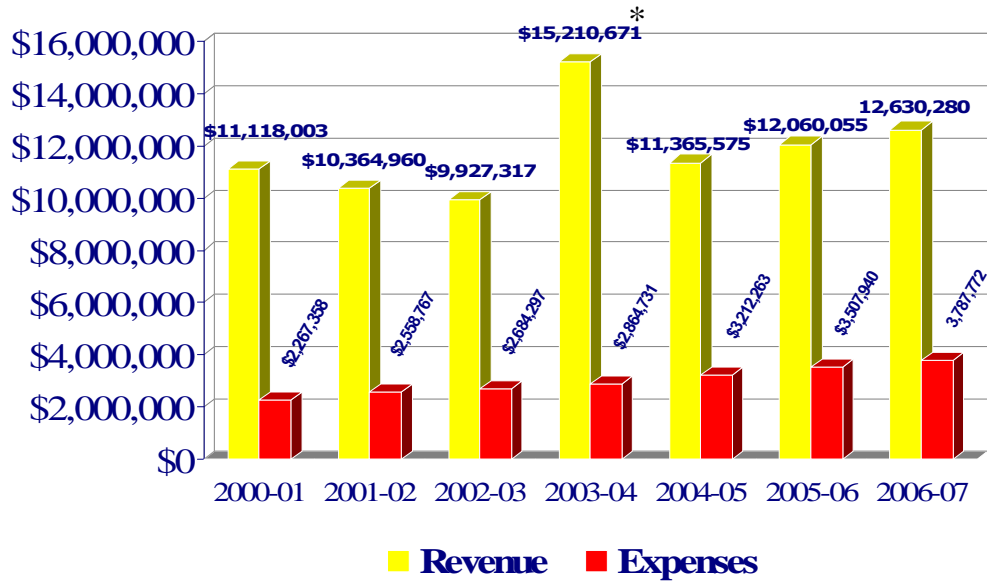
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Combined Revenue and Expenses

Fiscal Year 2000/01 – 2006/07

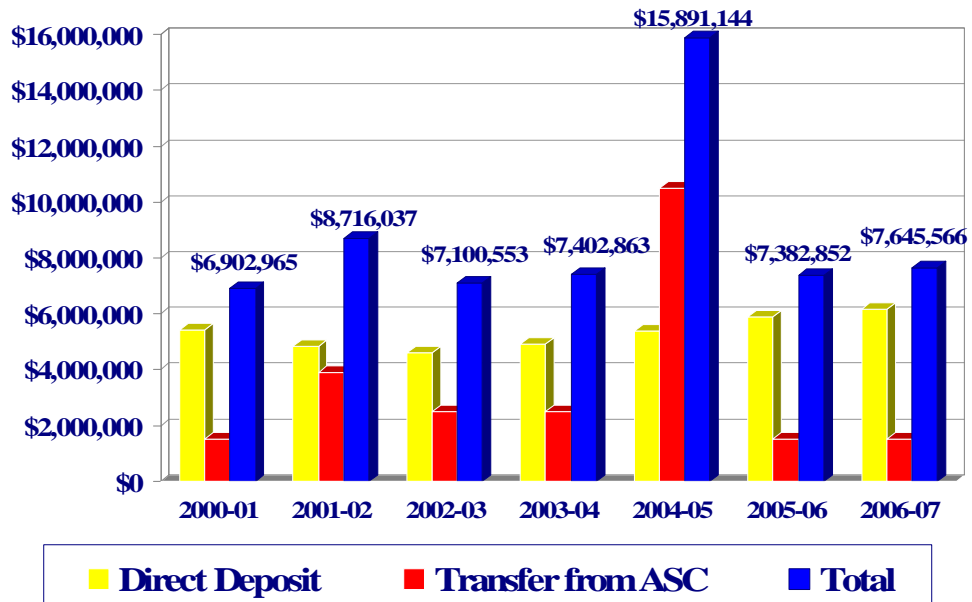


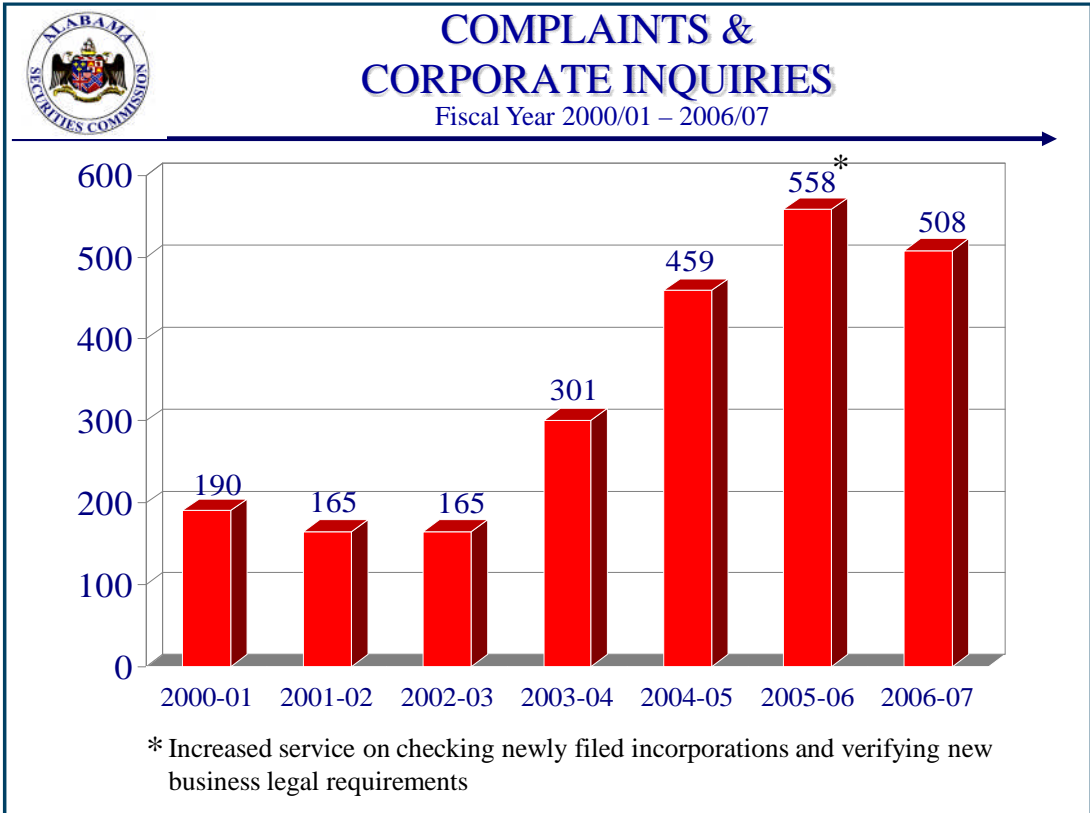
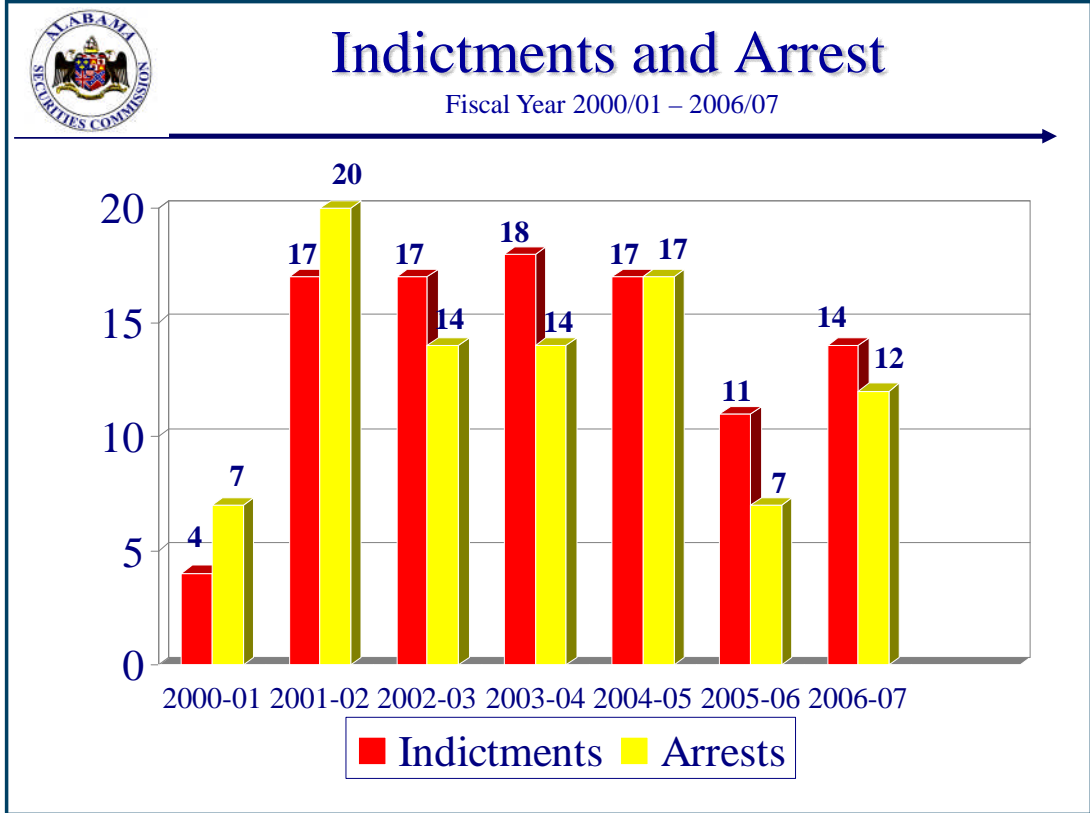
* \$5,000,000 attributed to Wall Street settlement



Total Revenue to General Fund

Fiscal Year 2000/01 – 2006/07

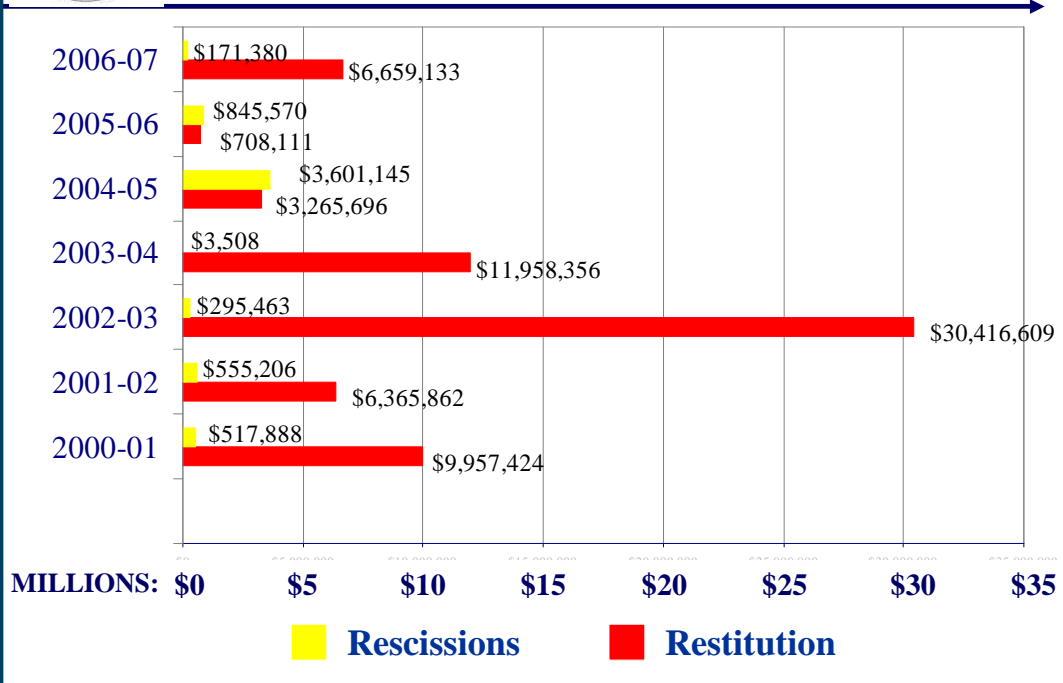






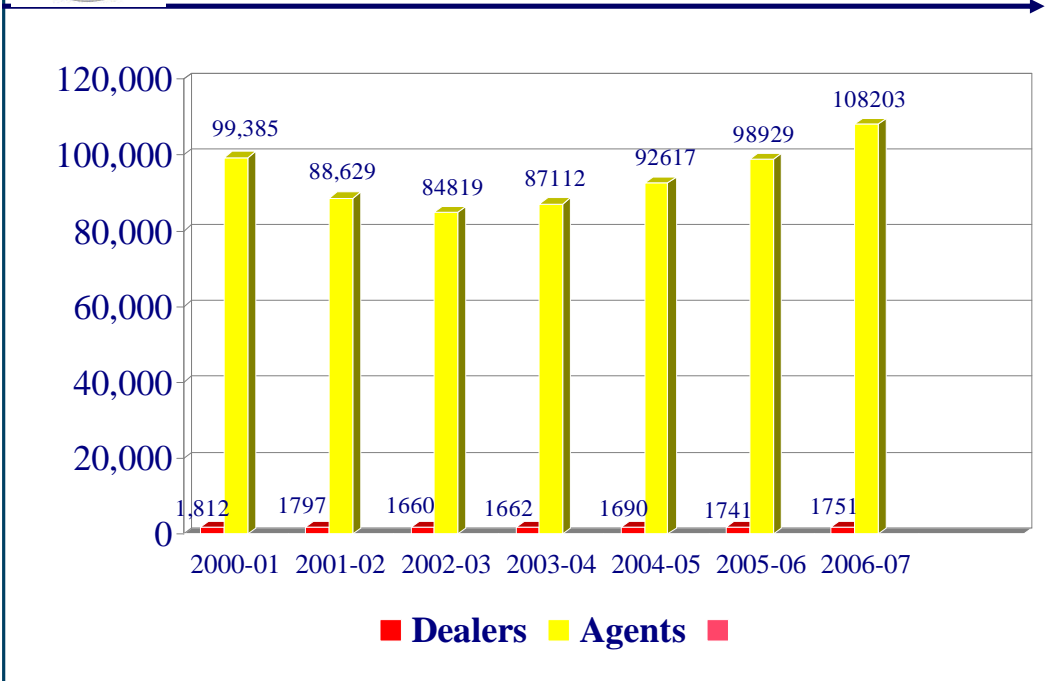
Rescissions and Restitution

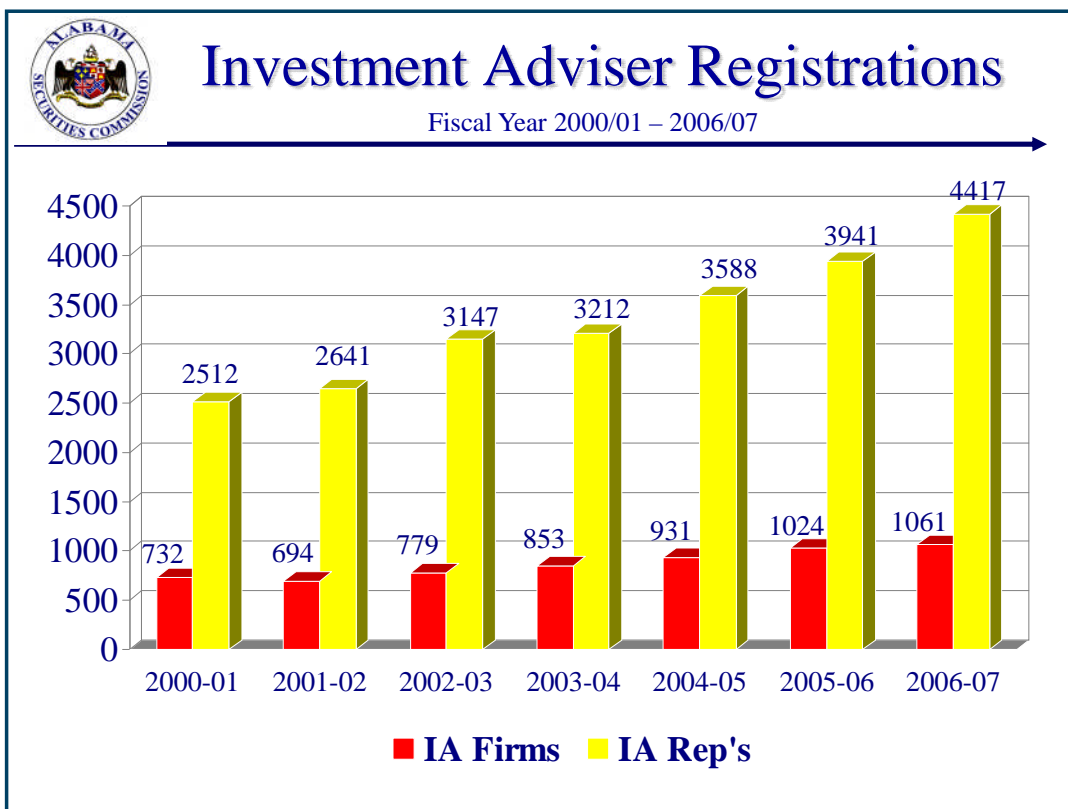
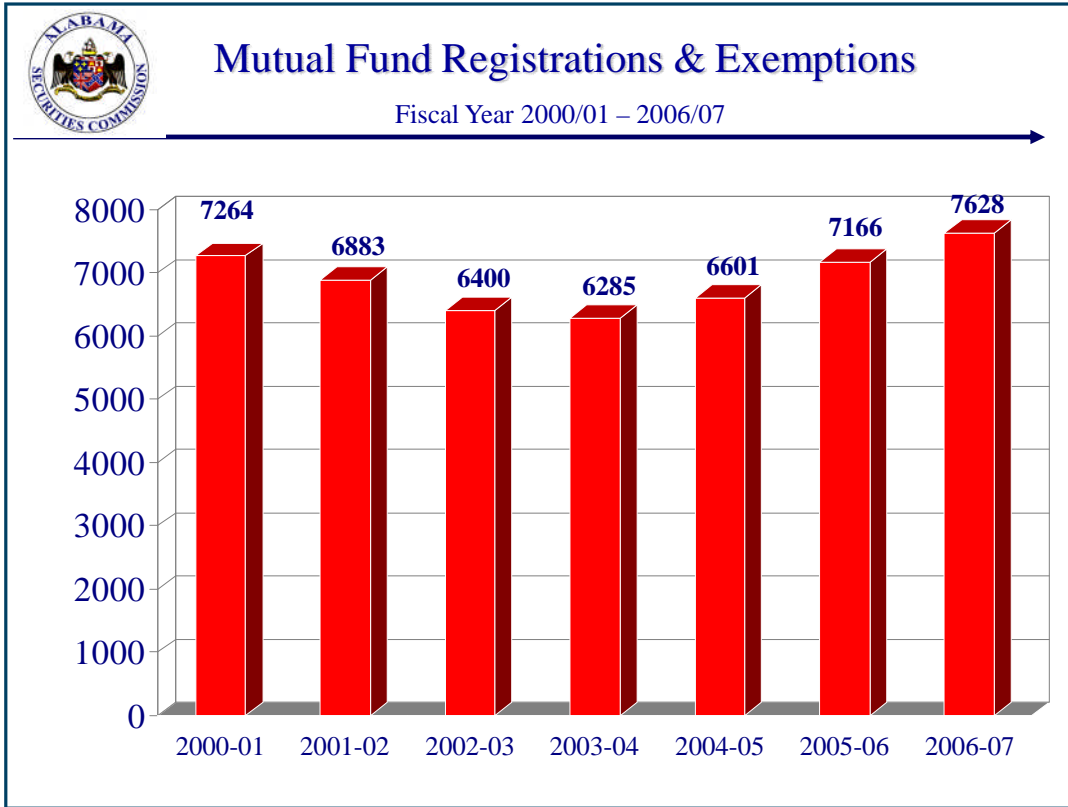
Fiscal Year 2000/01 – 2006/07



Broker Dealer Registrations

Fiscal Year 2000/01 – 2006/07





FINANCIAL STATEMENT

FISCAL YEAR 2006-2007

Agency Revenues

Authority

§ 8-6-3(h)	Investment Advisers & Representatives	\$ 6,281,500
	Broker-Dealers & Representatives	
§ 8-6-8	Securities Registration.....	32,892
§ 8-6-11	Exemptions.....	188,390
§ 8-6-19	Administrative Assessments/Investigative Executions	352,112
§ 8-6-10(11)(b)(2)	Mutual Fund Exemptions.....	5,683,140
§ 8-6-29	Opinions.....	2,850
§ 8-6-115	Industrial Revenue Bonds.....	26,050
§§ 8-7-6; 8-7-9	Sale of Checks	41,355
	Miscellaneous Revenues	21,991

TOTAL REVENUES\$ 12,630,280

To General Fund	\$ 6,145,566
To Sale of Checks Fund	41,355
To Securities Commission Fund	6,417,309
To Industrial Revenue Fund	26,050

TOTAL\$ 12,630,280

Expenditures

Personnel Costs	\$ 2,184,551
Employee Benefits	685,135
Travel (In-State).....	28,465
Travel (Out of State).....	37,949
Repairs & Maintenance.....	2,327
Rentals & Leases	351,069
Utilities & Communications	43,419
Professional Services	165,102
Supplies, Materials & Operating Expenses.....	147,126
Transportation Equipment Operations	41,531
Transportation Equipment Purchases	70,663
Other Equipment Purchases	40,569

TOTAL\$ 3,797,906

Additional Transfer to State General Fund\$ 1,500,000

TOTAL EXPENDITURES\$ 5,297,906

TOTAL TO GENERAL FUND FOR FISCAL YEAR 2006-2007\$ 7,645,566

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Alabama Securities Commission Enforcement Division

Enforcement Activity

ACTIVITY	Fiscal Year 2006-2007
"I"=Inquiry "S"=Formal Investigation	
Corporate Inquiries* Opened	335
Corporate Inquiries* Closed	336
Investigations Opened - "I"	110
Investigations Closed - "I"	123
Investigations Opened - "S"	63
Investigations Closed - "S"	67
Administrative Actions	57
Administrative Action Respondents	149
Receiverships Appointed	0
Rescission Offers Obtained	39
Indictments Obtained	14
Warrants Obtained	0
Arrests Made	12
Convictions Obtained	10
Public Warnings Issued	3
Referrals to Other Agencies	17
* Denotes first year category reported separate from "I" Investigations.	
As of 9/30/07, there were 5 individuals awaiting Grand Jury, 13 individuals pending arrest, and 28 individuals awaiting trial.	

Administrative Orders Issued

A comparative summary of the Enforcement Division's Fiscal Year 2006-2007 activities are shown on the following charts:

TYPE OF ORDER ISSUED	RESPONDENTS	ORDERS
Cease and Desist	100	28
Consent	42	23
Show Cause	1	1
Vacate	4	3
Permanent Bar	2	2
Revocation	0	0
TOTALS:	149	57

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ASC ENFORCEMENT & ACTION HEADLINES

(Beginning with most current)

MONTGOMERY COUNTY AND CITY OF MONTGOMERY

(September 21, 2007) Willie Joe Phillips and Linda D. Phillips, residents of Montgomery, Alabama, were arrested and taken into custody September 19, 2007 by the Montgomery County Sheriff's office and charged with alleged violations of the Alabama Securities Act. Indictments handed down by a Montgomery County Grand Jury alleged that the Phillips offered and sold unregistered securities, specifically, promissory notes, of Jayel Accounting Consultants, Inc., an accounting and tax service business. Further, the Phillips allegedly failed to disclose material facts and made false statements of material facts to investors. The Phillips' activities led to the solicitation of approximately \$45,000 from local victims.

BIBB COUNTY, CENTREVILLE, AND TUSCALOOSA

(August 30, 2007) Ronald Dover Holland, age 66, was arrested for alleged violations of the Alabama Securities Act. Holland was taken into custody in Tuscaloosa, Alabama by members of the U.S. Marshal's Gulf Coast Regional Fugitive Task Force with assistance provided by the Bibb County Sheriff's Office and Sheriff Keith Hannah. The indictments allege that Holland offered and sold unregistered securities of REVOD Foundation, Inc., which, according to a company statement, were "investments used to support religious, scientific, charitable, educational and literary purposes."

SHELBY COUNTY AND HOOVER

(June 27, 2007) James Floyd Fitch, III, a resident of Shelby County, was arrested for alleged violations of the Alabama Securities Act. Agents with the ASC assisted the Shelby County Sheriff's office in the execution of an arrest warrant at Fitch's residence in Hoover. Fitch was subsequently released after posting a \$20,000 bond. The unregistered securities allegedly sold by Fitch were identified as investment contracts for multiple real estate development projects. Fitch's activities led to the solicitation of more than \$2.7 million from more than 25 victims.

INTERNATIONAL

Alabama Securities Commission Director Attends International Forum in Taiwan

(June 6-9, 2007) Joseph P. Borg, Director of the Alabama Securities Commission (ASC) and President of the North American Securities Administrators Association (NASAA), participated in "The 4th Taipei Corporate Governance Forum," in Chinese Taipei. The forum was sponsored by the Financial Supervisory Commission (FSC) of Chinese Taipei.

NATIONAL

Top Securities Cop in Alabama Addresses Senate Panel That Needs of Investors Must Come First

(May 17, 2007) North American Securities Administrators Association (NASAA) President Joseph P. Borg today told a Senate panel that improved investor protection, rather than regulatory streamlining, should be the primary objective of the upcoming merger of two securities industry self-regulatory organizations (SRO).

JEFFERSON COUNTY, COFFEE COUNTY AND HOOVER

Von Kanel convicted for Securities Fraud and Sale of Unregistered Securities

(April 2, 2007) Von Kanel, a Hoover, Alabama resident, was sentenced to ten years in the state penitentiary, split to serve three years, with Coffee County and Jefferson County sentences to run concurrently for the illegal sale of securities involving real estate developments in Nassau, Bahamas to residents of Coffee County. In Jefferson County Von Kanel and others offered and sold illegal securities to residents described as cash flow agreements of World Wide Wall Street (WWW), specifically connected to the implied production and sale of automobiles in Alabama and throughout the United States.

Continued on page 25

ASC ENFORCEMENT & ACTION HEADLINES

Continued from page 24

ELMORE COUNTY, HENRY COUNTY AND NEWVILLE

Keith Trawick Arrested For Alleged Violation of Alabama Securities Act

(April 9, 2007) Keith Trawick, a resident of Newville, Alabama was arrested and charged with sale of Unregistered Securities and Sale of Securities by an Unregistered Agent; both charges classified as Class C Felonies under Alabama law. Trawick allegedly offered and sold unregistered securities of Jacksonville, Florida-based Learn Waterhouse, Inc., to Elmore County investors through an investment seminar attended by approximately 35 individuals at the Millbrook, Alabama Civic Center on June 2, 2004. The officers of Learn Waterhouse allegedly operated a classic Ponzi scheme wherein investors were paid a return on their investment with funds obtained from new investors. The unregistered securities offered by Trawick were investment contracts representing venture capital funding, purportedly to help finance new start-up businesses.

STATEWIDE

Alabama Joins National Investor Education Initiative

(April 18, 2007) Representatives of the Alabama Securities Commission took part in a national grass-roots investor education campaign during April to help provide investors with information they need to make wise financial decisions and to protect themselves from financial fraud. The month-long investor education event, *The Facts on Savings and Investing Campaign*, began as a joint effort of state and Canadian provincial securities regulators approximately nine years ago.

CLEBURNE COUNTY AND HEFLIN

Wayne H. Smith, Local Attorney, Pleads Guilty to Violations of Alabama Securities Act, Disbarred

(March 21, 2007) Wayne H. Smith, resident of Heflin, Alabama, pled guilty to a 12-count indictment handed down in a November 2004 session of the Cleburne County Grand Jury. Charges included Theft of Property, First Degree, Fraud in Connection with the Sale of Securities, Sale of Securities by an Unregistered Agent and sales of Unregistered Securities. It is estimated that Smith took more than \$300,000 of investors' money. Smith, a local attorney, has been disbarred from law practice and was sentenced to 37 months in prison and ordered to pay court costs, fines and restitution to victims.

DALLAS COUNTY AND SELMA

Selma-Dallas County Youth Learn Personal Finance Principles, Enjoy Capitol Visit

(March 19, 2007) Thirty high school juniors and seniors, representing Youth Leadership Selma-Dallas County, from seven area schools, visited the Alabama Securities Commission (ASC) in Montgomery to gain valuable insight about the principles of savings/budgeting, wise use of credit, various investment instruments and fraud prevention. Included in the day's activities was a thought-provoking film exploring how teens can achieve personal financial success as they prepare to graduate from high school and enter the workforce.

NATIONAL

Commission Director Addresses National Press Club in Washington, D.C.

(January 25, 2007) Alabama Securities Commission Director, Joseph P. Borg, speaking on *A Pro-Investor Legislative Agenda for the 110th Congress*, itemized several issues critical to advancing the legacy of investor protection. These include preserving the authority of state regulators to protect investors, strengthening the mechanisms that provide redress to investors for wrongdoing by industry participants, maintaining federal laws designed to ensure corporate accountability and shareholder confidence and improving the scope and breadth of investor education efforts.

Continued on page 26

ASC ENFORCEMENT & ACTION HEADLINES

Continued from page 25

MONTGOMERY COUNTY AND MONTGOMERY

Alabama Securities Commission Recognized by Governor and State Auditor

(January 22, 2007) Director Joseph Borg received a Certificate of Commendation from Governor Bob Riley and State Auditor Beth Chapman in recognition of the agency's most recent personal property audit. The Commendation noted that the Alabama Securities Commission achieved a perfect Property Inventory Audit, reflecting the agency's care and accounting for all assigned property.

INTERNATIONAL

State Securities Regulator Selected As Expert to Participate on United Nations Panel

(January 16, 2007) Joseph Borg, Director of the Alabama Securities Commission, participated as a delegate on an intergovernmental expert group convened by the United Nations Office on Drugs and Crime to finalize a substantive report for submission to the Commission on Crime Prevention and Criminal Justice at its 16th session, held in Vienna, Austria, January 16-19, 2007.

STATEWIDE

State Securities Regulator Warns of Fraudulent Oil and Gas Deals Seeking to Fleece Investors

(January 11, 2007) Although oil and gas prices have fallen since reaching an all-time high, fraudulent oil and gas deals remain a favorite ploy of con artists nationwide, according to Alabama Securities Commission Director, Joseph Borg. Most of these investments are highly risky and not appropriate for smaller investors. Over the past two years, state securities regulators from across the nation have opened more than 260 cases involving oil and gas-related schemes and have issued 122 cease and desist orders against promoters.

DEKALB COUNTY AND RAINSVILLE

Christopher Croft Arrested for Alleged Violations of Alabama Securities Act

(December 19, 2006) Rainsville, Alabama resident, Christopher Croft, surrendered to the DeKalb County Sheriff's Office on charges he allegedly acted as a broker-dealer, solicited investment opportunities and received approximately \$493,000 from citizens. This arrest culminated from a 57-count indictment handed down by a DeKalb County Grand Jury alleging that Croft was involved in the sale of unregistered securities (54 counts), securities fraud (2 counts) and the sale of securities by an unregistered agent (1 count).

STATEWIDE

Investor Alert: Advanced Fee Scam Offers High Price for "Underperforming" or Worthless Securities

(December 14, 2006) The Alabama Securities Commission (ASC) warned potential investors to beware of offers from International Equities Registration and International Shareholders Agency, both purportedly based in Alabama. Joseph Borg, Director of the Alabama Securities Commission, said that prior to the companies' purchasing the securities, individuals are required to execute an "advanced payment" option for a percentage of the total stock purchase price with one of several affiliated asset management companies. Since the companies and agents appear to be bogus, it is likely any citizens who send the advance payment will lose the fees paid.

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ASC ENFORCEMENT & ACTION HEADLINES

Continued from page 26

NATIONAL

North American Securities Administrators Association: Increases Reported in Enforcement Actions, Restitution and Years of Incarceration

(December 12, 2006) NASAA reported that state securities regulators reported a 23 percent increase in enforcement actions (including administrative, civil and criminal) during the 2004-2005 reporting period. Money ordered returned to investors (including restitution, rescission and disgorgement) increased 38 percent during the same period and monetary fines and penalties totaled \$61 million. "These statistics reflect the ongoing vigilance of state securities regulators to protect Main Street investors from Fraud," said Joseph P. Borg, Director of the Alabama Securities Commission and President of NASAA.

TUSCALOOSA COUNTY AND TUSCALOOSA

Dendrick Atkins Placed in Custody for Violations of Alabama Securities Act, Theft of Property

(November 28, 2006) The Tuscaloosa County Circuit Court sentenced Atkins to seven years imprisonment and he was placed in custody. Atkins pled guilty, July 28, 2006, to three counts of selling unregistered securities, one count of fraud in connection with the sale of securities and one count of theft by deception July 28, 2006. Investigation determined Atkins sold notes and investment contracts to investors involving real estate development projects.

MOBILE COUNTY AND MOBILE

Anthony Darrell Harris ordered to Pay Almost \$1 Million in Restitution

(October 11, 2006) Harris was ordered by a Mobile County Circuit Court Judge to re-pay securities fraud victims, or their estates, a total of \$979,084. Harris was previously sentenced to 18 months in prison for securities fraud in connection with the sale of unregistered securities and selling securities without being properly registered as a securities agent. Restitution payments will begin once Harris is released from custody, with a rate per month due each victim set under a plan designed to fairly distribute payments.

SHELBY COUNTY

Earnest Paul Lamonica Extradited From Amsterdam

(October 11, 2006) Lamonica pled guilty to selling securities while not properly registered as a securities agent and Theft of Property, First Degree, both violations of the Alabama Securities Act. Lamonica was convicted in relation to bilking investors nationwide out of more than \$400,000, including \$61,000 from Alabama investors. He was accused of illegally selling promissory notes and shares of common stock in a telecommunications company purportedly owned by him. Funds from investors were converted for Lamonica's personal use.

INTERNATIONAL

Joseph P. Borg Elected to Head International Securities Organization

(September 19, 2006) Borg, Director of the Alabama Securities Commission, assumed the position of President of the North American Securities Administrators Association (NASAA) for 2007 at a conference held in San Diego. This is the second time Borg has been elected by the NASAA membership to hold this prestigious position. He has also previously served as a member of NASAA's Board of Directors, Treasurer and Enforcement Section Chair. Borg intends to pursue aggressive and effective securities law enforcement and a continuing emphasis on investor education.

Continued on page 28

ASC ENFORCEMENT & ACTION HEADLINES

Continued from page 27

In addition to extensive media coverage in Alabama, ASC is internationally recognized and sought out for comment by numerous national publications, here are a few examples:



September 8, 2007 "Free Lunch? It Might Serve Investor a Scam"

What really happens when you trade surf-and-turf for a sales pitch? "Huge percentages of these things give out false information, make misrepresentations and sucker seniors in," says Joseph Borg...



September 6, 2007 "Fraud against seniors rises, panel is told"

A survey by the North American Securities Administrators Assn. suggests that fraud against seniors has risen 44% in the last year, said Joseph Borg, the organization's president.

The New York Times

September 5, 2007 "Panel Questions Financial Advisers for the Elderly"

"Most of these annuities are completely unsuitable for most seniors," said Joseph Borg, the chief Alabama securities regulator and president of the securities administrators association, in an interview before his testimony.

The Washington Post

August 8, 2007 "A 400 Percent Return In 7 Days? Riiiiight."

However, using equity to invest is highly risky, said Joseph P. Borg, NASAA president and director of the Alabama Securities Commission. "It's like borrowing on your house and going to Vegas and hope you win," Borg said.



July 26, 2007 "American Greed."

This primetime television special highlighted The Greater Ministries International Church fraud case and included the Commission's active role to close down and prosecute this affinity scam.



July 2007 "Funds and Games." Joseph Borg, director of the Alabama Securities Commission and president of the North American Securities Administrators Association (NASAA), says 12b-1 fees are really commissions.

ASC ENFORCEMENT & ACTION HEADLINES

Continued from page 28



June 27, 2007 “Hold On to Your Nest Egg: Scam Artists Target Seniors’ Savings.”
 Investors of all ages can be fleeced. But the elderly tend to be more vulnerable....
 “They may not get enough attention from their family and crave the attention,” says
 Joseph Borg, president of the NASAA.



May 23, 2007 “Compliance Watch: Regulators to Expand Focus on Seniors.”
 NASAA plans to develop guidelines similar to those of Massachusetts, with input
 from financial service firms and senior citizen organizations, by the end of the year,
 and recommend their adoption by other states, Borg said.



May 14, 2007 “With Joseph Borg of the North American Securities Administrators
 Association, Inc.”
 As one of the few trial attorneys to become a state securities regulator, Alabama
 Securities Commissioner Joseph Borg brings an aggressive, tough approach to his job.



May 8, 2007 “Sniffing out a possible scam”
 So Answer Guy sought the opinion of Joe Borg, director of the Alabama Securities
 Commission and president of the North American Securities Administrators
 Association, an organization of state and provincial securities regulators.



May 8, 2007 “Regulators Join Forces to Warn Investors of Foreign Currency Trading
 Frauds.”
 “Foreign currency trading isn’t for everyone,” said Joseph Borg, director of the
 Alabama Securities Commission and president of NASAA...the average investor
 should be wary when it comes to these complex markets. Remember, if you don’t
 understand an investment, don’t invest.”



May 1, 2007 “5 Questions”
 The president of the North American Securities Administrators Association (the trade
 group for state regulators) and director of the Alabama Securities Commission talks to
 Senior Editor Tony Chapelle about variable annuities, the problem with arbitration and
 the need for a single fiduciary standard for all brokers.

REGISTRATIONS & EXEMPTIONS

STATISTICAL SUMMARY

10/01/2006 - 09/30/2007

	Application Filed	Application Approved	Renewal Processed	Application Withdrawn	Application Terminated
Broker/Dealer	136	150	1601	10	126
Broker/Dealer Agent	n/a	30100	78103	0	23787
Eleemosynary Financing Exemption	42	35	0	5	9
Exempt Consent	13	12	0	0	0
Expansion Order	1	2	0	0	1
Industrial Revenue Bond	27	27	0	0	0
Investment Adviser - Federal	123	126	810	2	70
Investment Adviser - State Registered	27	16	109	9	24
Investment Adviser Representative	n/a	1221	3196	0	1010
Limited Offering	764	770	0	4	26
Mutual Fund Exemptions	1488	1488	6140	0	408
Registration by Coordination	47	18	0	12	23
Registration by Qualification	1	0	0	0	1
Restricted Agent	57	53	203	6	38
Sale of Checks Vendor	15	19	101	1	10

NOTE: The total number of registrations and exemptions issued in fiscal year 2007 was 124,300

I N D U S T R I A L R E V E N U E B O N D S

INDUSTRIAL REVENUE BONDS FY 2006 - 2007

LESSEE	DATE FILED	FEE CHARGED	DATED APPROVED	AMOUNT OF ISSUE
The Hospital & Nursing Home Medical Clinic Board of the City of Gardendale	11/21/2006	\$1,000.00	11/22/2006	\$4,325,000.00
General Electric Company	11/14/2006	1,000.00	11/16/2006	490,000,000.00
The Industrial Development Board of the City of Selma, AL. (International Paper)	12/5/2006	1,000.00	12/10/2006	12,000,000.00
The Industrial Development Bd. of the City of Prattville, AL. (International Paper)	12/5/2006	1,000.00	12/10/2006	10,000,000.00
The Industrial Development Bd. of the City of Prattville, AL. (International Paper)	12/5/2006	1,000.00	12/10/2006	3,050,000.00
Forest Manor, Inc.	10/6/2006	1,000.00	10/10/2006	5,000,000.00
Standard Concrete Products, Inc.	10/31/2006	1,000.00	11/3/2006	20,000,000.00
The City of Tuscaloosa, Tuscaloosa County Port Authority	12/29/2006	1,000.00	12/29/2006	62,500,000.00
WFP Holdings, Inc.	2/23/2007	850.00	2/26/2007	1,700,000.00
Southland Health Services, Inc.	6/11/2007	800.00	6/11/2007	1,600,000.00
Tuscaloosa Riverfront Development, LLC (Gulf Opportunity Zone Act Bonds)	4/13/2007	1,000.00	4/16/2007	25,000,000.00
Alter Trading Corporation (Gulf Opportunity Zone Revenue Bonds)	4/13/2007	1,000.00	4/16/2007	10,000,000.00
Aerospace Intergration Corporation	3/19/2007	1,000.00	3/19/2007	10,745,750.00
Bay Gas Storage Company, Ltd.	7/27/2007	40.40	8/1/2007	80,800.00
Standard Concrete Products, Inc.	8/20/2007	1,000.00	8/22/2007	23,417,614.00
Springhill Area Leasing, Inc.	2/22/2007	1,000.00	2/23/2007	3,800,000.00
Aluminum One of Alabama, Inc.	2/6/2007	1,000.00	2/7/2007	6,800,000.00
Dixie Pellets, Inc.	3/14/2007	1,000.00	3/20/2007	125,000,000.00
Alabama Electric Cooperative, Inc. Project (Series 2007A)	4/11/2007	1,000.00	4/15/2007	67,900,000.00
Alabama Electric Cooperative, Inc. Project (Series 2007B)	4/11/2007	1,000.00	4/15/2007	103,050,000.00
Colonial Pinnacle MOB, LLC Project	4/17/2007	1,000.00	4/18/2007	14,109,600.00
Alabama Electric Cooperative	5/2/2007	1,000.00	5/4/2007	43,200,000.00
Equity Development Corporation Parkwest Project	7/27/2007	1,000.00	8/1/2007	5,000,000.00
Jackson Paper Company Project (Gulf Opportunity Zone Bond Series 2007)	8/6/2007	672.50	8/9/2007	1,345,000.00
EBSCO Industries, Inc.	1/29/2007	1,000.00	1/29/2007	2,940,000.00
Beatrice Meat Co. LLC. (The Industrial Development Bd of the Town of Beatrice, AL.)	5/29/2007	400.00	6/11/2007	800,000.00
Alabama Power Company	5/25/2007	1,000.00	6/1/2007	246,500,000.00
TOTALS		\$24,762.90		\$1,299,863,764.00



JOSEPH P. BORG
Director
J. RANDALL McNEILL
Deputy Director

ALABAMA SECURITIES COMMISSION

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ALABAMA SECURITIES COMMISSION MEETING SEPTEMBER 25, 2007

The Alabama Securities Commission held a meeting on September, 2007, 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, Vice-Chairman
Hon. Keith Miller (Representing the Attorney General)
Hon. John Harrison, Superintendent of Banks
Hon. Wren Norman (Representing the Commissioner of Insurance)
Hon. Daniel Hardman, CPA

Staff Members Present Were:

Joseph P. Borg, Director
J. Randall McNeill, Deputy Director
Edwin Reed, Staff Attorney
Christie Rhodes, Executive Assistant

The meeting was called to order at 10:01 a.m. The first order of business was the approval of the agenda, which was approved after motion of Commissioner Pearce and seconded by Commissioner Miller. The second order of business was the approval of the minutes from the previous meeting held June 27, 2007, which were approved after motion made by Commissioner Pearce and seconded by Commissioner Miller.

The meeting was then turned over to Director Borg to provide his report. Director Borg provided the Commissioners written reports and summaries of the divisions of the Commission. The first area discussed was the report of the accounting division. The Director advised of plans to add some new personnel, specifically, an attorney and an IT technician. Mr. Borg then went through the income and expenses of the Commission to date and the volume of business in the Enforcement and Registration Divisions.

Mr. Borg then continued his report and discussed the activities of the information systems division, presentations, and public warnings. All of these divisions' activities were provided in summary form to the Commissioners.

Under new business, Mr. Reed gave a brief report on New World Alabama, LLC with regard to the Immigrant Visa Program. Following Mr. Reed's report, the Commission discussed issues with regard to sales of equity indexed annuities and senior designations.

Deputy Director and Deputy Attorney General McNeill, (a licensed attorney in Alabama), certified that one of the exceptions of the Open Meetings Act applies, in that pending litigation will be discussed and at that time, the meeting then went into Executive Session at 11:05 a.m. for the specific purpose of discussion pending litigation per motion by Commissioner Wray Pearce, seconded by Commissioner Miller. The Session ended at 11:25 a.m. by motion of Commissioner Dan Hardman and seconded by Commissioner Miller.

Motion to pay expenses for the Commissioners was made by Commissioner Miller and seconded by Commissioner Pearce. With that action, the meeting adjourned at 11:30 a.m.

HAROLD B. KUSHNER
CHAIRMAN

Signed by Wray Pearce as Vice-Chair
on 12/20/07





JOSEPH P. BORG



JOSEPH P. BORG
Director
J. RANDALL McNEILL
Deputy Director

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ALABAMA SECURITIES COMMISSION MEETING JUNE 27, 2007

The Alabama Securities Commission held a meeting on June 27, 2007, at 10:30 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, Vice-Chairman
Hon. Keith Miller, Deputy Attorney General (Representing the Attorney General)
Hon. John Harrison, Superintendent of Banks
Hon. Tyrone Means, Attorney
Hon. Daniel Hardman, CPA
Hon. Walter Bell, Insurance Commissioner

Staff Members Present Were:

Joseph P. Borg, Director
J. Randall McNeil, Deputy Director
Christie Rhodes, Executive Assistant

The meeting was called to order at 10:30 a.m. The first order of business was the approval of the agenda, which was approved after motion of Commissioner Pearce and seconded by Commissioner Hardman. The second order of business was the approval of the minutes from the previous meeting held March 21, 2007. After one correction was made to Commissioner Miller's title and reminder that the minutes must reflect the reason for the meeting to go into Executive Session and said correction having been made, the minutes were approved after motion made by Commissioner Harrison and seconded by Commissioner Pearce.

The meeting was then turned over to Director Borg to provide his report. Director Borg provided the Commissioners written reports and summaries of the divisions of the Commission. The first area discussed was the report of the accounting division. The significant aspects of this area that were discussed included was the fact that all aspects seem to be in line with last year as far as receipts and expenditures go and there are no significant changes in registration activity. The Enforcement activity was discussed Director Borg stated that the cases pending were normal cases with nothing major pending at this time. It was noted that the Commission's out of state travel expenses were up because there has been some travel to the west coast on a case and the fact that scamsters aren't staying in their own states. They are crossing state lines to sell to residents of other states. The Commissioners discussed the type of complaints that citizens of Alabama call in to the Commission and how they are handled by the staff. There was a brief discussion about replacing the computer servers and the services offered by ISD, followed by a synopsis of various presentations and programs the ASC is involved in with regard to investor education. Next there was a short dialogue concerning variable annuities, followed by an explanation as to why Alabama citizens generally refuse rescission offers.

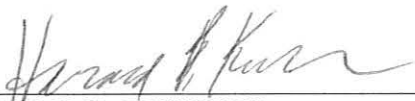
Under the heading of New Business, Director Borg informed the Commission that the ASC was beginning to embark on a complete review of its rules and regulations and a discussion

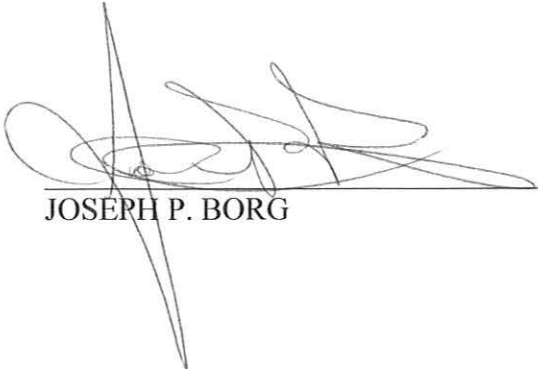
ensued regarding same. At this time, the Commissioners were informed that the Governor had made some new appointments to the Commission which have not yet been approved by the Senate so all current members remain members until the confirmation takes place. Next, Director Borg filled the Commission in on the results of the Commission's audit by the Dept. of Public Examiners and the fact that the Sunset Committee meeting was upcoming and Director Borg asked that some members of the Commission be present for that. At this time, Director Borg gave the Commissioners the preliminary information about NASAA's Annual Conference and invited all to attend.

Deputy Director McNeill, who is a licensed attorney in Alabama, certified that one of the exceptions of the Open Meetings Act applies, in that pending litigation will be discussed and Commissioner Hardman moved to enter Executive Session at 11:34 am to discuss pending litigation and said motion was seconded by Commissioner Pearce.

Commissioner Pearce moved that the meeting move out of Executive Session at 11:38 a.m. and was seconded by Commissioner Means.

Commissioner Hardman made a motion to pay expenses which was seconded by Commissioner Pearce. Commissioner Hardman moved to adjourn the meeting and said motion to adjourn was seconded by Commissioner Pearce and the meeting was adjourned at 11:45 am.


HAROLD B. KUSHNER
CHAIRMAN


JOSEPH P. BORG



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ALABAMA SECURITIES COMMISSION MEETING MARCH 21, 2007

The Alabama Securities Commission held a meeting on March 21, 2007, 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, Vice-Chairman (by Conference Call)
Hon. Keith Miller, Deputy Attorney General (Representing the Attorney General)
Hon. John Harrison, Superintendent of Banks
Hon. Reyn Norman, (Representing the Commissioner of Insurance)
Hon. Tyrone Means, Attorney
Hon. Daniel Hardman, CPA

Staff Members Present Were:

Joseph P. Borg, Director
Christie Rhodes, Executive Assistant

The meeting was called to order at 10:05 a.m. The first order of business was the approval of the agenda, which was approved after motion of Commissioner Harrison and seconded by Commissioner Miller. The second order of business was the approval of the minutes from the previous meeting held December 19, 2006, which were approved after motion made by Commissioner Miller and seconded by Commissioner Hardman.

At this point, Director Borg introduced 3 new Commission employees who spoke briefly to the Commissioners. Then Mr. Borg addressed a question posed by Commissioner Pearce at the December meeting regarding increased building leases and a short discussion ensued.

The meeting was then turned over to Director Borg to provide his report. Director Borg provided the Commissioners written reports and summaries of the divisions of the Commission. The first area discussed was the report of the accounting division. The significant aspects of this area that were discussed included was the fact that all aspects seem to be in line with last year as far as receipts and expenditures go and there are no significant changes in registration activity. The Enforcement activity was discussed Director Borg stated that the cases pending were normal cases with no huge "Wall Street" type cases pending at this time. The ongoing computer replacement policy of replacing one-third of the staff's computers each year is on schedule and a rundown on the investor protection speaking engagement requests being handled by Director Borg and Dan Lord was reviewed. There was review and discussion by the Commissioners regarding the final Annual Report of the Commission and it was determined that unless a Commissioner had a change to be made within a week or so, the report would go out to the appropriate personnel approximately April 15, 2007. Director Borg informed the Commissioners that there were two bills pending in the Legislature, which have yet to be introduced, which would raise the registration fees. The Commission's fees have not been raised

since 1991. In addition, the second bill would raise the Class C felony to a Class B felony for securities fraud.

Director Joseph Borg, who is a licensed attorney in Alabama, certified that one of the exceptions to the Open Meeting Act applies, in that pending litigation will be discussed.

Commissioner Harrison moved to enter Executive Session at 10:25 am to discuss pending litigation and said motion was seconded by Commissioner Kushner.

Commissioner Miller moved that the meeting move out of Executive Session at 10:38 and was seconded by Commissioner Means.

Commissioner Means made a motion to pay expenses which was seconded by Commissioner Hardman. Commissioner Harrison moved to adjourn the meeting and said motion to adjourn was seconded by Commissioner Hardman and the meeting was adjourned at 10:45 am.



HAROLD B. KUSHNER
CHAIRMAN



JOSEPH P. BORG



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Director

J. RANDALL McNEILL
Deputy Director

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ALABAMA SECURITIES COMMISSION MEETING DECEMBER 19, 2006

The Alabama Securities Commission held a meeting on December 19, 2006, 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. J. Wray Pearce, Vice-Chairman
Hon. Bill Garrett, Assistant Attorney General (Representing the Attorney General)
Hon. John Harrison, Superintendent of Banks
Hon. Walter Bell, Insurance Commissioner
Hon. Tyrone Means, Attorney
Hon. Daniel Hardman, CPA

Staff Members Present Were:

Joseph P. Borg, Director
Mike Foley, Senior Special Agent
Ed Reed, Attorney
Christie Rhodes, Executive Assistant

The meeting was called to order at 1:38 a.m. The first order of business was the approval of the agenda, which was approved after motion of Commissioner Pearce and seconded by


Commissioner Hardman. The second order of business was the approval of the minutes from the previous meeting held September 26, 2006, which were approved after motion made by Commissioner Pearce and seconded by Commissioner Hardman.

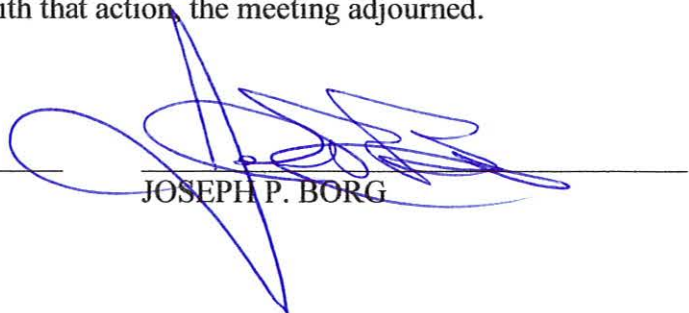
The meeting was then turned over to Director Borg to provide his report. Before the report review, Director Borg apprised the Commissioners of the Commission's new employees: Mike Gantt, Special Agent; Randy Jones, Special Agent; Clint Niemeyer, Public Information Specialist; Teri Johns, ASA III; and Pat Wilson, ASAIL. At this point, Director Borg provided the Commissioners written reports and summaries of the divisions of the Commission. The first area discussed was the report of the accounting division. The significant aspects of this area that were discussed included the fact that the receipts were down approximately 6 percent, that is normal for this early in the year

Mr. Borg then resumed his report and discussed the registration division activity, the enforcement division, the information systems division, presentations, and public warnings. All of these divisions' activities were provided in summary form to the Commissioners. Director Borg briefly discussed the many investor education programs that the Commission is involved in at this time.

Under new business, the meeting then went into Executive Session to discuss current litigation per motion by Commissioner Harrison, seconded by Commissioner Pearce. The Session ended by motion of Commissioner Bell and seconded by Commissioner Pearce.

Motion to pay expenses for the Commissioners was made by Commissioner Means and seconded by Commissioner Harrison. With that action, the meeting adjourned.


HAROLD KUSHNER
CHAIRMAN


JOSEPH P. BORG

DOW JONES GLOBAL

Industry Group Performance

WORLD	10 P.M.	% CHG.
1/21/98	1/21/98	YTD
146.76	+ 17.64	Basic Materials
158.49	+ 15.58	Aluminum
93.46	+ 16.15	Other non-ferrous
156.76	+ 16.90	Chemicals
207.41	+ 16.96	Chem-commodity
145.89	+ 15.98	Chem-specialty
185.40	+ 18.84	Forest products
125.47	+ 10.08	Mining, diversifc
128.21	+ 25.04	Paper products
125.93	+ 26.13	Precious metal
73.19	+ 13.61	Steel
190.98	+ 12.91	Independent
241.23	+ 13.43	Conglomer
69.42	+ 7.63	Overseas
101.25	+ 13.59	Plantfnd
185.20	+ 15.04	Consumer
423.12	+ 23.82	Advertis
172.39	+ 14.93	Airtr
104.60	+ 16.65	Ag
70.52	+ 13.51	
178.41	+ 21.48	
239.01	+ 17.56	
82.44	+ 14.9	
105.62	+ 10	
111.12	+	
144.57	+	
134.44	+	
177.40	+	
162.87	+	
145	+	
257	+	



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PROTECT INVESTORS FROM
SECURITIES FRAUD AND
PRESERVE LEGITIMATE
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ALABAMA.**

