

Alabama Securities Commission



Annual Report 2020

 445 Dexter Ave Montgomery, AL 36104

 www.asc.alabama.gov

 1-800-222-1253

 asc@asc.alabama.gov

Fiscal Year Beginning October 1, 2019 and Ending September 30, 2020

About the ASC

The ASC mission is to protect investors from securities fraud and preserve legitimate capital markets in Alabama.

The Alabama Securities Commission is committed to providing the strongest possible investor protection and promoting the financing of legitimate business and industry in the state. The ASC will continue to apply all its resources and expertise to ensure fair and transparent markets for Alabama investors. Through the active enforcement of securities laws, including licensing, registration, examination and audits, Alabama's capital markets remain safeguarded for investors and the business marketplace.



ALABAMA SECURITIES COMMISSION

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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

Sec. 8-7a-1, Alabama Monetary Transmission Act

Sec. 8-6-170-179, Protection of Vulnerable Adults from
Financial Exploitation Act

Sec. 41-9-85, et seq., Lisa's Law

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

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

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

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

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

Statutory Authority

The Commission's Director reviews Industrial Revenue Bonds (Pre-issuance Procedure for Industrial Revenue Bonds) from any county, city, town, municipality, or public corporation issuing industrial revenue bonds under the authorizing act. The Director may take actions as outlined by the Act if there is a reasonable probability that the bonds will be deficient, the project may not be completed, the principal or interest may not be paid when due, sold or distributed by the parties or in a manner as to constitute a fraud.

The Commission regulates and enforces the laws relating to the transmission of monetary value (Alabama Monetary Transmission Act). This includes the transmission of digital assets such as bitcoin, the regulation of money transmission methods such as stored value cards, the electronic transmission of money, bill payment services as well as more traditional transmission methods such as money orders.

The Protection of Vulnerable Adults from Financial Exploitation Act mandates reporting to the Alabama Securities Commission and the Alabama Department of Human Resources by "qualified individuals" (agents, investment adviser representatives, and persons who serve in a supervisory, compliance, legal, or member capacity of a broker-dealer or investment adviser) who reasonably believe that financial exploitation of a vulnerable adult may have occurred, been attempted, or is being attempted.

The Commission administers Lisa's Law which pertains to acquiring property or income obtained by a convicted individual that was generated from the crime of which the individual was convicted. The Securities Commission, acting on behalf of a victim of a crime, may apply for any and all provisional remedies that are also otherwise available to the victim.

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.

ASC Purpose

The Alabama Securities Commission (the “Commission”) administers and enforces the following Alabama statutes: The Alabama Securities Act, The Industrial Revenue Bond Act, The Alabama Monetary Transmission Act, The Pre-Issue Procedures for Industrial Revenue Bonds, Protection of Vulnerable Adults from Financial Exploitation Act, and Lisa’s Law. The Commission is comprised of seven Commissioners, consisting of the Attorney General, the Superintendent of Banks, the Commissioner of Insurance, two State Bar Association licensed attorneys and two Certified Public Accountants.

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

The function of the Commission and its staff is to regulate the sale of securities and the securities industry when conducting business in Alabama. The Commission’s jurisdiction encompasses all securities offered, issued or sold within, into, or from Alabama or to Alabama residents. The Securities Act requires the registration of all securities offered for sale in Alabama unless otherwise exempted. The Securities Act provides a series of exemptions to cover situations where, because of the nature of the security or the characteristics of the transaction, registration is not deemed to be necessary in the public interest or for the protection of investors. The ASC retains anti-fraud authority with respect to securities exempt from registration.

With regard 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 registered by the Commission prior to engaging in such activities.

The Alabama Monetary Transmission Act codifies a broad definition of monetary transmissions to include “virtual” currency such as bitcoin, and specifies records that licensees are required to maintain. The Act grants the ASC administrative authority to audit/review the records of any licensee, including individuals, officers, directors and other persons who may control the actions of the licensee. Additionally, licensees are required to maintain a surety bond to cover potential compensation

ASC Purpose

to any person damaged by any failure to comply with the law or by any breach of conditions. The law also codifies the ASC's authority and powers to regulate money transmitters, including administrative and civil causes of action and establishes criminal penalties for violation of the Act.

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

The primary purposes 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 and to promote the financing of legitimate business and industry in the state.

Meet the Commissioners

MARLENE M. MCCAIN, Chairwoman	Certified Public Accountant Birmingham, Alabama	5/12 - Present
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STEVEN T. MARSHALL, Member	Attorney General Montgomery, Alabama	02/17 - Present
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MIKE E. HILL, Member	Superintendent of Banks Montgomery, Alabama	07/16 - Present
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JIM L. RIDLING, Member	Commissioner of Insurance Montgomery, Alabama	09/08 - Present
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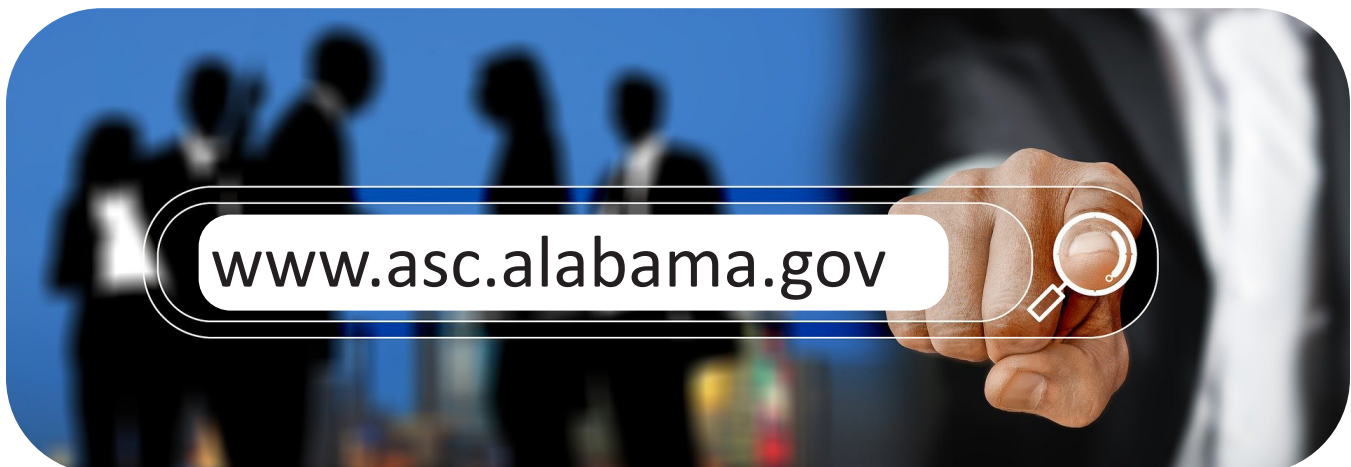
S. DAGNAL ROWE, SR., Member	Attorney at Law Huntsville, Alabama	08/13 - Present
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W. ALLEN CARROLL, JR. Member	Certified Public Accountant Mobile, Alabama	05/19 - Present
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HOPE S. MARSHALL Member	Attorney at Law Birmingham, Alabama	05/20 - Present
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Past

R. AUSTIN HUFFAKER, Jr. Member	Attorney at Law Montgomery, Alabama	04/16 - 05/20
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ASC Personnel (FY 2019-2020)

Directorate

Joseph P. Borg, Director
Amanda L. Senn, Chief Deputy Director
Edwin L. Reed, Deputy Director, Administration
Stephen P. Feaga, Deputy Director Litigation and Enforcement
Christie A. Rhodes, Executive Assistant III
Jamey R. Selfridge, Clerk
Hayley R. Long, Clerk
Josie A. Blanks, Clerical Aide

Legal Division

Jeffery A. Brown, Jr., Attorney IV
Anne W. Gunter, Attorney III
Leslie D. Worrell, Attorney III
Lisa M. Ray, Attorney II
James M. McDowell, Securities Analyst, Senior
Kimathy J. Booher, Paralegal
Shana T. Proctor, Paralegal
Kimberlee A. Hinson, Legal Research Assistant
Shelby G. Beech, Student Aide

Accounting/Personnel Division

Renee S. Sanders, Accounting Director I
Gwendolyn Lover, Account Clerk
Martha J. Thomas, Admin. Support Asst. III

Data Systems Division

David E. Gilmore, IT Systems Specialist
Bonnie A. Traphan, IT Systems Specialist, Associate
Darren W. Boulware, IT Operations Specialist

Registration Division (Auditing & Examinations)

Rena H. Davis, Manager Auditing and Examinations
Spencer D. Lee, Securities Analyst Supervisor
Marilyn D. Bullard, Securities Analyst, Senior
Lauren W. Hitt, Securities Analyst, Senior
Joshua M. Lacy, Securities Analyst, Senior
David R. Strickland, Securities Analyst, Senior
Sarah J. Pike, ASA II

Education and Public Affairs Division

Daniel G. Lord, Public Information Manager
Nick L. Vonderau, Dept. Marketing Specialist
Faith D. Feaga, Public Information Specialist

Enforcement Division

Ricky G. Locklar, Sr. Special Agent
Manager/Enforcement
Michael L. Gantt, Sr. Special Agent
Manager/Administrative
Syretta A. Baldwin, Special Agent
Leighton B. Greenlee, Special Agent
Paul A. Gugliotta, Special Agent
Charles G. Harrison, Special Agent
Charles R. James, Jr., Special Agent
Steven R. Jones, Special Agent
Mark L. Mitchell, Special Agent
Elizabeth M. Planer, Special Agent
Robert W. Sharp, Special Agent
Charles A. Traywick, Special Agent
Anita F. Jones, Executive Secretary
Heather H. Grimes, Admin Support Asst. III
Kathy R. Lassiter, Admin. Support Asst. III
Lisa S. Green, Admin. Support Asst. II
Amy F. Guttensohn, Admin. Support Asst. II
Jackson S. Burt, Clerical Aide
Kasey Hartzog, Victim Services Officer*

Registration Division (Licensing & Registration)

Lisa M. Tolar, Manager Licensing and Registration
Marvernitha B. Kyles, Securities Analyst Supvr.
Tina M. Tell, Securities Analyst Supervisor
Timothy W. Adams, Securities Analyst, Senior
Ashlee S. Gould, Securities Analyst, Senior
LaShonda D. Moultrie, Securities Analyst, Senior
Sandra D. Smith, Securities Analyst, Senior
Sonya C. Daniels, Securities Analyst
Patricia J. Wilson, ASA III
April F. Dunaway, ASA II
Mary C. Sanders, Student Aide

*Position is provided through a grant from the Office of Prosecution Services.

Regulatory Services Program

APPROPRIATION DESCRIPTION

Fund 0100: General Fund. The Commission generates revenue for the General Fund by collecting fees associated with the following applications and renewals⁽¹⁾. Broker Dealers are any persons engaged in the business of effecting transactions in securities for the account of others or for his own account. Broker Dealer Agents are any individuals, other than a dealer, who represents a dealer or issuer in effecting or attempting to effect sales of securities. Coordinations are registered statements filed in connection with certain offerings and state filings in conjunction with SEC filings. Federal Crowd Funding are offerings created under the federal JOBS Act. It is a method of raising capital through the internet subject to certain investment limits. The Monetary Transmission Act defines fees for selling or issuing payment instruments, stored value or receiving money or monetary value for transmission. Qualifications are filings of certain securities. Regulation A Exemption Tier 1 and Tier II are federal exemptions filed in connection with offerings in this state. Certain offerings require limited disclosure. Administrative Assessments are fees imposed upon any person who violates any provision of the article or rule or order issued under the article.

Fund 0375: Securities Commission Fund. The Commission generates revenue for the Securities Commission Fund by collecting fees associated with the following applications and renewals⁽²⁾. Exemptions are securities not required to be registered by virtue of exemption under federal, state, or provincial statutes. Mutual Fund Exemptions are registration exemptions for an Open-Ended Management Investment Company. Investment Advisors are any persons 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. Investment Advisor Representatives are any partners, officers, director of or other individuals employed by or associated with an investment adviser, except clerical or ministerial personnel, who make recommendations or renders advice regarding securities. Investment advisor representatives generally manage accounts or portfolios of clients; determine recommendations or give advice regarding securities, and may solicit, offer or negotiates for the sale of or sells investment advisory services. The clarification includes those who may supervise employees or perform any of the foregoing. Investigative/Examination Costs are investigation costs for examinations of violations of any provision of the article or violations of any rule. Opinions are interpretations.

(1) NOTE: The Commission has generated significant revenues for the General Fund (see chart at bottom of page 16).

(2) NOTE: The Commission has self-generated sufficient revenues for all its operations since 1995.

Fee Schedule

Registration of Securities			§ 8-6-8 Code of Alabama 1975
Dealer	Any person engaged in the business of affecting transactions in securities for the account of others or for his own account.	\$250	§ 8-6-3(h) Code of Alabama 1975
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.	\$250	§ 8-6-3(h) Code of Alabama 1975
Agent	Any individual, other than a dealer, who represents a dealer or issuer in affecting or attempting to affect sales of securities.	\$70	§ 8-6-3(h) Code of Alabama, 1975
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.	\$70	§ 8-6-3(h) Code of Alabama 1975
Mutual Fund Exemption	Registration exemptions for Open-Ended Management Investment Company:		§ 8-6-10(11)a.2. Code of Alabama 1975
	Total net assets less than or equal to \$25 Million	\$350	
	Total net assets greater than \$25 million, less than \$100 million	\$700	
	Total net assets equal to or greater than \$100 million, less than \$250 million	\$1,200	
	Total net assets greater than or equal to \$250 million	\$2,000	
	Unit Investment Trusts	\$200	

Fee Schedule

Monetary Transmission Act	Selling or issuing payment instruments, stored value or receiving money or monetary value for transmission.		
	(1) Filing Fee	\$500	§ 8-7A-6c. Code of Alabama 1975
	(2) License Fee	\$500	
	(3) Renewal Fee	\$500	§ 8-7A-9b. Code of Alabama 1975
	Late renewal fee - up to 20 days from expiration date	\$100 per day	§ 8-7A-9e. Code of Alabama 1975
	4) Interpretive opinion or no action letter	\$500	§ 8-7A-27b Code of Alabama 1975
Opinions	Interpretations	\$150	§ 8-6-29(b) Code of Alabama 1975
IRB	Industrial Revenue Bonds are bonds generally issued for purpose of constructing facilities.	1/20 of 1% of principle amount of described bonds. No less than \$25, but not to exceed \$1,000.	§ 8-6-115 Code of Alabama 1975
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 \$1,500 nor be less than \$100.	§ 8-6-8(d) Code of Alabama 1975
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 \$1,500 nor be less than \$100.	§ 8-6-8(d) Code of Alabama 1975
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 \$1,500 nor be less than \$100.	§ 8-6-8(d) Code of Alabama 1975
Open End Management Company	Face amount certificate company or Unit Investment Trust registering indefinite amount.	\$100 filing fee + \$1,500 registration fee. Annual Renewal \$1,500	§ 8-6-8(d) Code of Alabama 1975
Exemption	Securities not required to be registered by virtue of exemption under federal, state, or provincial statutes.		§ 8-6-10 (exempt securities) § 8-6-11 (exempt transactions)
Limited Offerings	(1) Offerings conducted solely in this state to residents of this state.	\$150	§ 8-6-11(a)(14)n Code of Alabama 1975
	2) Regulation D filing under Rules 505 and 506.	\$300	§ 8-6-11(c) Code of Alabama 1975 Commission Rule 830-X-6.11(1)(a)3.(iv)

Fee Schedule

	(3) Expansion Order filing to increase the number of purchasers in a limited offering that has already been exempted from registration.	\$300	§ 8-6-11(c) Code of Alabama 1975
	(4) For sale up to 25 Alabama purchasers in 12 months.	\$300	§ 8-6-11(c) Code of Alabama 1975
	Extension of the term up to 12 months.	\$300	Commission Rule 830-X-6-.12(1)(d)(iv)
	5) Regulation A Tier 1 and Tier II are federal exemptions filed in connection with offerings in this state. Offerings require limited disclosure.	\$40 filing fee + variable fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state, Variable fee not to exceed \$1,500 nor be less than \$100.	§ 8-6-8(d) Code of Alabama 1975 (Registration required pre JOBS Act) Notice Filing
	6) Federal Crowdfunding Offerings created under the JOBS Act is a method of raising capital through the internet subject to certain investment limits.	\$40 filing fee + variable fee of 1/10 of 1% of the aggregate offering price of the securities offered in this state, Variable fee not to exceed \$1,500 nor be less than \$100.	§ 8-6-8(d) Code of Alabama 1975 Commission Rule 830-X-6-.13(1)(a)3 Notice Filing
Administrative Assessment	Fee imposed upon any person who violates any provision of the article or rule or order issued under the article.		§ 8-6-19(j)(2) Code of Alabama 1975
Investigative Examinations	Investigation costs for examinations of violations of any provision of the article or violations of any rule.	Investigation costs	§ 8-6-19(k)(1) Code of Alabama 1975

FY 2019 - 2020 Statistical Summary

Total revenue contributed to General Fund \$13,032,201



179,869 Licenses, Registrations and exemptions issued

63 On site examinations/audits

253 Complaints and corporate inquiries received

\$116,790,000.00 Industrial revenue bonds reviewed

26 Administrative Orders issued

40 Administrative Order respondents

\$7,860,096.44 In restitution ordered to victims

18 Public warnings issued

53 Educational seminars on safe and wise investing

34 Events postponed due to Covid-19 3/6/2020



3 Indictments

3 Arrests made

10 Convictions

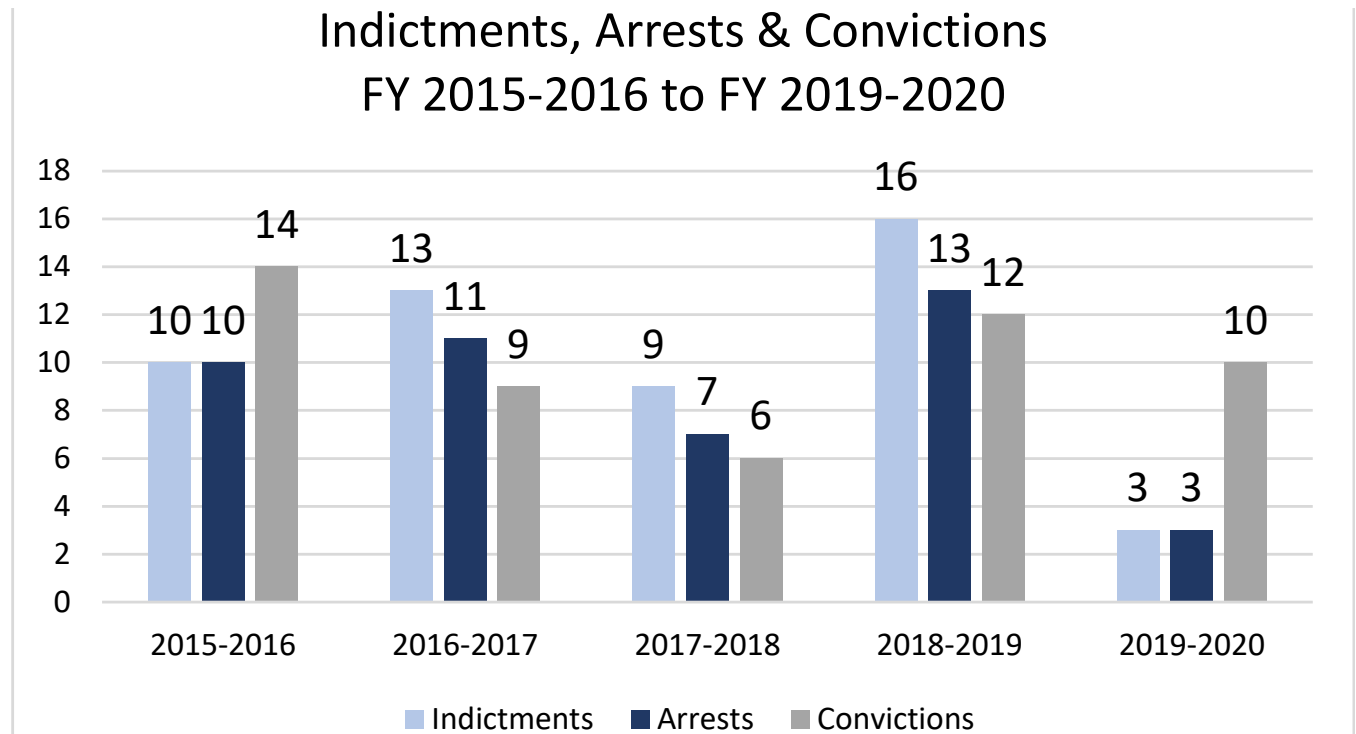
87 Years sentenced

21 Individuals awaiting grand jury action arrest or trial

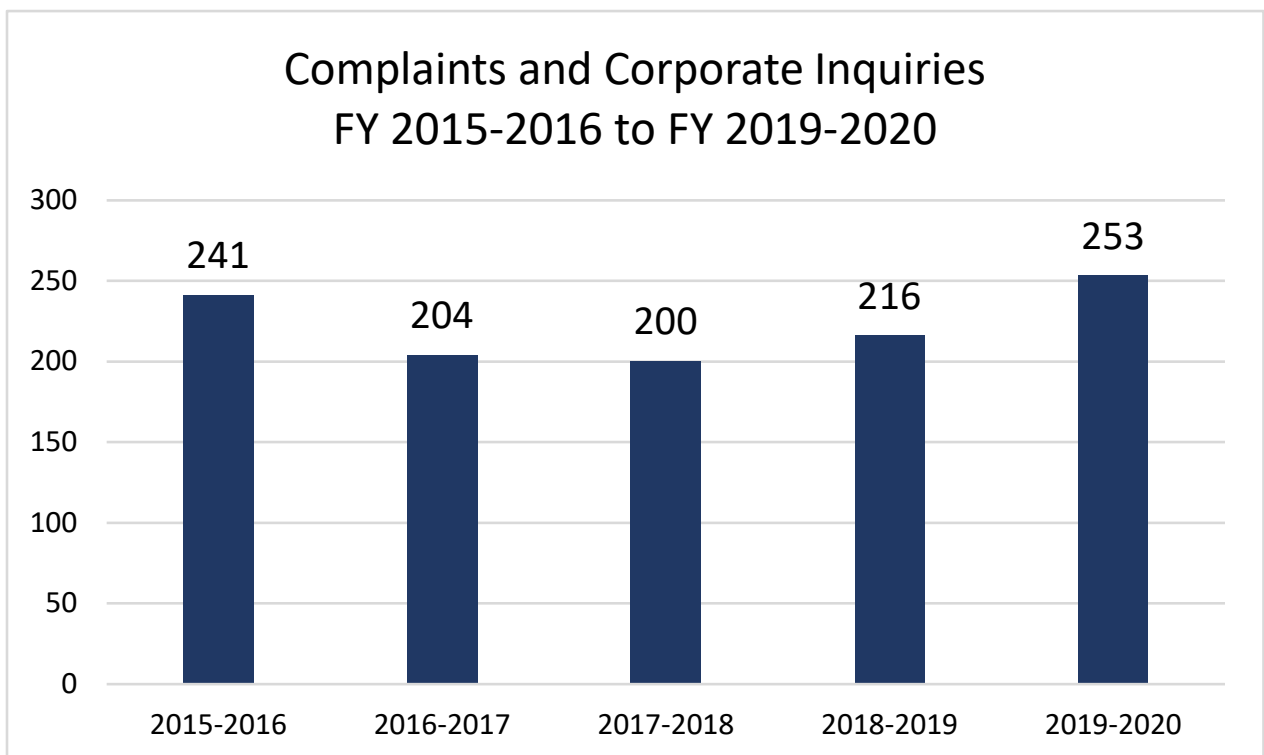


Statistics

Indictments, Arrests & Convictions FY 2015 - 2016 to FY 2019 - 2020

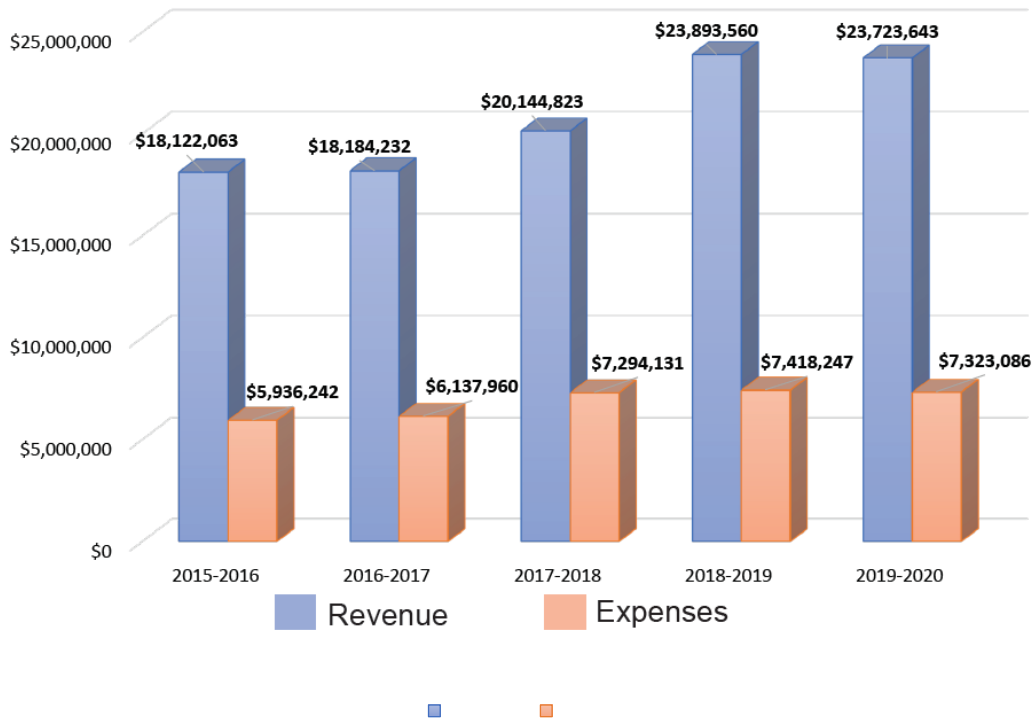


Complaints & Corporate Inquiries FY 2015 - 2016 to FY 2019 - 2020

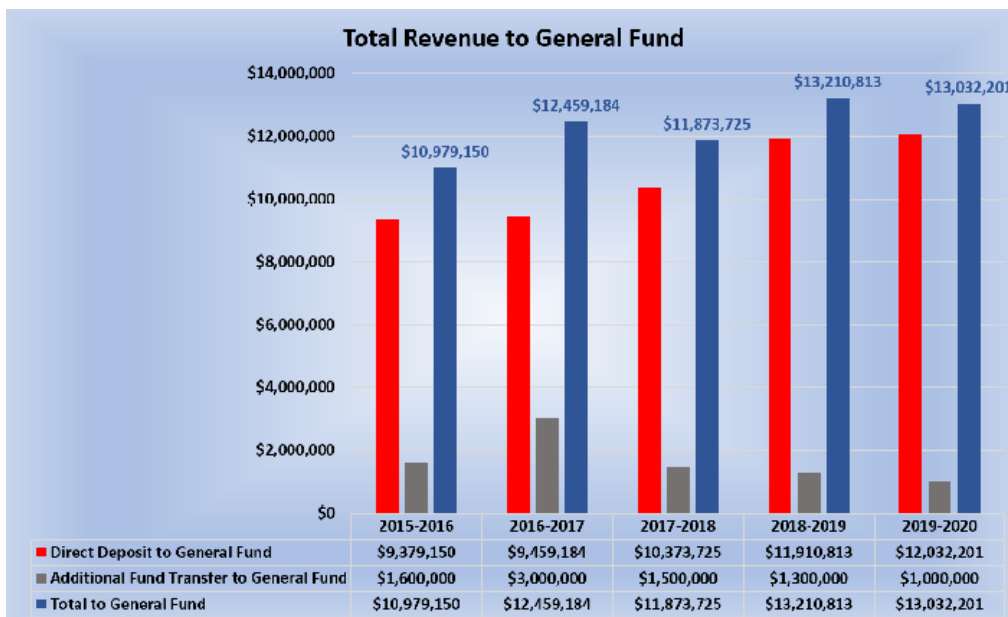


Statistics

Combined Revenue & Expenses FY 2015 - 2016 to FY 2019 - 2020 Revenue: \$23,723,643 & Expenses: \$7,323,086

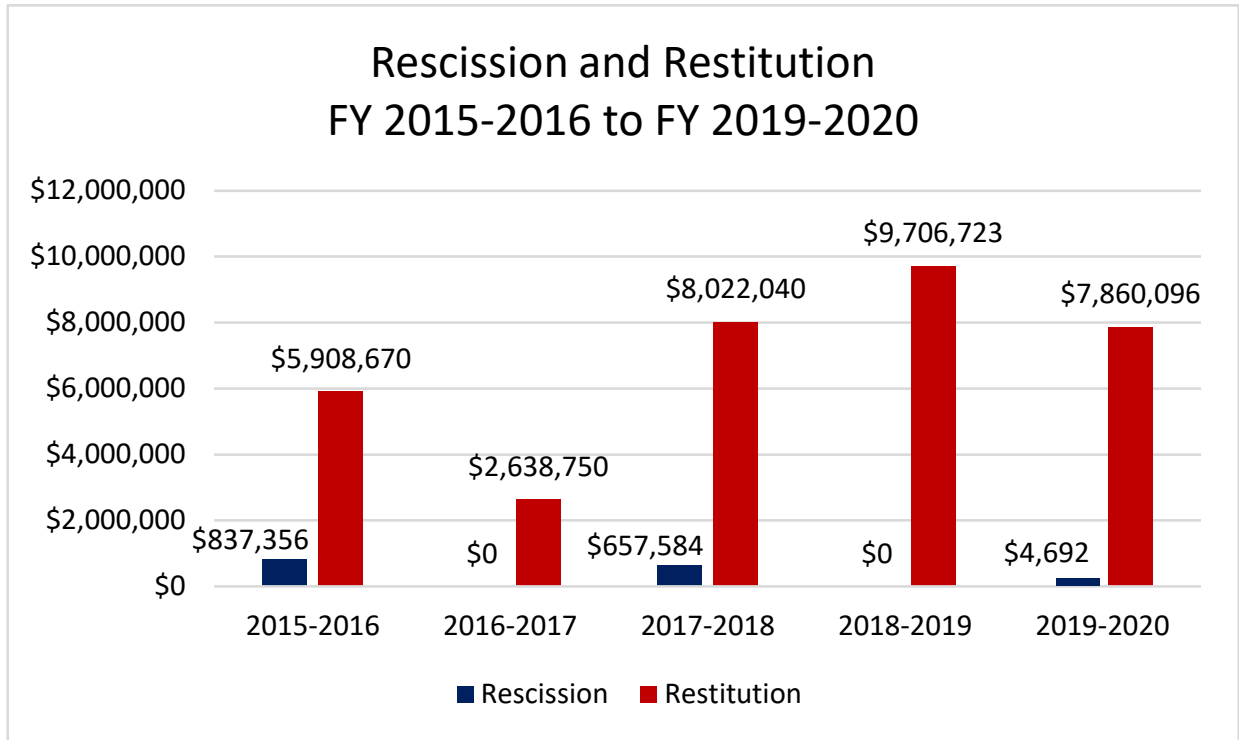


Total Revenue to General Fund FY 2015 - 2016 to FY 2019 - 2020 \$13,032,201



Statistics

Rescission & Restitution FY 2015 - 2016 to FY 2019 - 2020

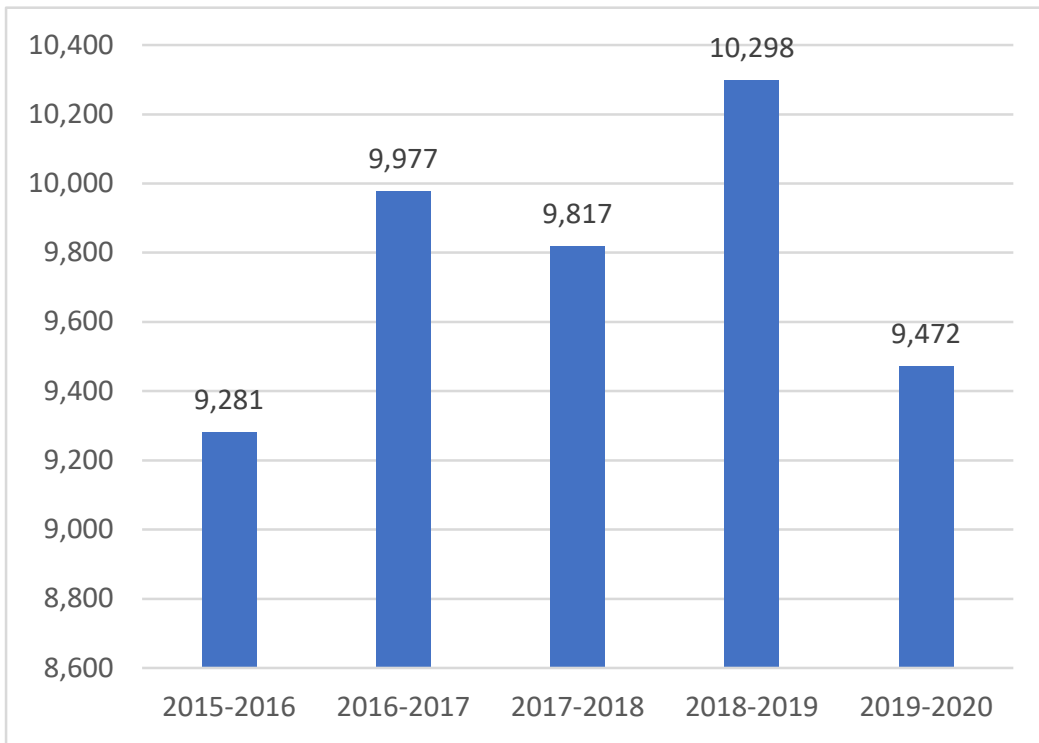


Broker Dealer Registrations FY 2015 - 2016 to FY 2019 - 2020

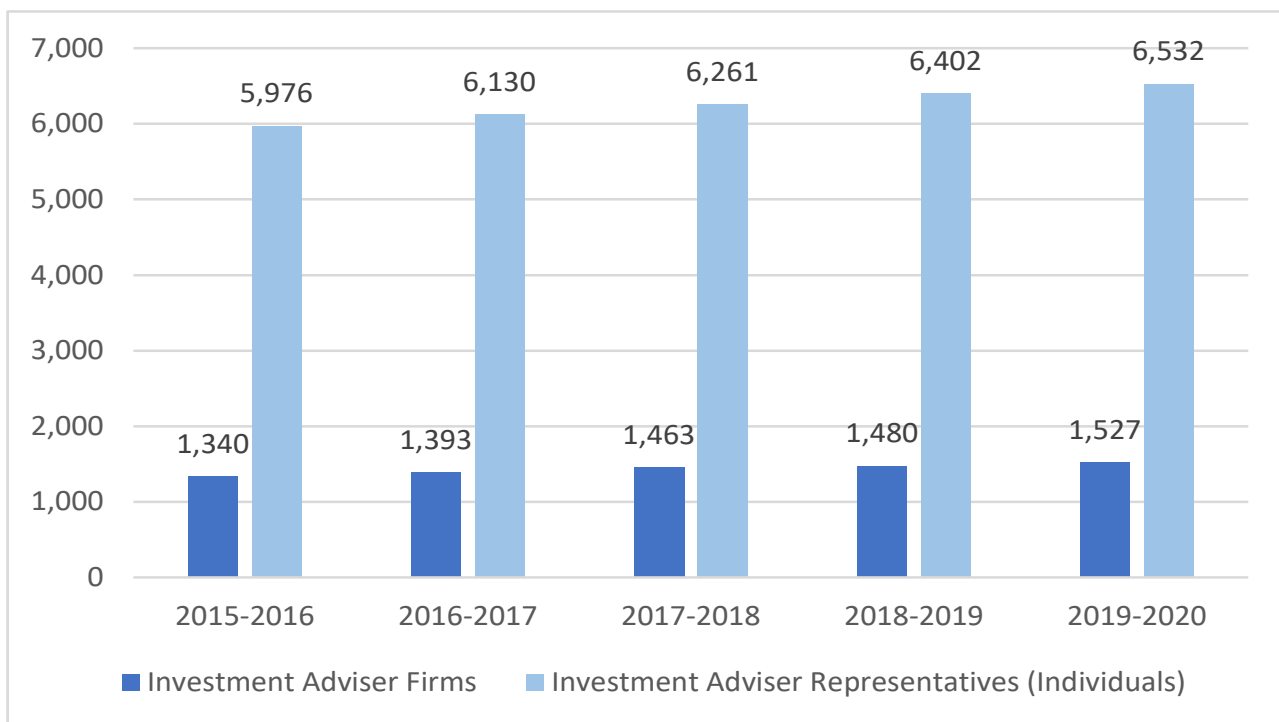


Statistics

Mutual Fund Filings and Exemptions 2015-2016 to 2019-2020



Investment Adviser Registrations & Notice Filers



Financial Statement

Agency Revenues for FY 2019-2020

<u>Authority</u>		
§ 8-6-3(h)	Investment Advisers & Representatives.....	12,513,825
	Broker-Dealers & Representatives	
§ 8-6-8	Securities Registration.....	80,650
§ 8-6-11	Exemptions.....	306,600
§ 8-6-19	Administrative Assessments/Investigative Executions.....	392,410
§ 8-6-10(11)a.2.	Mutual Fund Exemptions.....	10,303,000
§ 8-6-29	Opinions.....	3,650
§ 8-6-115	Industrial Revenue Bonds.....	3,000
§§ 8-7A-6; 8-7A-9	Monetary Transmission Act.....	117,100
	Miscellaneous Revenues.....	3,408
	TOTAL REVENUES.....	\$23,723,643
	To General Fund.....	12,032,201
	To Securities Commission Fund.....	11,688,442
	To Industrial Revenue Fund.....	3,000
	TOTAL.....	\$23,723,643

Expenditures for FY 2019-2020

Personnel Costs.....	4,168,675
Employee Benefits.....	1,548,215
Travel (In-State).....	18,651
Travel (Out of State).....	33,774
Repairs & Maintenance.....	2,360
Rentals & Leases.....	741,193
Utilities & Communications.....	119,563
Professional Services.....	208,913
Supplies, Materials & Operating Expenses.....	228,785
Transportation Equipment Operations.....	28,882
Grants and Benefits.....	0
Transportation Equipment Purchases.....	143,783
Other Equipment Purchases.....	80,292
TOTAL.....	\$7,323,086
Additional Transfer to State General Fund.....	1,000,000
TOTAL EXPENDITURES.....	\$8,323,086
TOTAL TO GENERAL FUND FOR FISCAL YEAR 2019-2020.....	\$13,032,201

Enforcement Division

Activity	Number
Corporate Inquires Opened	157
Corporate Inquires Closed	150
Investigations Opened - "I"	41
Investigations Closed - "I"	36
Investigations Opened - "S"	55
Investigations Closed - "S"	44
Administrative Actions	26
Administrative Action Respondents	40
Indictments/Warrants Obtained	3
Arrest Made	3
Convictions Obtained	10
Public Warnings Issued	18
Referrals to Other Agencies	59

Administrative Orders Issued

Type of Order Issues	Respondents	Orders
Cease and Desist	25	15
Consent	7	5
Consent Agreement	8	6
Totals	40	26

Registrations & Exemptions

Total Number of Registrations and Exemptions Issued in FY 2019 - 2020
(10/1/2019-9/30/2020): 179,869

	<u>Application Filed</u>	<u>Application Approved</u>	<u>Renewal Processed</u>	<u>Application Withdrawn</u>	<u>Application Terminated</u>
Broker/Dealer	63	63	1436	9	98
Broker/Dealer Agent		27972	132338	282	23883
Exemption	9	7	0	2	1
Exempt Consent	1	1	0	0	0
Expansion Order	0	0	0	0	0
Industrial Revenue Bond	3	3	0	0	0
Investment Adviser Federal	119	117	1225	1	79
Investment Adviser State Registered	24	22	163	1	23
Investment Adviser Representative		990	5542	23	862
Limited Offering	1057	957	0	1	73
Mutual Fund Exemptions	1670	1679	6825	0	261
Registration by Coordination	40	20	0	1	27
Registration by Qualification	0	0	0	0	0
Certificate company	0	0	0	0	0
Restricted Agent	49	45	264	0	61
Money Transmitter	25	16	184	2	6

Industrial Revenue Bonds Filed in FY 2019

<u>LESSEE</u>	<u>FEE CHARGED</u>	<u>DATE FILED</u>	<u>TOTAL AMOUNT OF ISSUE</u>
The Industrial Development Board of the City of Tray (Golden Bay Nut Corporation)	\$1,000	10/29/2019	\$3,160,000.00
The Industrial Development board of the City of Selma (International Paper Company)	\$1,000	06/08/2020	\$550,000,000.00
The Industrial Development Board of the Town of Chatom (PowerSouth Energy Cooperative)	\$1,000	06/19/2020	\$63,630,000.00
Totals	\$3,000.00		\$116,790,000.00

Director's Report

The Alabama Securities Commission (ASC) is strongly committed to protecting Alabama citizens (individuals, small business, corporations, endowments), from deceptive and illegal practices associated with offers, sales and purchases of securities and securities-related services in Alabama. In order to meet this goal, the ASC carries out five important functions: registration, auditing, enforcement, legal and education. The ASC strives to continually refine and strengthen its role as a staunch advocate for Alabama's "main street" investors. By protecting Alabama's investors, the ASC preserves and encourages legitimate capital markets in the state.



Director Joseph P. Borg

Key Events/Issues ASC Protecting Investors Against Securities Fraud During the Pandemic

The Commission took on and successfully met the challenge to maintain outstanding customer services and productivity in March 2020 when the pandemic required most employees to work from home.

The Commission must maintain the turnaround of investment advisor requests for registration and review and approve industrial revenue bonds and other exemptions that allow the business world to effectively formulate capital. One of the biggest challenges was to setup computer equipment and access in many of the employee's homes. The Commissions Data Systems Division deserves special recognition for making this happen in an effective manner in just a few days.

Enforcement investigations and legal actions to fight white collar crime targeting Alabamians could not stop. Our investigators and attorneys interviewed complainants by telephone or in-person practicing safe distancing and wearing masks according to the Governor's and the Center for Disease Control guidelines. Although court dates have been severely impacted, our Legal Division has continually prepared to prosecute offenders in violation of Alabama and other pertinent laws that regulate the securities industry.

We have kept pace with citizen outreach by switching to virtual computer platforms. The ASC staff participates in Zoom, WebEx, Microsoft Teams, and other software platforms to encourage continued training of staff and provide/share training with citizens and other securities regulators in North America.

Director's Report

COVID-19 Enforcement Task Force

The Alabama Securities Commission issued an Investor Alert in February 2020 warning investors to beware of con artists using the corona virus pandemic to defraud investors. Shortly thereafter the COVID-19 Enforcement Task Force, an international investor protection initiative to crack down on schemes related to the ongoing COVID-19 pandemic, was created. The task force was coordinated by the North American Securities Administrators Association (NASAA), of which ASC is a lead contributor.

With 111 investigators representing 44 jurisdictions in the United States, Canada, and Mexico, the COVID-19 Task Force represents the largest coordinated enforcement initiative undertaken by state and provincial securities regulators. To date, the task force has disrupted more than 290 schemes related to the pandemic.

Accomplishments and Office/Division Functions

In FY 2019-2020 ASC generated \$13,032,201 for the General Fund. This fiscal year, the demand for services increased as fluctuating stock markets continued to surge in trading volume and overall value. ASC maintains a high level of efficiency by applying proven management techniques, efficient performance of duties, effective use of available technologies and adherence to financial and budget guidelines. The ASC is sensitive to the concerns and long-term financial security of Alabama citizens, whether individuals or small businesses, and must act quickly and decisively when misleading or illegal practices undermine confidence in our financial markets. When Alabama securities laws are believed to have been violated, the ASC's Enforcement Division takes the lead in conducting complex investigations in response to complaints or evidence of alleged securities fraud.

Twelve highly trained and experienced veteran investigators (special agents) used their nearly 300 years of combined law enforcement experience to collect and analyze large quantities of complex information ranging from paper records to sophisticated electronic data.

Special agents closely examine investor complaints concerning suspicious, deceptive, unsuitable and/or illegal investment offerings including Ponzi, pyramid, foreign currency, oil and gas and private placement within, into or from Alabama, as well as the sale of fraudulent and unregistered investment products. Special Agents coordinate their investigations with the Commission's Legal Division and, when appropriate, with local, state and federal authorities to thoroughly examine complaints, analyze financial transactions and bring

Director's Report



legal action against any person or business entity suspected of being in violation of the Alabama Securities Act and/or applicable federal laws. The strong efforts and expertise of the Enforcement Division, during the past five years, resulted in an average of 10 criminal indictments each FY for the violation of laws regulating the securities industry. In FY 2019- 2020 the Division's hard work resulted in \$7,860,096.44 ordered in restitution for victims from prosecuted cases; 3 arrests; 10 convictions; and helped secure 87 years sentenced, with approximately 67 years served, of incarceration for defendants found in violation of laws regulating the securities industry.

The Registration Division is charged with the initial and ongoing licensing registration process for individuals and firms that market and sell securities and financial services to Alabama citizens. Any person or firm that offers and/or sells securities or provides investment advice within, into or from Alabama must be registered with the ASC in order to legally conduct business. In FY 2019-2020, the registration division issued 179,869 registrations, licenses and exemptions. The Registration Division is also responsible for the processing of fees associated with applications and renewals.

The Auditing and Examinations Division is responsible for conducting a full schedule of on-site routine and for-cause examinations. Every three years on average, the division auditors examine each of the state-regulated investment advisers domiciled in Alabama, while continuing to audit broker-dealers, their branch offices, and monetary transmission agents on a for-cause basis. The audit program identifies serious securities violations, as well as potential weaknesses in sales practices, in order to help strengthen these businesses' compliance programs and to protect Alabama investors. The division also conducts limited joint audits with other states for complex audits and enforcement investigations. In Fiscal Year 2019-2020, the Auditing and Examinations Division conducted 60 audits, with 7 of these being for-cause examinations driven by investigations, customer complaints or licensing issues.

The Commission firmly believes that investor education and fraud prevention training can assist in shielding our citizens from being victimized by financial criminals. **The Education and Public Affairs Division** conducted an average of over 78 events annually throughout the state for the last decade, including presentations for social, civic and professional groups, and manages a statewide and national news media program. About 40% of planned events were postponed because of the pandemic and will be rescheduled once social gatherings are considered safe.

Director's Report



During Fiscal Year 2019-2020, the Education and Public Affairs Division supported 53 events that provided direct outreach and education to over 2,635 citizens via in-person presentations. ASC in collaboration with the Alabama Broadcasting Association developed a series of television and radio commercials to increase awareness of investment scams related to COVID-19. The commercials featured ASC Director Joseph Borg, Chief Deputy Director Amanda Senn, and Attorney General Steve Marshall. The Alabama Broadcasters Association managed a 3-month advertising campaign and purchased television and radio spots from approximately 35 television stations and 90 radio stations throughout the state. The broadcast signals reached over two million people each month resulting in over 6,000,000 impressions via television and radio.

The Division helped acquire over \$32,000 in grant money from the Investor Protection Trust (IPT). These funds helped provide personal finance and investor education events for teachers and students in grades 7-12, college students, as well as for senior Alabamians concerned with the protection of their life savings and a need to make informed investment decisions. Further information on ASC Investor Education and Fraud Prevention programs are described on pages 27 through 37.

COVID-19 had a tremendous impact on the number of events planned for FY 2020, with over 30 events postponed until FY 2021 due to social gathering guidelines. ASC adapted and transitioned to virtual events in May 2020. ASC Public Affairs division collaborated with great partners as AARP, BBB, SEC, and FINRA in tele-town halls. ASC also participated in AARP/WSFA virtual fraud hotline as well as other virtual events.

The Legal Division is comprised of five highly skilled and dedicated attorneys who are ably assisted by two full-time paralegals and a legal research assistant. The Legal Division possesses over 100 years combined legal and prosecutorial experience and is responsible for investigating and prosecuting fraudulent and illegal actions by individuals and companies in the offering and sale of securities within, into or from the State of Alabama including any related activities in violation of the Alabama Securities Act and associated statutes. The ASC Legal Division prosecutes administrative, civil and criminal actions brought by the Commission and renders legal opinions and no-action letters related to issues of law pursuant to the Alabama Securities Act. The division also acts as in-house legal counsel for all legal issues concerning the daily operations of the Commission staff, including investigations and personnel issues, and acts as liaison with other government agencies when legal matters of common interest arise. The legal staff works closely with

Director's Report



district attorneys throughout Alabama to assist in the investigation and prosecution of white-collar crime. ASC attorneys consult with other states on legal issues involving overlapping jurisdictions and aid federal prosecutors, the U.S. Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), the Financial Industry Regulatory Authority (FINRA) and others to assure that Alabama's main street investors are afforded maximum protection from investment fraud.

The Accounting and Personnel Division is charged with effecting the continued smooth operation of the agency's fiscal and employee-related requirements. The division provides for the overall sound financial operation of the agency, including preparation of the annual budget and operations plan, supervising the gathering and maintenance of all financial records and reports, assuring propriety of agency expenditures and budgetary controls, maintenance of personnel and payroll records and is accountable for all physical inventory. The division cooperates with the Examiners of Public Accounts to ensure the Commission is in strict fiscal compliance with the Code of Alabama. Historically, the division has received a perfect "Property Inventory" audit and constantly strives to make certain that the Commission's property and monetary resources are used and maintained for greatest benefit of Alabama citizens.

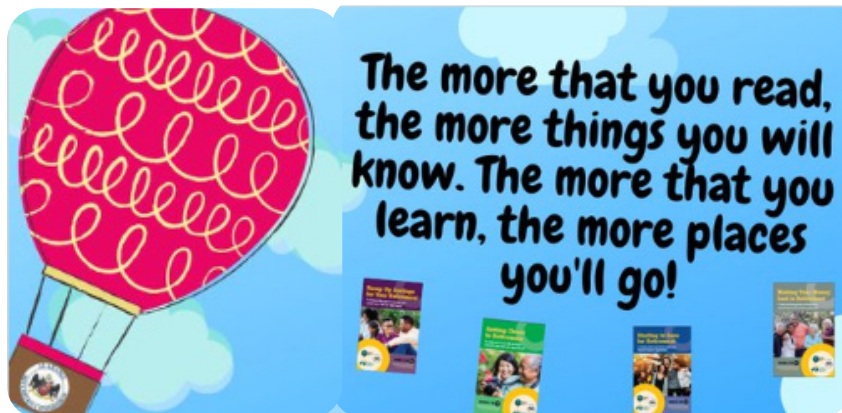
The Information Technology (IT) Division plays a crucial role in the efficient provision and management of the Commission's electronic data requirements. Division personnel work diligently to provide streamlined, results-driven methods for the secure utilization and storage of sensitive information and the maintenance of the agency's computer hardware and software systems including constant information exchange with national databases covering more than 660,000 financial professionals and firms through the national Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD).

Investor Education & Fraud Prevention

For the past several fiscal years, the Education and Public Affairs (EDU & PA) Division has surpassed the number of events held in the prior year. This has allowed the division to reach an increasing number of residents with our fraud prevention and wise investing curriculum. This year, the division was on course to have another record year! However, the COVID-19 pandemic prevented many events from occurring and delayed most. Fortunately, a number of events took place before the pandemic reached its peak and many were able to be moved to a virtual setting.

The pandemic brought much financial uncertainty into the lives of Alabama's residents. The EDU & PA staff consider it our privilege to provide current and unbiased financial education to our fellow Alabamians. During this season, we felt it was vital to make the public aware of current investment frauds related to COVID-19. We were able to partner with the enforcement and legal division to create the Con Watch website and issue multiple investor alerts to raise awareness about ongoing investment schemes. We also participated in many fraud phone banks, tele-town halls, launched She Can a women's financial empowerment program and much more. You can learn more about the division's outreach and education activities in the following pages.

The ASC Education and Public Affairs Division offers free investor education resources on our website
www.asc.alabama.gov.



Dan Lord,
Manager



Nick Vonderau,
Marketing Specialist



Faith Feaga,
Public Information
Specialist

Investor Education & Fraud Prevention

ASC: Lisa Tolar, Licensing & Registration Manager; James McDowell, Senior Analyst; and Nick Vonderau, Marketing Specialist (right) participated in the fraud hotline live event produced by WSFA 12 news. Alabamians were able to call the hotline with questions regarding fraud.



Auburn University Event



Auburn University students hosted the 2nd Annual “AuburnHacks” hack-a-thon February 8 & 9, 2020. The hack-a-thon is a technology innovation and coding marathon and part of the Major League Hacking series. It is put on by Auburn University students and drew over 200 collegiate participants from across the southeast.

ASC employees James McDowell, Senior Securities Analyst, and Nick Vonderau, Marketing Specialist, served as speakers and mentors during the event. The ASC shared cybersecurity tips, recent innovations in hacking, and how young adults can protect their financial health.

“Teaching those with the motivation and desire to grow their skill sets is a worthwhile investment,” said McDowell.

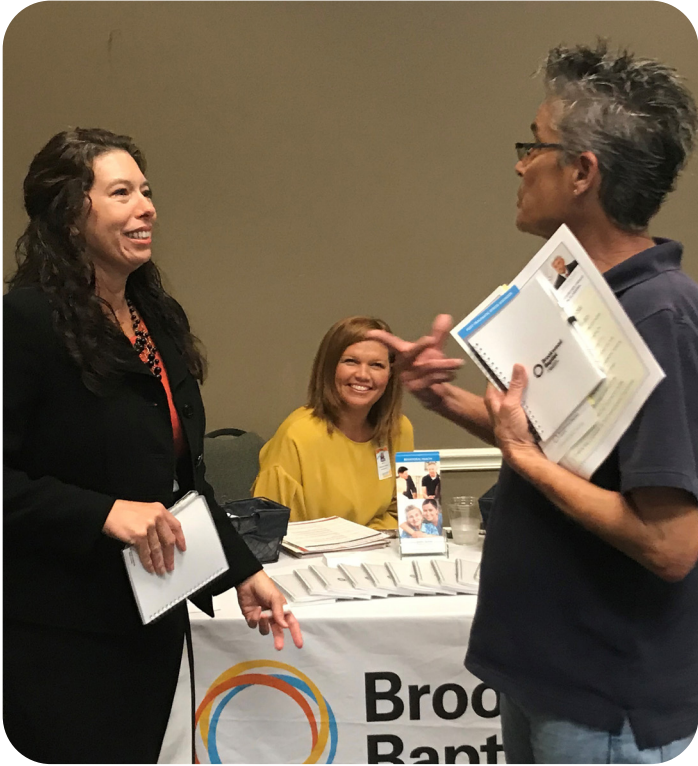
Investor Education & Fraud Prevention



On October 31, 2019, Alabama Securities Commission (ASC) Public Information Specialist Faith Feaga spoke to a group of seniors at the First Baptist Church in Wetumpka, AL. Feaga briefed the audience on the red flags of financial scams and how to protect yourself from becoming a victim of financial fraud.

“One of the biggest mistakes individuals make when purchasing a financial product is failing to call the Alabama Securities Commission before they buy,” said Feaga.

Alabamians can call the ASC at 1-800-222-1253 to check the license of the financial professional, get an industry background report and check the registration of the product. These services are provided at no cost and should be part of your due diligence checklist when considering purchasing a security or choosing a financial professional.



Leslie Worell, ASC Associate Counsel (left), pictured with an attendee at an event for law enforcement, first responders and health care professionals on October 2, 2019 in Pelham, Alabama.

Investor Education & Fraud Prevention

The ASC frequently travels to rural and urban locations in Alabama to provide free education concerning safe and wise investing and fraud prevention. On November 14, 2019 Dan Lord, Education and Public Affairs Manager presented to the Alabama Education Retiree's Association in Greensboro, Alabama.



Director Borg recording a radio series on current scams with Troy Public Radio.

“SHE CAN” Financial Empowerment

Financial Empowerment Program for Women “SHE CAN” ACCOMPLISH HER FINANCIAL GOALS

This year marks the 100th anniversary of the ratification of the 19th Amendment to the United States Constitution which afforded women the right to vote. The passing of this constitutional right emboldened women to further pursue equality and to reach new heights. Through acts of courage and determination, like flying solo across the Atlantic, refusing to give up a seat on a bus, and earning a presidential nomination, women have forged a permanent path of success and continue to make great strides. As the nation reflects and applauds women for all they have accomplished, the ASC is committed to providing women in Alabama the financial education resources they need to make the coming years even more remarkable.

“Despite the recent advancements of women socially, politically, and professionally, some women lack financial confidence, which can put them at a disadvantage. Financial education is one of the ways women can gain and restore confidence. Financial decisions are made at every stage of life, with the circumstances surrounding those decisions different for each person, so we wanted to develop a program to equip women with the knowledge necessary to enable them to



make the right decisions- regardless of age and circumstance,” said ASC Chief Deputy Director Amanda Senn.

She Can consists of learning modules tailored for women in different seasons of their lives and careers. The program offers free training seminars, educational materials, vital information on budgeting, saving, investing, fraud prevention and other financial subtopics.



Podcast available on Itunes and most podcast apps.

“SHE CAN” Financial Empowerment



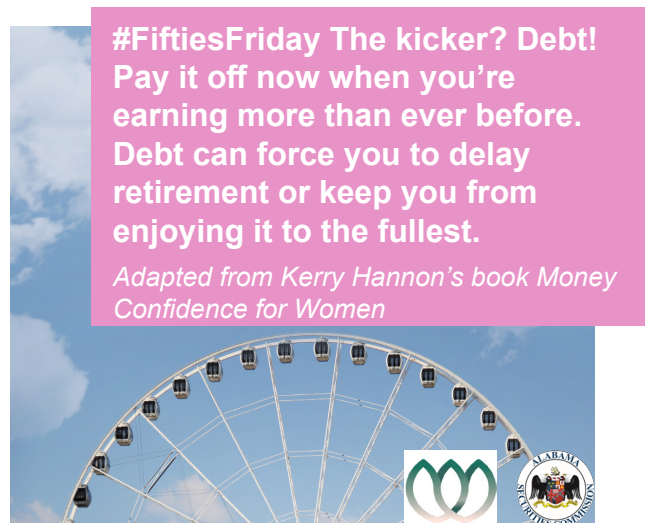
Faith Feaga, ASC Public Information Specialist and coordinator of the program, distinguishes She Can from other financial education programs. “Our program is unlike other financial education programs in that it is completely free; there is no sales pitch because we have nothing to sell; and we are able to customize each presentation to the audience’s needs. For example, we can provide women with the financial information they need during life’s unexpected events, like divorce, death of a spouse and even navigating the financial stress of a one income household,” says Feaga.

Access “She Can” resources by visiting www.asc.alabama.gov/shecan.aspx.

Stay up to date on the program by following [shecan.alsecuritiescommission](https://www.instagram.com/shecan.alsecuritiescommission) on Instagram.

ASC Chief Deputy Director Amanda Senn (right) and Public Information Specialist Faith Feaga (left) at Huntingdon College for “She Can” programming on February 13, 2020

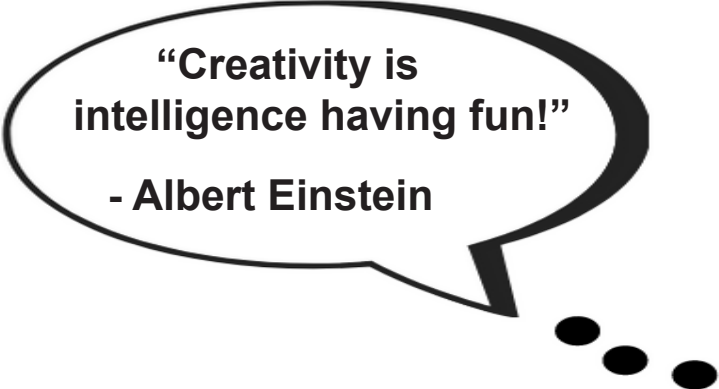
“She Can” Instagram Posts



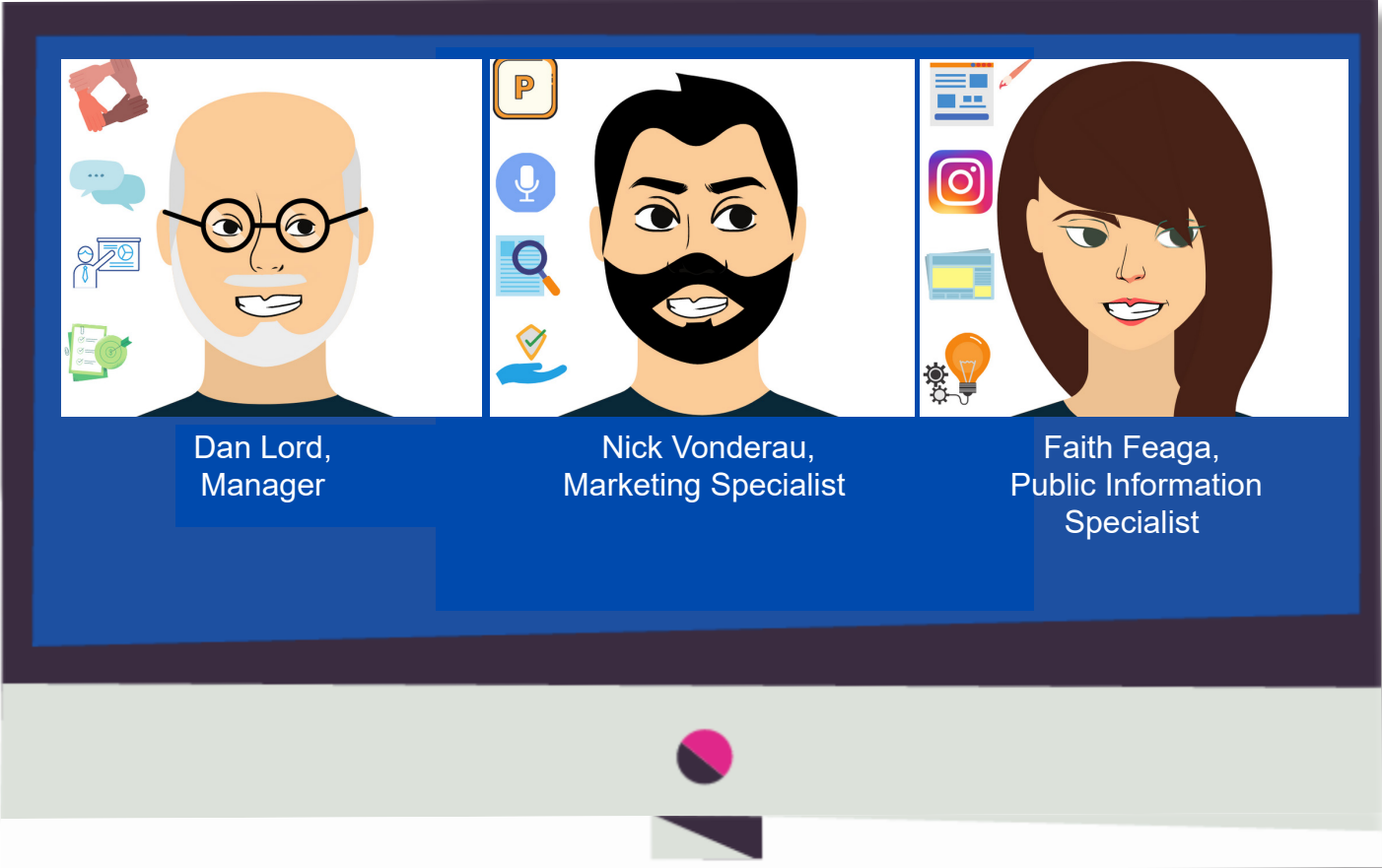
Investor Education & Fraud Prevention

The COVID-19 virus certainly hindered traditional methods of public outreach for the Education and Public Affairs Department. To protect the health of our staff and constituents, many events were canceled or postponed. However, with some creativity, quick thinking, support from senior staff and our partners virtual outreach quickly became the Commission’s new normal.

- COVID-19**
- Unprecedented...**
- Postponed...**
- Canceled...**
- No public gatherings...**
- Remote...**
- Virtual...**
- Zoom, WebEx, Tele-Townhalls**



Investor Education Programs Loading...



Investor Education & Fraud Prevention

ASC Participates in Television Fraud Prevention Phone Banks and Two Similar Tele-Town Halls



AARP and the ASC have worked together to partner and help protect the citizens of Alabama for many years. ASC participated in call-in phone banks with other fraud prevention experts. These events answered many questions about fraud and advised Alabamians on where and how to file complaints. The fraud prevention phone bank events took place through WSFA in Montgomery on September 23, 2020, and November 12, 2019, and through WKRG in Mobile on December 4, 2019. The phone bank hotlines were featured during the 4 PM, 5 PM, and 6 PM newscasts reaching Alabama viewers in Central and South

Alabama. Viewers could call-in and ask questions to volunteer panelists from the ASC, local enforcement agencies and other experts serving surrounding communities.

The two tele-town halls were available for all AARP members throughout the state to call in and ask questions to the panelists of experts from ASC and other citizen service agencies to take a complaint or receive tips on protecting themselves from fraud. It is estimated that these programs reached up to 2,300 Alabamians.

New ASC website area: “Con Watch”

At the beginning of the COVID-19 pandemic, fraudsters began working overtime to take advantage of Alabama’s residents. In an effort to inform the public of current scams and protect them from investment fraud, the ASC developed “Con Watch.” “Con Watch” is an area of the ASC website designated for spotlighting scams and educating investors.

The ASC always issues a cease and desist order to suspected fraudsters. Since this is a legal document, it can be difficult to understand. Therefore, a short explanation is given about the company, the scam being perpetrated and how investors can protect themselves. Whenever available, screen shots from the company’s website are included.



Investor Education & Fraud Prevention

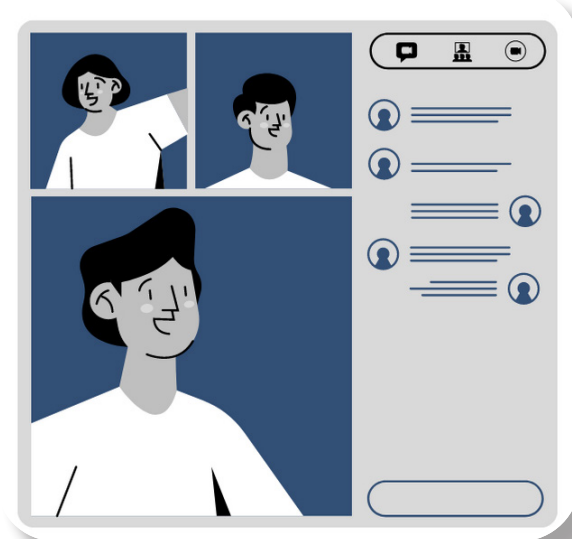


Virtual training for professional caregivers of Veterans. 8/20/20

Virtual M4A Coffee Break event for seniors and caregivers to fight elder exploitation. 7/1/20



Virtual investor education presentation to the Montgomery Kiwanis Club. 6/23/20



Summary Report of Investor Education Events

ALABAMA SECURITIES COMMISSION (ASC), EDUCATION AND PUBLIC AFFAIRS (EDU&PA) Fiscal Year FY 2019-2020 (10/1/19 - 9/30/2020) Totals for this FY were impacted by COVID-19: Events 53. Since March 16, 2020 over 34 public events were postponed. Grant awards and other partner commitments projected over 100 events during FY2019-2020 prior to COVID-19.

<u>Date</u>	<u>Place</u>	<u>Number</u>	<u>Audience Type</u>
Jul-Sep	*Alabama Broadcasting Assoc.	Estimate: 6,000,000+	Viewers/listeners of TV/Radio all over Alabama
9/23/20	Virtual	Estimate: 25,000+	Viewers/callers of WSFA TV AARP* Hotline
9/17/20	Virtual	Estimate: 100+	FPA* of North Alabama Annual Symposium
9/8/20	Virtual	Estimate: 80+	Institute of Internal Auditors members
8/31/20	Virtual	Estimate: 20+	Baldwin County DA staff and law enforcement
8/28/20	Virtual	Estimate: 50+	Alabama Chapter of the ACFE*
8/20/20	Birmingham, AL at the Wynfrey Hotel	100+	DHR*/APS* Annual Conference
8/20/20	Virtual	Estimate: 15+	Birmingham VA* Social Work Edu Committee
8/13/20	Virtual	Estimate: 100+	ASCPA* members
7/31/20	Virtual	Estimate: 20+	Baldwin Cty Elder Abuse Task Force
7/1/20	Virtual	Estimate: 100+	M4A* Coffee Break Facebook session
6/23/20	Virtual	Estimate: 30+	Kiwanis Club of Montgomery meeting
6/22/20	Virtual	Estimate: 50+	ACFE conference for investigators
6/17/20	Virtual	Estimate: 30+	MORS* 88th Symposium for military personnel
5/21/20	Virtual	Estimate: 500+	BBB* from GA who has four counties in Alabama
5/21/20	Virtual	Estimate: 50+	InfraGard Webinar for law enforcement
5/18/20	Virtual	Estimate: 2000+	AARP, AAGO*, ASC, and BBB of North Alabama teletown hall
3/13/20	Cullman, AL at Northbrook Baptist Church	28	NARCOG community outreach program
3/2/20	Montgomery, AL - Landmark Church of Christ	114	Victim Service Officers
2/28/20	Montgomery, AL at the Capital City Club	50	Members of Montgomery Lions Club
2/21/20	Athens, AL at the Hampton Inn	40	Members of IMA* Gulf South Regional Council
2/19-20/20	Birmingham, AL at the Sheraton Hotel	600	DECA members for Alabama Highschools
2/15/20	Eufaula, AL at the Eufaula Carnegie Library	65	Citizens of Eufaula and surrounding areas
2/13/20	Montgomery, AL at Huntingdon College	50	Sorority members of Huntingdon College
2/8-9/20	Auburn, AL at Auburn University	200	College students from the Southeast
2/7/20	Boaz, AL at the Veterans of Foreign War Building	169	Marshall County DHR* caregivers outreach
2/3-5/20	Rogersville, AL at Joe Wheeler State Park	60	Investigators from Alabama
1/27/20	Montgomery, AL at the FUMC*	33	BBB of Cen. and So. AL community outreach
1/24/20	Mobile, AL at the Mobile Country Club	30	FPA of the Gulf States members
1/16/20	Mobile, AL at T.P. Crockmiers Restaurant	44	ASCPA* women's section members
1/15/20	Montgomery, AL at MACOA* Office	27	Montgomery Leadership members
1/15/20	Montgomery, AL at the ASC*	15	FSI* members
1/14/20	Northport, AL at Levee Restaurant	85	ASCPA members
12/11/19	Montgomery, AL at MACOA Office	20	ACES* community outreach program
12/5/19	Florence, AL at the Coliseum	96	Senior center managers and volunteers
12/4/19	Mobile, AL at WKRG TV	25,000+	Viewers/callers of WKRG TV AARP Hotline
12/3/19	Montgomery, AL at the ASC	7	AJC* Board meeting and event planning
11/20/19	Montgomery, AL at the ASC - to film	25000+	WSFA TV in Montgomery, AL viewers
11/14/19	Greensboro, AL at the Hale Cty Tech CTR	19	AERA* Hale County Chapter
11/12/19	Montgomery, AL at the WSFA Studio	25,000+	Viewers/callers of WSFA TV AARP Hotline
11/12/19	Univ. of AL (UA) Elder Law Clinic (conf. call)	5	Law Students from UA Elder Law Clinic
11/12/19	Greenville, AL - Beeland Park Comm. CTR	36	Kiwanis Club of Greenville meeting
Note: Asterisked Items are spelled out on next page.			PAGE 1 OF 2

11/6/19	Trussville, AL at the Civic Center	250	Infragard 2019 Financial Fraud Summit
11/5/19	Athens, AL at the 306 Barbecue Restaurant	45	BBB of N. AL Fraud Panel luncheon
11/4/19	Montgomery, AL at the FUMC	45	Professional and citizen caregivers
10/31/19	Wetumpka, AL at the 1st Baptist Church	40	Senior outreach program
10/31/19	Tuscaloosa, AL at Indian Hills Country Club	24	Tuscaloosa Exchange Club meeting
10/28/19	Montgomery, AL at the Drury Inn	70	ASHL* members at annual conference
10/25/19	Hoover, AL at the Embassy Suites	55	Attorney training for Real Estate Law
10/24/19	Birmingham, AL at the Homewood Library	18	AAll* Birmingham Chapter meeting
10/23/19	Oneonta, AL at the Heritage Golf Course	60	M4A* law enforcement training
10/17/19	Montgomery, AL at the ALDOC*	30	ALDOC law enforcement training
10/10/19	Millbrook, AL, Stanhope Elmore HS	90	High school students
10/2/19	Pelham Civic Center in Pelham, AL	115	M4A law enforcement training
10/1/19	Montgomery, AL at the AARP Office	300+	AARP Veterans Fraud Town Hall call-in

Explanation of asterisked items:

AAA = Area Agency on Aging	FBA = Federal Bar Association
AAGO = Alabama Attorney General's Office	FBLA = Future Business Leaders of America
AAll = The American Assoc. Individual Investors	FCU = Federal Credit Union
AAUW = American Association of University Women	FINRA = Financial Industry Regulatory Authority
AARB = Alabama Association of Regulatory Boards	FPA = Financial Planning Association
AARP = American Association of Retired Persons	FSI = Financial Services Institute
ACEE = Alabama Council on Economic Edu.	FUMC = First United Methodist Church
ACES = Alabama Cooperative Extension System	HMCSS = Huntsville-Madison County Senior Center
ACFE = Association of Certified Fraud Examiners	HOPE = Operation Hope
ADSS = Alabama Dept. of Senior Services	HPCUG = Huntsville PC User Group
AERA = Alabama Education Retirees Association	IMA = Institute of Management Accountants
AFWA = Accounting & Financial Women's Alliance	IPT = Investor Protection Trust, Washington, DC
AGA = Association of Government Accountants	JCBOE = Jefferson County Board of Education
AJC = Alabama Jump\$tart Coalition	LRCOG = Lee-Russel Council of Governments
ALDOC = Alabama Department of Corrections	M4A = Middle Alabama Area Agency on Aging
AOPS = Alabama Office of Prosecution Services	MACAO = Montgomery Area Council On Aging
APEAL = Alabama Public Employees' Advocacy League	MCBA = Montgomery County Bar Association
APS = Adult Protective Services	MCDAO = Montgomery County District Attorney's Office
ASC = Alabama Securities Commission	MORS = Military Operation Research Society
ASCPA = Alabama Society of Certified Public Accountants	NACOLG = The Northwest Alabama Council of Local Governments
ASCW = Alabama Conference of Social Work	NARCOG = N. Central AL Regional Council Local Governments
ASHL = Alabama Silver Haired Legislators	NAIFA = National Association of Insurance and Financial Advisors
ARSEA = Alabama Retired State Employees' Assoc.	NASAA = North American Securities Administrators Association
ATRC = Alabama Tombigbee Regional Commission	SARPC = South Alabama Regional Planning Commission
BBB = Better Business Bureau	SCADC= South Central Alabama Development Commission
BBRC = Birmingham Business Resource Center	SFEPD = Society for Financial Edu. and Professional Development
BJCC = Birmingham-Jefferson Convention Complex	TARCOG = Top of Alabama Regional Council of Governments
CAAC = Central Alabama Aging Consortium	TVA = Tennessee Valley Authority
CAPNA = Community Action Partnership of North AL	UMC = United Methodist Church
COA = Council on Aging	UWAAA = United Way Area Agency on Aging
DECA = Distributive Education Clubs of America	VA = United States Department of Veterans Affairs
DHR = Department of Human Resources	Viewers not counted in total number trained
EAMC = East Alabama Medical Center	WARC = West Alabama Regional Commission
EJTF = Elder Justice Task Force	

* The Alabama Broadcasters Association managed a 3-month advertising campaign across 35 television stations and 90 radio stations throughout the state. The broadcast signals reached over two million people each month resulting in over 6,000,000 impressions via television and radio.

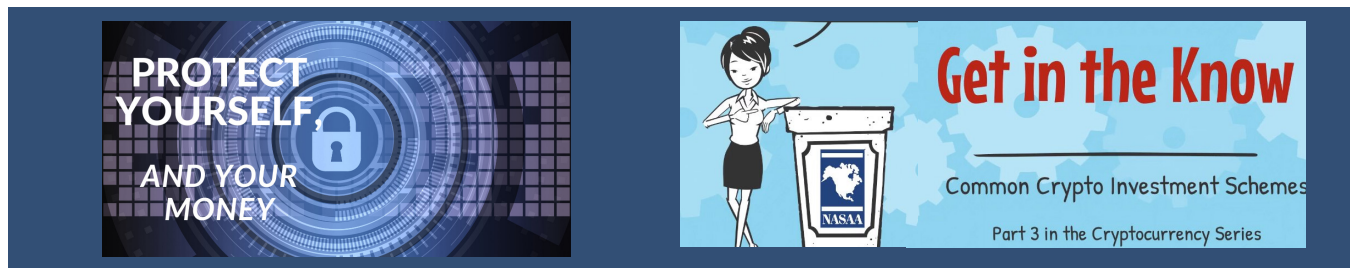
NASAA Involvement (North American Securities Administrators Association)

The Commission continues its membership with the North American Securities Administrators Association (NASAA). NASAA is the oldest international organization devoted to investor protection organized in 1919. 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 the promotion of programs focusing on 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.

The following ASC staff members participated in NASAA project groups and/or committees:

Staff	Involvement
Joseph Borg, Director	Enforcement Chair
Amanda Senn, Chief Deputy Director	Deposition and Litigation Skills Training, and Cybersecurity (Chair)
Lisa Tolar, Registration Manager	Market Regulatory Policy and Review
Jeffery (Beau) Brown, Attorney IV	Financial Technology (FinTech)
Leslie Worrell, Attorney III	Professional Development
Ricky Locklar, Senior Special Agent	Enforcement and Enforcement Zones
Mike Gantt, Senior Special Agent	Enforcement Training
Tim Adams, Securities Analyst, Senior	Finance and Audit Working Group
Sandra Smith, Securities Analyst, Senior	Business Organizations and Accounting
James McDowell, Chief of Cybersecurity	Enforcement Technology and IA Cybersecurity and Technology (Co-chair)
Bobby Sharp, Special Agent	Broker Dealer Training
Nick Vonderau, Marketing Specialist	Life Stages
Faith Feaga, Public Information Specialist	Digital Media Tools & Resources and Member Services



Director Joseph P. Borg participated as a panelist in the developments in trends and enforcement session during the NASAA 2020 Annual Meeting. A notable topic covered during the session was NASAA's international sweep of investment scams tied to COVID-19. The task force led by ASC staff, consisted of 111 investigators from 44 jurisdictions across Canada, Mexico, and the United States. As of October 2020, the task force identified 244 schemes and took 220 distinct actions. The task force additionally reviewed over 200,000 newly registered domains related to COVID-19. Other topics covered by panelists were senior investment fraud, sales practice abuses, and critical enforcement cases.



Chief Deputy Director Amanda Senn testified before the U.S. House Subcommittee on National Security, International Development and Monetary Policy as a subject matter expert in financial crimes on June 16, 2020. Senn spoke on behalf of NASAA at the *Cybercriminals and Fraudsters: How Bad Actors Are Exploiting the Financial System During the COVID-19 Pandemic* hearing. Senn provided testimony on the rise of cyber financial schemes, how these scams are perpetrated, efforts undertaken by state securities agencies to protect the public and protection recommendations for vulnerable populations.

“It is an honor to have the opportunity to speak on behalf of the NASAA membership and represent my home state of Alabama,” said Chief Deputy Director Senn. “I feel proud of how securities regulators across North America have banded together to fight fraud collectively during this pandemic.”





BALDWIN COUNTY

Another Spider in the Synergy Finance Web of Deceit Swept Away by the Alabama Securities Commission

November 27, 2019 – Robert Wilters, District Attorney for the 28th Judicial Circuit, Baldwin County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on November 19, 2019, Harold L. Andrews, one of a dozen individuals convicted of Alabama securities law violations in relation to Synergy Finance Group LLC, pled guilty before Judge Joseph Norton to one count of Securities Fraud and to one count of Sale of an Unregistered Security.



“This case is one in a web of many violations of Alabama’s securities law and began in 2010 with the successful prosecution of Robert J. Tucker. Unfortunately, the complexity of the fraud was furthered by the involvement of multiple lawyers as account overseers. This agency is equipped to seek justice for all Alabamians that are victims of even the most sophisticated investment cons,” said Alabama Securities Commission Director Joseph P. Borg.

Robert J. Tucker was the first to be arrested on July 8, 2010 in the Synergy Finance Group LLC (Synergy) scheme and was ultimately found guilty of 13 counts involving criminal activities associated with Synergy. An investigation by the ASC revealed that Tucker was operating an international “multi-billion-dollar loan brokerage” sham. Tucker represented to victims that their money would be invested in high yield accounts overseas and in return they could garner a “non-recourse loan.” Investors believed their funds would be held in a trust account overseen by a lawyer, but the funds were immediately transferred to Tucker’s bank accounts.

Since Tucker’s arrest, Michael David Judd, Paul Liggett, Scott Koster, Sam Williams Jr, John Childs, Brandon Colker, Henry Young, Vahak Dino Awadisian, Kirk Patterson and Khatra Mohamed all pled guilty to securities- related charges in the Synergy scheme and were ordered to pay a combined total of over \$4.9 million in restitution. The defendants have been extradited to Alabama from all over the globe including California, New York, and Eastern Europe for their crimes committed against Alabamians.

Harold L. Andrews of Duluth Georgia was sentenced to 7 years’ incarceration, suspended, and 5 years of supervised probation for his involvement in the Synergy scheme. Andrews was ordered to pay \$50,000 in restitution to the victim. As of November 26, 2019, Andrews is the twelfth individual to be convicted. ASC records showed that neither he nor Synergy Finance Group, LLC were registered to offer and/or sell securities within Alabama as required by the Alabama Securities Act.



BUTLER COUNTY

Faith-Based Board Game Swindler Busted by the Alabama Securities Commission

December 6, 2019 – Charlotte Tesmer, District Attorney for the 2nd Judicial Circuit, Butler County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announce that Rozell Adams was sentenced before Circuit Court Judge Terri B. Lovell on December 5, 2019 for one count securities fraud, which is a Class B felony.



Adams was sentenced for failing to disclose to investors that he did not have the rights to sell the board game (Kingdom of Eloi) and that neither he nor the game's stock was registered with the Alabama Securities Commission as required by Alabama law. The scam transpired by Adams convincing an unwitting high school acquaintance of the merits of investing in a "Christian" board game. The friend, who had significant influence in the community, introduced Adams to other church and community leaders. The pool of investors grew. Victims were told their investments would be used for mass-producing the faith-based board game. However, the money was spent on Adams' personal expenses. Ultimately, 71 investors were taken advantage of and Adams' sentence includes an order to pay complete restitution of \$12,480.

"The dollar amount of an investment fraud is inconsequential. If the commission believes a crime occurred against Alabamians, we will pursue legal action. The disheartening side of this scam is how Adams took advantage of the faith and trust of so many," said Alabama Securities Director Joseph P. Borg.

Adams was indicted on September 9, 2014 and his whereabouts were unknown. On September 10, 2019, while incarcerated in Florida for committing a similar crime, Adams' arrest warrant from Alabama was served.

Adams' sentence is ten years incarceration to be served on a reverse-split sentence basis. After five years of probation, he will serve one year in the penitentiary or show good cause why the split portion of the sentence should be suspended. Furthermore, Adams consented to a permanent bar from participating in the securities industry within the State of Alabama.

"Today's sentencing should send a clear message that the Alabama Securities Commission will actively seek retribution for Alabamians who are victims of securities fraud. This is a victory for the State as well as the victims in Butler County and I am grateful for the collaboration of Assistant District Attorney Stephen J. Townes," said lead prosecutor on this case for the Alabama Securities Commission, Anne Gunter.

Adams' scam is an example of affinity fraud, which is an investment scam that preys upon members of identifiable groups, which include churches, the elderly, ethnic groups, and professional groups. The best way to protect yourself from affinity fraud is to contact the ASC to ensure that the professional or the products offered are registered as required by Alabama law.

Enforcement Headlines by County



Never make an investment decision that is based solely on the recommendation of a member of an organization, or religious or ethnic group to which you belong. You should investigate thoroughly and verify the legitimacy of every statement that you are told about the investment.

JEFFERSON COUNTY

Alabama Securities Commission Gets Return on Long Term Investigation of Prime Bank Fraud Scheme; Three Plead Guilty to Securities Violations

February 14, 2020 - Danny Carr, District Attorney for the 10th Judicial Circuit, Jefferson County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announced that on February 10, 2020, Ralph Maurice Metters, aka Malachi Levy, pled guilty to securities fraud in Jefferson County, Alabama. Circuit Court Judge Shante Owens imposed a 10 year sentence, split to serve 24 months in jail, and ordered Metters to pay \$535,000 in restitution as a result of the financial loss to the victims.



Metters was the last of 3 defendants to plead guilty to perpetrating a Prime Bank Fraud Scheme, which involved the promise of high yield returns through instruments described as “Standby Letters of Credit” (SBLC) and “Bank Guarantees” (BG). Metters, along with co-defendants Michael Fullard and Ramona Tamara Maddrey, aka Ramona Merritt, aka Keren Merritt, sold the SBLC’s and BG’s to investors in exchange for cash investments ranging between \$50,000 and \$400,000. To entice the victims to invest and to provide legitimacy to the scheme, the defendants told the victims their money would remain in an attorney’s trust account until the SBLC or BG was procured. The investigation revealed, however, that the investors’ funds were used by the defendants for personal expenses including Bloomingdales, MGM Grand Hotel, Lowe’s, Wal-Mart, Ashleys Home Store, and Pier 1, and that the SBLC’s and BG’s did not actually exist.

The co-defendants’ cases were concluded prior to Metter’s plea. On August 29, 2019, Michael Fullard pled guilty before Circuit Court Judge Tracie Todd to conspiracy to commit securities fraud. The Court sentenced Fullard to serve 6 years, with a reverse split of 3 years’ probation followed by 2 years in prison and ordered him to pay \$310,000 in restitution to victims. Fullard was residing in South Carolina at the time he committed the crime, but is currently living in Alabama.

Maddrey, also an Alabama resident, pled guilty on December 11, 2018 before Circuit Court Judge Virginia Vinson to Securities Fraud. Maddrey was ordered to pay \$535,000 in restitution and was sentenced to serve 10 years’ incarceration. Following her cooperation with the State of Alabama, the sentence was suspended and Maddrey was placed on probation for 5 years.

“This was a complex case that took years of investigation. It is a victory demonstrating that con artists are held accountable for breaking the law and cheating Alabamians,” said ASC Associate

Enforcement Headlines by County



Counsel Leslie Worrell.

“Two of the three felons used aliases. Alabama law requires most securities and financial professionals to be registered with the ASC. Calling our agency, before investing, helps safeguard against frauds like this. If a name does not register in our system, it can serve as a red flag for investors that it might be a fraud,” said Alabama Securities Commission Director Joseph P. Borg.

The Alabama Securities Commission would like to thank the Jefferson County District Attorney’s Office, the Jefferson County Sherriff’s Office and the Tuscaloosa Sherriff’s Office for their invaluable cooperation and substantial support which helped secure these convictions.

MORGAN COUNTY

Steenson Guilty of Quick Flip Land Scam Ensnaring Senior Investors in Alabama

February 14, 2020 - Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announced that on February 10, 2020, Gregory Steenson of Priceville, Alabama pled guilty before 8th Judicial Circuit Court Judge Charles Elliott to charges of Securities Fraud and Financial Exploitation of the Elderly.



Steenson was ordered by Judge Elliott to make restitution of \$113,000 to three Alabama victims. Steenson was sentenced to 15 years and will serve two years in a state prison which will be followed by five years of probation. In addition, Steenson is permanently barred from holding a securities license. Steenson’s convictions of Securities Fraud and Financial Exploitation of the Elderly are Class B felonies due to a previous bank fraud felony. The punishment for a Class B felony ranges from 10 years to 99 years. Steenson is currently being held at the Morgan County Jail and faces additional charges.

In June 2015, Steenson sold profit-sharing agreements to three investors to finance a quick “flip” of real estate. Steenson misrepresented to the investors that the invested funds would be used to purchase real estate in Tennessee. The land was never purchased and Steenson spent the money on personal and other business expenses.

SHELBY COUNTY

Miami Man is Sentenced to Prison and Ordered to Pay Back Millions to Alabama Victims

February 20, 2020 - Jill Hall Lee, District Attorney for the 18th Judicial Circuit, Shelby County, Alabama; and Joseph P. Borg, Director of the Alabama



Enforcement Headlines by County



Securities Commission (ASC) announced that on February 4, 2020, John David Geraci of Miami, Florida pled guilty before Circuit Court Judge Lara Alvis to one count of Sale of an Unregistered Security.

Geraci pled guilty to the Class C Felony and was ordered to pay restitution in the amount of \$2,060,135. Judge Alvis imposed a 10 year sentence with 20 months to be served in prison, which is 4 months short of the maximum 24 month incarceration term permitted under Alabama law. The remainder of the sentence was suspended and Geraci will be placed on supervised probation for 3 years following the period of incarceration. Geraci was also permanently barred from the securities industry in Alabama.

Geraci offered and sold, to an Alabama investor, an investment in a fund he owned called the “Meridian Matrix Long Short Equity Fund.” The investor was to receive \$2,000,000 worth of shares after he sent three wire transfers totaling \$2,060,135 to Geraci in August 2015. The fund wasn’t registered with the ASC as required by the Alabama Securities Act.

On January 23, 2020 Geraci was also sentenced by United States District Judge Alison Nathan, Southern District of New York, to 24 months with the Bureau of Prisons (BOP) for conspiring to commit securities and wire fraud. Following his federal prison term, he will serve three years of supervised probation. The federal court ordered Geraci to pay restitution of \$1,098,971.38 as a result of Geraci’s use of the investment funds to pay his personal expenses, including payments on a BMW automobile, a gym membership, gas, groceries, travel expenses, and cellphone bills to additional Alabama victims. Geraci’s co-defendant in the federal case was also ordered to pay restitution to the Alabama investors. The federal case is related to the charges brought by the ASC against Geraci and his state sentence will run concurrent with his federal sentence.

ASC Director Joseph Borg said “We are committed to protecting Alabama residents against those that violate the securities laws. In order to promote confidence in our capital markets and for the safety of our investing public, we will prosecute those who cheat Alabamians.”

TUSCALOOSA COUNTY

Alabama Man Pleads Guilty to Securities Fraud in Tuscaloosa County

October 1, 2019 - Hays Webb, District Attorney for the 6th Judicial Circuit, Tuscaloosa County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announced that on September 26, 2019, Michael Holmes (Holmes) pled guilty before the Honorable Circuit Court Judge Allen W. May to Securities Fraud for fraudulent investments related to producing signage.

Between September 2018 through October 2018, Holmes, convinced two people to invest in alleged contracts he had to produce signs for a business. The agreement was that the two victim investors would help fund the jobs and would receive their principal and a profit for their investment based on the work and effort





of Holmes. However, Holmes misled the victim investors because Holmes was not contracted to produce any signs. Instead, Holmes used the money on personal expenses.

Holmes was ordered by Judge May to make complete restitution of \$20,000.00 to the victims and Holmes consented to a permanent bar from participating in the securities industry within the State of Alabama. Holmes was sentenced to 5 year reverse split sentence to serve 2 years, with five years' probation. Securities Fraud is a Class B felony, punishable by not less than two years, but no more than 20 years in prison, and a fine not to exceed \$30,000.

Instead of Striking Oil, Fraudster Strikes With Deceit to an Alabama Investor

June 22, 2020 - District Attorney Hays Webb of the 6th Judicial Circuit Court, Tuscaloosa County, and Alabama Securities Commission Director Joseph P. Borg announce that Teresa Marta Jackson of Dana Point, California pled guilty to one count of securities fraud for stealing \$100,000 from an Alabama resident based on a fraudulent oil well investment. Securities Fraud is a class B felony, with a range of punishment of 2 to 20 years, a fine of up to \$30,000, plus victim compensation assessments and other court costs.

Jackson appeared before Judge John Henry England, Jr. and was sentenced to 10 years of prison with a 5-year probation period to begin immediately and is required to repay the balance owed of \$76,500 to the Alabama investor. After a five-year probation period, Jackson is subject to a two-year prison sentence with the Alabama Department of Corrections unless she fully complies with the terms of probation and pays full restitution to the Alabama victim. In conjunction with her plea, Ms. Jackson made a lump sum payment of \$36,550 towards the total amount owed to the Alabama investor on June 15, 2020. As part of her plea Ms. Jackson is permanently barred from offering and selling investments to anyone in Alabama.

Between April 2012 and April 2015, Jackson convinced the victim to invest \$100,000 in a fraudulent oil well investment, and led the victim to believe that the investment was profitable. Jackson cleverly gained the victim's trust by establishing common bonds, both were Christians and both had elderly mothers they were caring for. Jackson also played on a fear of the stock market crashing and convinced the victim that a crash was imminent and an investment in oil was a safer bet. However, the oil wells did not exist. Jackson furthered the fraud by lulling the victim through monthly emails giving fake oil reports and phony oil prices to justify the amount of the monthly dividend.

Ms. Jackson used the Alabama investor's money for personal use, including online gambling, shopping, Mercedes car payments, husband's alimony payments to his ex-wife, and health club dues. The victim's funds were never invested into the oil wells as promised. When communications and interest payments stopped coming from Jackson, the Alabama investor contacted the ASC for help. As a result of an ASC investigation, the Tuscaloosa County Grand Jury returned a felony indictment in June of 2018. In California she was arrested on the Alabama Grand Jury warrant by the Orange County Sheriff's Office at her residence in Dana Point on

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February 22, 2019. Jackson then obtained an attorney in Alabama who made arrangements for her to appear in court for arraignment and turn herself in. She thereafter travelled to Alabama on her own volition to appear in court and pled guilty to one count of securities fraud.

Director Borg said, “The oil scam is one of the more common and oldest cons we see in Alabama. No person can sell investments in Alabama without being licensed. Before handing over your money, help protect yourself and call us to check if the person and the products being offered are properly registered and licensed.”

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ALABAMA SECURITIES COMMISSION FLATTENING THE THREAT OF COVID-19 CON ARTISTS TARGETING ALABAMA INVESTORS

MONTGOMERY, ALABAMA (May 1, 2020) The Alabama Securities Commission (ASC) announced today that it joined an international enforcement task force organized by the North American Securities Administrators Association (NASAA) to investigate fraudsters looking to capitalize during the novel coronavirus COVID-19 pandemic.

ASC is a member of NASAA, the membership organization of state and provincial securities regulators in the United States, Canada and Mexico. The task force consists of state and provincial securities regulators and was formed to identify and stop potential threats to investors stemming from the COVID-19 pandemic. Task force members are using online investigative techniques to identify websites and social media posts that may be offering or promoting fraudulent offerings, investment frauds, and unregistered regulated activities.

“COVID-19 investment schemes are a significant threat to Alabamian investors,” said Director Joseph P. Borg. “Cybercriminals need to know that the Alabama Securities Commission is dedicated to effectively protecting investors from COVID-19 investment scams.”

To assist in protecting investors from COVID-19 investment scams the ASC launched a new email address to encourage public reporting of fraudulent COVID-19 scams. Investors who see or suspect they fell victim to COVID-19 related investment scams can directly report them by email; send details to COVIDCONS@asc.alabama.gov.

“Reporting suspicious COVID-19 related investment offers is important to help the ASC investigate and prosecute illegal activities and protect Alabamians from becoming a victim of

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financial fraud.” said Chief Deputy Director Amanda Senn.

A critical component of the “COVID-19 Sweep” is investor awareness. To help investors identify red flags of possible investment fraud the Alabama Securities Commission has provided some questions to ask before making a new investment.

1. Is the investment being offered with a guaranteed high return with little or no risk? All investments carry risk that you may potentially lose some or all your money. Anyone who says their investment offer has no risk is lying and no one can guarantee an investment return.
2. Is there a sense of urgency to invest or limited availability of detailed information surrounding the investment? If someone offers you a “can’t miss” investment opportunity and pressures you to invest right now, don’t be afraid to walk away.
3. Is the person offering the investment, and the investment itself, properly licensed or registered? For the same reasons you wouldn’t go to an unlicensed doctor or dentist, you should avoid unregistered investment salespeople and their products.

THE WAR AGAINST COVID-19 INVESTMENT FRAUD CONTINUES

MONTGOMERY, ALABAMA (July 16, 2020) – The Alabama Securities Commission (ASC) has joined forces with securities regulatory agencies in North America to fight financial fraud in the war against COVID-19 cyber investment schemes.

The initiative to collaborate with other state and provincial agencies stems from the ASC’s membership in the North American Securities Administrators Association (NASAA). NASAA is a nonprofit that employs the collective resources of state and provincial securities regulators in North America to protect investors.

Currently, more than 100 investigators from 44 jurisdictions including the United States, Canada, and Mexico, are participating in a NASAA COVID-19 enforcement task force. The task force’s objective is to protect investors from COVID-19 cyber related investment scams. Since April, the task force identified 91 potentially fraudulent websites; resulting in 54 ongoing investigations, 15 cease and desist orders and the issuance of 8 caution letters.

Joseph P. Borg, Director of the ASC and chair of NASAA’s Enforcement Section said, “The task force is implementing online investigative techniques to actively research and stop investment schemes that utilize the internet and the COVID-19 pandemic to defraud investors.”

Since the start of the COVID-19 crisis, the ASC has been proactively identifying and responding to threats against Alabama investors. Since April, the ASC has opened 11 investigations into suspected investment fraud or illegal activities, issued 9 cease and desist orders to individuals or

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companies, and generated public awareness regarding the scams. Additionally, the ASC made 76 referrals to the National Center for Disaster Fraud to protect Alabama residents.

TEXAS AND ALABAMA SECURITIES REGULATORS TEAM UP TO UNCOVER GLOBAL INVESTMENT SCAM

MONTGOMERY, ALABAMA AND AUSTIN, TEXAS (August 14, 2020) - The Texas State Securities Board (TSSB) and the Alabama Securities Commission (ASC) issued emergency cease and desist orders simultaneously to Liquid Gold Trust, Liquidity Card Solution LLC, Liquidity Global Card Solution and Lance Angus Jerrard. The orders state that the respondents are attempting to defraud Texas and Alabama investors, the respondents engaged in dishonest business practices and the investments offered are not registered as required by Alabama and Texas law. Investors from these states should avoid doing business with Liquid Gold Trust, Liquidity Card Solution LLC, Liquidity Global Card Solution and Lance Angus Jerrard.

In numerous advertisements, Liquid Gold Trust, Liquidity Card Solution LLC, Liquidity Global Card Solution and Jerrard falsely claim that by investing in cryptocurrency debit cards investors can avoid financial stress caused by the COVID-19 pandemic and make money while staying home. Further, Liquid Gold Trust fraudulently offers guaranteed investments they claim will earn \$10,000 per month on their website www.lgtmap.com.

ASC Director Joseph Borg said, “A guaranteed investment with astronomical pay off’s is like finding a pot of gold at the end of a rainbow shining in the sky over your back yard. Also, the characters in this outrageous offer are not legally registered to conduct business in the states of Texas or Alabama. We would like to extend a special thank you to the Texas State Securities Board for working together to investigate and place cease and desist orders to thwart those who would cheat our citizens.”

“Blockchain technology and cryptocurrencies such as stablecoins provide exciting new commercial opportunities,” said TSSB Commissioner Travis J. Iles. “The excitement also empowers bad actors, as they can craft fraudulent schemes to capitalize on the enthusiasm and promote a false sense of legitimacy. Schemers have weaponized current uncertainties resulting from the pandemic and other economic disruption placing Texas investors in jeopardy. Since March, the profusion of fraudulent schemes has been unprecedented.”

“The prospect of guaranteed monthly income may seem like a dream come true during times of economic uncertainty,” said TSSB Enforcement Director Joe Rotunda. “Unfortunately, cryptocurrency scams typically fail to support promises of prosperity with facts and evidence. In the end, it’s often smoke and mirrors, with a technological twist.”

The TSSB and the ASC caution all investors to thoroughly research investments. The vital first step when researching a financial professional or product is calling the TSSB or ASC to confirm their registration. Contact your state’s securities regulator to report suspected fraud and inappropriate securities business practices. Free investor education materials can be found on

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the ASC website at www.asc.alabama.gov or TSSB website at www.ssb.texas.gov/investors. If you are not located in Texas or Alabama, you can locate the regulator dedicated to protecting your investing interests - <https://www.nasaa.org/contact-your-regulator/>.

ALABAMA SECURITIES COMMISSION PARTICIPATES IN COORDINATED INTERNATIONAL CRACKDOWN ON CORONAVIRUS SCAMS

Montgomery, Alabama (August 19, 2020) - The Alabama Securities Commission (ASC) today announced its participation in the COVID-19 Enforcement Task Force, an international investor protection initiative to crack down on schemes related to the ongoing COVID-19 pandemic. The task force is coordinated by the North American Securities Administrators Association (NASAA), of which ASC is a member.

As part of this coordinated enforcement effort the ASC has been proactively identifying and responding to threats against Alabama investors. Since April 2020, the ASC has opened 13 investigations into suspected investment fraud or illegal activities, issued 8 cease and desist orders to individuals or companies, and generated public awareness regarding the scams. Additionally, the ASC made 91 referrals to the National Center for Disaster Fraud to protect Alabama residents.

With 111 investigators representing 44 jurisdictions in the United States, Canada, and Mexico, the COVID-19 Task Force represents the largest coordinated enforcement initiative undertaken by state and provincial securities regulators. So far, the task force has disrupted more than 200 schemes related to the pandemic.

“Con artists follow the headlines and it is no surprise that COVID-cons are targeting investors in Alabama. Some of these investors are hoping to get rich quick. Others are just desperately trying to make ends meet due to a lost job or mounting medical bills. We are putting criminals on notice that the ASC is taking swift and effective action to protect investors,” Director Joseph P. Borg said.

Many of the schemes detected by the task force incorporate fear and anxiety into their pitches by promoting safe returns independent of the stock market and the economy. Others offer unrealistically and guaranteed high rates of return. Many promoters refer to returns as “passive income” or “cash flow” and promise to pay it on a monthly basis, which may appeal to unemployed retail investors or victims who are or may be negatively impacted by changes in the economy.

Common schemes also often exploit trendy assets such as cryptocurrencies or mysterious programs involving forex trading. “These types of products may sound appealing, but they also are the types of products unfamiliar to inexperienced retail investors,” said Borg.

There are several ways investors can protect themselves from fraud, for example:

1. Before sending any money make sure the person offering the investment, and the

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investment itself, is properly licensed or registered. You can check easily by contacting the ASC at 1-800-222-1253.

2. Don't fall for claims of guaranteed returns. All investing involves risk, and no one can guarantee a return.

3. Don't fall for unreasonably high rates of return.

The ASC is Alabama's state government securities regulatory agency. The mission of the ASC is to protect Alabamians from investment fraud and preserve legitimate capital markets in Alabama. To access investor education materials or request a virtual presentation visit the ASC website ([click here](#)).

ALABAMA SECURITIES COMMISSION TEAMS UP WITH FEDS TO DEFEND SENIORS LURED TO TRADE SOLID INVESTMENTS FOR EMPTY GOLD MINE

MONTGOMERY, ALABAMA (September 25, 2020) – The Alabama Securities Commission (ASC) announced today that it is participating in a consolidated nationwide enforcement action to stop a fraudulent precious metals scheme that has solicited \$185 million from at least 1,600 seniors and other investors. The ASC joined the Commodity Futures Trading Commission and 29 other states in filing a complaint in the U.S. District Court for the Northern District of Texas alleging Metals.com and Barrick Capital Inc. defendants solicited \$185 million from seniors and other vulnerable investors nationwide by touting precious metals at grossly inflated prices that were not disclosed.

“The defendants had a reckless disregard for the truth by failing to disclose that virtually every investor lost the majority of their funds in the investments the firm was peddling,” said ASC Director Joseph P. Borg. “They capitalized on investor fear of market instability and economic uncertainty. Investors suffered substantial losses from retirement savings by relying on the false representations made by the defendants and their sales representatives.”

On September 22, 2020, The Honorable Judge David C. Godbey of the U.S. District Court for the District of Northern District of Texas entered a restraining order freezing the assets of the defendants and the relief defendant and permitting the CFTC and the states to inspect all relevant records. The court also appointed a receiver to take control of Metals.com, Barrick, and Tower Equity, as well as the assets of Asher and Batashvili.

“This historic joint effort between the CFTC and 30 state regulators is an important step toward rooting out fraud across the country,” said CFTC Chairman Heath P. Tarbert. “This case highlights just how geographically broad commodities fraud can be in our rapidly-evolving financial markets and how important it is for regulators at all levels of government to work together to pursue bad actors and protect market participants.”

The complaint names Los Angeles, California--based companies TMTE Inc., also known as

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Metals.com, Chase Metals Inc., Chase Metals LLC, Barrick Capital Inc., along with Simon Batashvili, Lucas Asher, and Tower Equity LLC. The defendants are accused of using cold calling and social media advertisements designed to instill fear in elderly and retirement-aged investors. To build trust with investors, the defendants represented that they had similar political and religious ideologies. Then, investors were advised to liquidate their holdings at registered investment firms to fund investments in precious metals bullion and bullion coins through self-directed individual retirement accounts.

The defendants are also accused of failing to disclose the markup charge for their precious metals bullion products and that investors could lose the majority of their funds once a transaction was completed. The defendants charged investors prices for gold or silver bullion averaging from 100% to more than 300% of the melt value or spot price. In many cases, the market value of the precious metals sold to investors was substantially lower than the value of the securities and other retirement savings investors had liquidated to fund their purchase.

In Alabama, dozens of investors were defrauded in the execution of this national scheme. Many Alabama investors liquidated their existing retirement accounts, which contained securities, to obtain funds to purchase the metals. Investors were not made aware of the large mark ups, which resulted in significant losses to their retirement funds. The Alabama investors who did learn of the loss were told by the defendants that the coins were exclusive, had collector value, and therefore they had not taken a loss.

The complaint requests the Court order the defendants to cease sales activity, return money to investors, and stop defrauding investors and violating federal and state laws going forward.

Metals.com and its agents have attempted to evade previous regulatory actions from 12 states by, among other tactics, changing its business name. Today's coordinated state and federal action to put a stop to the company's efforts to continue to prey on elderly investors is the result of a multi-state collaboration by members of the North American Securities Administrators Association (NASAA), of which Alabama Securities Commission is a member, and the Commodity Futures Trading Commission's Office of Cooperative Enforcement.

The Alabama Securities Commission encourages investors to come forward if they suspect they have been targeted by similar precious metals investment schemes. Please contact the Alabama Securities Commission's Enforcement Division at 1-800-222-1253.

Announcements & Investor Alerts

ALABAMA SECURITIES COMMISSION INTRODUCES FOUR FREE INVESTOR EDUCATION BROCHURES DEVELOPED BY THE INVESTOR PROTECTION TRUST AND KIPLINGER'S WASHINGTON EDITORS

MONTGOMERY, ALABAMA (October 22, 2019) The Alabama Securities Commission (ASC) has introduced four new brochures for use by all Alabamians, the brochures were provided through a generous grant from the Investor Protection Trust (IPT). IPT and Kiplinger's Washington Editors have developed an individualized a set of four retirement action guides for Alabama as part of the When I'm 65 programs (www.wi65.org). The guides will help Alabamians at various life stages prepare for a financially secure retirement.

"Starting to Save for Retirement" is for adults ages 25–40 who are beginning their careers and/or who are approaching their prime earning years. They either have not started to save or are just now starting to save for their retirement.

"Ramp Up Savings for Your Retirement" is for adults ages 40–55 at the midpoint of their career who are looking to accelerate their retirement savings, maximize earnings or obtain professional advice while in their prime earning years.

"Getting Closer to Retirement" is for adults ages 55–70 who are approaching retirement age and looking to boost the longevity of their nest egg, determine their guaranteed retirement income and preserve their savings.

"Making Your Money Last in Retirement" is for adults ages 70+ who are retired or working and looking to manage their finances and ensure their money goes the distance.

ASC Director Joseph Borg said, "We are proud to have the opportunity to offer these top-notch financial education brochures to guide Alabamians throughout their working careers and retirement in a manner that can lead to financial security. I think you will be pleasantly surprised at the selection of financial materials available in our education section to help you make safe and informed investment decisions."

To view the new brochures please go to the ASC website www.asc.alabama.gov (click the "Education" tab and then click the "Investor Education" tab); paper copies are available upon request. To go directly to the brochures click on this link: http://www.asc.alabama.gov/investor_education_3.aspx.

Don Blandin, President and CEO of the Investor Protection Trust said, "The IPT is delighted to partner with the ASC on this and many other programs. We believe that these professionally produced brochures will help Alabamians learn about and employ techniques that will help them build a sound financial future. To learn about other free financial education materials, we invite you to visit the IPT website at www.investorprotection.org

Announcements & Investor Alerts

YOU MAY NOT WANT A LOT FOR CHRISTMAS, BUT FRAUDSTERS DO!

Montgomery, AL (December 23, 2019) - The hustle and bustle of the holiday season is here. “What dish should I bring to office Christmas party, what can I get my mother-in-law, and will the weather affect my travel plans” are questions many of us will have this holiday season. The Alabama Securities Commission (ASC) would like to pass along a list before the holiday rush consumes you to help safeguard yourself from financial fraudsters and thieves.

1) Do not advertise what Santa Claus brought you this year by placing the empty boxes of expensive and popular gifts on the street for would-be thieves to see. If you have large boxes to discard, take them to the nearest recycling center and dispose of them there; a big television box sitting in your front yard for trash pickup can be a red flag for thieves to break into your home.

2) Porch Pirates (a nickname for thieves that steal boxes delivered to your home) believe that it is better to receive than give. Many of us have security cameras to help deter this type of invasion, but Porch Pirates are willing to risk being caught in exchange for the loot on your porch. We suggest having shipments sent to a retailer or safe pickup location requiring your identification to receive. If you are having packages coming to your home, use your retailer’s tracking system on your cell phone and plan on being there to receive the packages.

3) Be very cautious of where you charge your phone or tablet through a public device. “Juice Jacking” is one of the latest methods that hackers are using to hack into our electronic devices to access personal information. The best way to protect yourself from being a victim of this scam may be to buy a portable charging device to charge your electronics when traveling this season or to purchase and use a USB data-blocker device when charging your phone or computers via a public USB charging station.

4) Gift cards can be an easy solution to get for someone who appears to have everything. Scamsters have figured out ways to access the money that you put on gift cards by capturing the card number and the information on the back of the card. They are notified when money is put on the card and then take the money immediately, leaving your family member or friend stunned when they try to use the card and find out it has a zero balance. Inspect the gift card before you purchase it and pick a new one if the packaging looks to be tampered with.

5) If someone gifts you with a great investment opportunity this holiday season, check it out! Timing is an important factor in a successful fraud and what a great time it is for fraudsters to camouflage their investment scheme as an act of good will towards his fellow man. “The New Year is right around the corner and I have a once-in-a lifetime investment opportunity for you starting in 2020” is a hook a fraudster may use to coax in a new victim. In order to protect yourself from an investment fraud, call the Alabama Securities Commission at 1-800-222-1253 and make sure the person making the offer is licensed and his or her product is registered.

Announcements & Investor Alerts

TOP INVESTMENT VEHICLES THAT CAN CRASH YOUR FINANCIAL FUTURE

MONTGOMERY, ALABAMA (January 24, 2020) The Alabama Securities Commission (ASC) in conjunction with the North American Securities Administration Association (NASAA)* today released its annual list of top investor threats and reminded investors to use caution when approached with any unsolicited investment opportunities. “Fraudsters are always looking for new and innovative ways to scam potential investors. Most of us are trusting in nature but must do our own due diligence to protect our assets. Before you invest, a good first step is to contact the ASC by calling 1-800-222-1253 to check that both the person making the offer and the product are properly registered, if not, they may be operating illegally.

“Since all investments involve a degree of risk, investors can help protect themselves by taking time to research both the investment product and the person selling it. It’s best to learn before you get burned,” Joseph Borg, ASC Director, said.

Based on investor complaints, ongoing investigations, and current enforcement trends, NASAA identified PROMISSORY NOTES, PONZI SCHEMES, REAL ESTATE INVESTMENTS, CRYPTOCURRENCY RELATED INVESTMENTS and SOCIAL MEDIA/INTERNET BASED INVESTMENT SCHEMES as the top five areas of concern for the coming year. Alabama mirrors the national survey results and adds PRIME BANK SCHEMES to the list.

The six threats are as follows:

PROMISSORY NOTES: A promissory note is a written promise to pay (or repay) a specified sum of money at a stated time in the future or upon demand. Companies may sell promissory notes to raise capital, and usually offer them only to sophisticated or institutional investors. But not all promissory notes are sold in this way. Promissory notes from legitimate issuers can provide reasonable investment returns at an acceptable level of risk, although state securities regulators have identified an unfortunately high number of promissory note frauds.

PONZI/PYRAMID SCHEMES: A Ponzi scheme (named after 1920’s swindler Charles Ponzi) is a ploy wherein earlier investors are repaid through the funds deposited by subsequent investors. In a Ponzi scheme, the underlying investment claims are usually entirely fictional; very few, if any, actual physical assets or investments generally exist. As the number of investors grow and the supply of potential new investors dwindle, there is not enough money to pay off promised returns and cover investors who try to cash out. Similarly, a pyramid scheme is a fraudulent multi-level marketing strategy whereby investors earn potential returns by recruiting other investors.

REAL ESTATE INVESTMENTS: The promise of earning quick money through investments related to real estate continues to lure investors. Investors should be cautious about real estate investment seminars, especially those marketed aggressively as an alternative to more traditional retirement planning strategies involving stocks, bonds and mutual funds. Current investment pitches at these seminars involve so-called “hard-money lending” and “property flipping.” Hard-

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money lending refers to real estate investments financed through means other than traditional bank borrowing. Property flipping is the practice of purchasing distressed real estate, refurbishing it, and then immediately re-selling it in hopes of earning a profit. A scammer may, for example, defraud potential investors in the flip by misrepresenting the value of the underlying property or its profit potential.

CRYPTOCURRENCY-RELATED INVESTMENTS: Cryptocurrencies burst into the investing mainstream in 2017 as the values of some virtual coins and tokens skyrocketed, led by Bitcoin. Shortly after, the news featured coverage of new cryptocurrencies, coin exchanges, and related investment products. Stories of “crypto millionaires” attracted some investors to try their hand at investing in cryptocurrencies or crypto-related investments. But stories of those who bet big and lost also began appearing and continue to appear. Before you jump into the risky crypto craze, be mindful that cryptocurrencies and related financial products may be nothing more than public facing fronts for Ponzi schemes and other frauds. Because these products do not fall neatly into the existing federal/state regulatory framework, it may be easier for the promoters of these products to cheat you.

SOCIAL MEDIA/INTERNET INVESTMENT FRAUD: Social networking through the internet allows people to connect to one another more quickly and easily than ever before. Investment promoters increasingly are logging on to find investors ... and their money. Platforms such as Facebook, Twitter, LinkedIn, eHarmony and other online social networks and communities have made it faster and easier for users to meet, interact and establish connections with other users anywhere in the world.

Using online social networks, a con artist can establish this trust and credibility more quickly. The scammer has immediate access to potential victims through their online profiles, which may contain sensitive personal information such as their dates or places of birth, phone numbers, home addresses, religious and political views, employment histories, and even personal photographs.

The con artist takes advantage of how easily people share background and personal information online and uses the information to make a skillful and highly targeted pitch. The scam can spread rapidly through a social network as the con artist gains access to friends and colleagues of the initial target.

PRIME BANK SCHEMES: Often promising high-yield, tax-free returns, promoters of these schemes offer to let the “little guy” in on what they claim are financial instruments from elite overseas banks usually offered only to the world’s wealthiest investors. Prime banks do not exist, and the scam artists have no intention of creating a profit for anyone but themselves. Remember: Often the most sophisticated sounding investments are just false promises in fancy garb.

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THE ALABAMA SECURITIES COMMISSION URGES INVESTORS TO BEWARE THE CORONAVIRUS CON

MONTGOMERY, ALABAMA (FEBRUARY 28, 2020) — In light of the ongoing developments related to the coronavirus (COVID-19), and its impact on financial markets, the Alabama Securities Commission (ASC) is reminding Alabamians to beware of con artists seeking to capitalize on fear and uncertainty.

“We know con artists are opportunistic and use current events to cloak their schemes with an air of immediacy and legitimacy. Never make an investment decision without understanding what you are investing in, who you are doing business with, where your money is going, how it will be used, and how you can get it back,” said ASC Director Joseph P. Borg. “Always ask if the salesperson and the security are registered with the Alabama Securities Commission.”

Director Borg also said investors should be on the lookout for scam artists trying to use the market downturn and the coronavirus to scare investors into so-called “safer, guaranteed investments.” Alabamians with concerns about their retirement accounts or investments should talk to their financial professionals. “Avoid making decisions based on panic or fear,” said Borg.

To help investors identify common telltale signs of possible investment fraud, the Alabama Securities Commission has provided three questions to ask before making a new investment.

1. Is the investment being offered with a guaranteed high return with little or no risk? All investments carry risk that you may potentially lose some or all of your money. Anyone who says their investment offer has no risk is lying. No one can guarantee an investment return.
2. Is there a sense of urgency or limited availability surrounding the investment? If the offer is legitimate, it will still be available later. If someone offers you a “can’t miss” investment opportunity and puts you on the spot, don’t be afraid to walk away.
3. Is the person offering the investment, and the investment itself, properly licensed or registered? For the same reasons you wouldn’t go to an unlicensed doctor or dentist, you should avoid unregistered investment salespeople and their products.

“Make sure you have all the facts before you hand your money over to someone else to invest,” said Alabama Securities Commission Chief Deputy Director Amanda Senn.

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ALABAMA SECURITIES COMMISSION WARNS CITIZENS TO BEWARE OF FINANCIAL SCAMS RELATING TO THE CORONAVIRUS OUTBREAK AND PLANNED GOVERNMENT PAYMENTS

March 20, 2020 - The coronavirus (COVID-19) is changing the way we conduct our daily lives. The Alabama Securities Commission (ASC) is reminding Alabamians to beware of con artists seeking to capitalize on fear and uncertainty as we learn to adapt to a new, but temporary, way of life of social distancing, working from home, home schooling, and other changes to our daily routines.

The United States Department of the Treasury recently warned that If you receive calls, emails, or other communications claiming to be from the Treasury Department or other Federal or State Agency and offering COVID-19 related grants, checks or stimulus payments in exchange for personal financial information, or an advance fee, tax, or charge of any kind, including the purchase of gift cards, do not respond. These are scams. Give no information, and if by telephone, just hang up, and delete emails and text messages. Report the contact to the FBI at www.ic3.gov so that the scammers can be tracked and stopped.

At this time, there is no vaccine or any natural health product that is authorized to treat or protect against COVID-19. Be cautious of any claims that a company has a solution to help stop the coronavirus outbreak. Reliable information relating to COVID-19 is available from the World Health Organization and the United States government.

“We know con artists are opportunistic and use current events to cloak their schemes with an air of immediacy and legitimacy. Never make an investment decision without understanding what you are investing in, who you are doing business with, where your money is going, how it will be used, and how you can get it back,” said ASC Director Joseph P. Borg. “Always ask if the salesperson and the securities or investments are registered with the Alabama Securities Commission then call us to verify they are in fact licensed or registered.”

Director Borg also said investors should be on the lookout for scam artists trying to use the market downturn and the corona virus to scare investors into so-called “safer, guaranteed investments.” Alabamians with concerns about their retirement accounts or investments should talk to their financial professionals. “Avoid making decisions based on panic or fear,” said Borg.

Fraudsters are looking to capitalize on the recent volatility of the stock market. They will tout positive information about products related to COVID-19 (like a new cure or vaccine venture) that will attract investors and the information will be false. The more investors invest, the more the product price will be “pumped up.” The fraudster will then quickly “dump” their stock resulting in a substantial payout for them. The stock price will drop, and the remaining investors will lose their money.

To help investors identify common telltale signs of possible investment fraud, the Alabama Securities Commission has provided three questions to ask before making a new investment.

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1. Is the investment being offered with a guaranteed or high return with little or no risk? All investments carry risk that you may potentially lose some or all of your money. Anyone making a claim that an investment is “risk-free” is lying. No one can guarantee an investment return.

2. Is there a sense of urgency or limited availability surrounding the investment? If the offer is legitimate, it will still be available at a later time. If someone offers you a “can’t miss” investment opportunity and puts you on the spot, don’t be afraid to walk away.

3. Is the person offering the investment licensed? Are the securities underlying the investment, properly registered? For the same reasons you wouldn’t go to an unlicensed doctor or dentist, you should avoid unlicensed securities brokers and their investment products.

“Make sure you have all the facts and other information necessary to make an informed decision before turning over your money to another individual to invest on your behalf—afterwards may be too late,” said Alabama Securities Commission Chief Deputy Director Amanda Senn.

COVID-19 Related Investment Schemes Anticipated Alabama Securities Commission Outlines What to Expect and Offer Guidance on How to Protect Yourself

March 28, 2020 - Amid the ongoing COVID-19 pandemic, the Alabama Securities Commission (ASC) is alerting investors to be on guard against an anticipated surge of fraudulent investment schemes.

“In these extraordinary times the health and welfare of all must be our foremost concern, and that includes our financial health. Our primary focus remains on the protection of retail investors,” said Director Joseph P. Borg.

The ASC warns investors that the fraudulent schemes launched amid COVID-19 outbreak will not be elegant. “Scammers will begin perpetrating schemes that require little or no advance planning and minimal sophistication,” Director Borg said. “Most will simply be old scams dressed in contemporary clothing.”

The North American Securities Administrators Association (NASAA), of which the ASC is a member, anticipates fraudulent investment schemes will rise as a result of the ongoing pandemic. “Scammers will be targeting investors, capitalizing on recent developments in the economy and preying on concerns about the regulated securities market,” said Director Borg. “Investors must remain vigilant to protect themselves.”

In particular, the ASC warned investors to be on the lookout for investments specifically tied to the threat of COVID-19. Bad actors can be expected to develop schemes that falsely purport to raise capital for companies manufacturing surgical masks and gowns, producing ventilators and other medical equipment, distributing small-molecule drugs and other preventative pharmaceuticals,

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or manufacturing vaccines and miracle cures. The schemes often appear legitimate because they draw upon current news, medical reports and social and political developments.

Scammers also will seek to take advantage of concerns with the volatility in the securities markets to promote “safe” investments with “guaranteed returns” including investments tied to gold, silver and other commodities; oil and gas; and real estate. Investors also can expect to see “get rich quick” schemes that tout quickly earned guaranteed returns that can be used to pay for rent, utilities or other expenses. These schemes also target retirees and senior citizens, falsely claiming they can quickly and safely recoup any losses to their retirement portfolios.

Retail investors must remain vigilant and protect themselves from new schemes tied to COVID-19 and recent economic developments. The ASC suggests investors stay clear of anything sounding too good to be true, such as guarantees of high returns with no risk, and vet their investment professional about their licenses and registrations.

Investors should also contact the ASC with questions about any investment opportunity or the person offering it for sale before investing in the product. Afterwards may be too late. For more information, visit the ASC website at: www.asc.alabama.gov .

INVESTOR BEWARE: SCHEMES TO WATCH FOR AND HOW TO PROTECT YOURSELF

- Private placements and off-market securities. Scammers will take advantage of concerns with the regulated securities market to promote off-market private deals. These schemes will continue to pose a threat to retail investors because private securities transactions are not subject to review by federal or state regulators. Retail investors must continue to investigate before they invest in private offerings and independently verify the facts for themselves.
- Gold, silver and other commodities. Scammers may also take advantage of the decline in the public securities markets by selling fraudulent investments in gold, silver and other commodities that are not tied to the stock market. These assets may also be attractive because they are often promoted as “safe” or “guaranteed” as hedging against inflation and mitigating systematic risks. However, scammers may conceal hidden fees and mark-ups, and the illiquidity of the assets may prevent retail investors from selling the assets for fair market value. The bottom line is there really are no “can’t miss” opportunities.
- Recovery schemes. Retail investors should be wary of buy-low sell-high recovery schemes. For example, scammers will begin promoting investments tied to oil and gas, encouraging investors to purchase working or direct interests now so they can recognize significant gains after the price of oil recovers. Scammers will also begin selling equity at a discount, promising the value of the investments will significantly increase when the markets strengthen. Investors need to appreciate the risks associated with any prediction of future performance and recognize that gains in the markets may not correlate with the profitability of their investments.

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- **Get-rich-quick schemes.** Scammers will capitalize on the increased unemployment rate. They falsely tout their ability to quickly earn guaranteed returns that can be used to pay for rent, utilities or other expenses. They also target retirees and senior citizens, falsely claiming they can quickly and safely recoup any losses to their retirement portfolios. Remember: if it sounds too good to be true, it probably is.
- **Replacement and swap schemes.** Investors should be wary of any unlicensed person encouraging them to liquidate their investments and use the proceeds to invest in more stable, more profitable products. Investors may pay considerable fees when liquidating the investments, and the new products often fail to provide the promised stability or profitability. Advisors may need to be registered before promoting these transactions and legally required to disclose hidden fees, mark-ups and other costs.
- **Real estate schemes.** Real estate investments may prove appealing because the real estate market has been strong and low interest rates have been increasing the demand for housing. Scammers often promote these schemes as safe and secure, claiming real estate can be sold and the proceeds can be used to cover any losses. However, real estate investments present significant risks, and changes to the economy and the real estate market may negatively impact the performance of the products.

How to Protect Yourself

The ASC and NASAA provides the following guidance and tips to help investors avoid anticipated schemes seeking to take advantage of unsuspecting consumers and investors.

- **Ask questions and research the investment and person offering it.** Investors should always ask if the salesperson and the investment itself are properly licensed or registered. This information can be confirmed by calling the ASC at (800) 222-1253. Investors also can check the SEC's Investment Adviser Public Disclosure database or FINRA's BrokerCheck. Avoid doing business with anyone who is not properly licensed.
- **Don't fall for phishing scams.** Phishing scams may be perpetrated by foreign or domestic parties claiming an association with the Centers for Disease Control and Prevention or the World Health Organization, or by individuals claiming to offer novel or expert medical advice or services. Con artists offering "opportunities" in research and development are scamming you. They may even be perpetrated by persons impersonating government personnel, spoofing their email addresses and encouraging their audience to click links or access malicious attachments. These emails may look real and sound good, but any unsolicited emails that have attachments and web links can point to dangerous websites and malicious attachments that can steal information from your computer, lock it up for ransom, or steal your identity. Don't do it.
- **There are no miracle cures.** Scientists and medical professionals have yet to discover a medical breakthrough or have developed a vaccine or means to cure COVID-19. Not surprisingly, the vaccines being sold by online pharmacies are not real. You should not send money or make

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payments over the phone to anyone claiming they can prevent COVID-19, have a vaccine or other preventive medicine.

- Avoid fraudulent charity schemes. White-collar criminals may pose as charities soliciting money for those affected by COVID-19. Before donating, you should independently verify any charity that is raising money for the sick or secure donations to help uninsured persons pay for medical treatment. You should also avoid online solicitations for cash and gift cards, as these schemes have become a popular way for scammers to steal money. Think with your head and not with your heart. If you want to donate to a cause, you should work with a legitimate, established organization.

- Be wary of schemes tied to government assistance or economic relief. The federal government may send checks to the public as part of an economic stimulus effort. It will not, however, require the prepayment of fees, taxes on the income, the advance payment of a processing fee or any other type of charge. Anyone who demands prepayment will almost certainly steal your money. And don't give out or verify any personal information either. Government officials already have your information. No federal or state government agency will call you and ask for personal information.

ALABAMA SECURITIES COMMISSION OFFERS FREE FINANCIAL EDUCATION MATERIALS AND BUDGET TIPS TO ASSIST ALABAMIANS DURING THE COVID-19 PANDEMIC AND AFTER

April 14, 2020 - The Alabama Securities Commission (ASC) wants to make Alabama investors aware of free financial resources available on their website. The information contained in the materials addresses investors of all stages of life and can empower them in their pursuit of financial success, or restoring personal financial stability as many are experiencing during this difficult time. In addition, the ASC provides useful information to help citizens cope with the financial challenges caused by the pandemic.

Director Joseph Borg said, "We are proud to offer our citizens a broad selection of free, quality financial education materials covering the basics of saving and investing, tips for working with financial professionals, protection from financial fraud, and much more. Many of our materials were created through our partnership with the Investor Protection Trust and the notable Kiplinger's Personal Finance, both based in Washington D.C." The materials may be viewed on the ASC website under the "Education" link at the top of the page and can be accessed through the following link: http://asc.alabama.gov/investor_education_3.aspx.

"When we get through the COVID-19 crisis the ASC staff and the Education and Public Affairs (EDUPA) Division will once again be available to provide free education seminars and materials throughout Alabama. During the past fiscal year, the ASC participated in over 100 events to bring financial education to teachers, high school students, college students, business, lawyers, caregivers, church groups, senior citizens and more," said Dan Lord, the EDUPA manager.

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SPECIAL FINANCIAL TIPS FOR TODAY:

1. Everyone should have a checking account. Those who have a checking account often have the ability to route payments directly to the account instead of waiting for a check that could get lost in the mail, including government stimulus payments and potential tax refunds. If you don't have a checking account, set one up at a bank or credit union the next time you have a deposit. If the institution says it won't accept a check issued by the U.S. Government, find one that will.
2. Compare the checking account fees of different banks. Since most banks and credit unions aren't paying much in interest these days, find a bank or credit union that doesn't charge a fee to open or maintain a checking account. Take a look at www.bankrate.com to study different checking account opportunities and call or visit different local banks and credit unions on the internet.
3. Prepare a detailed budget and live by it - now, during the pandemic, and forever. Use this time at home to meaningfully review finances and prepare a reasonable budget. Having one can provide peace of mind, especially during this uncertain time. The ASC can provide you more information on this topic. Some of our valued partners have excellent materials and training on the topic of budgeting (Alabama Cooperative Extension System, Consumer Finance Protection Bureau and the Federal Deposit Insurance Corporation).

Running a household is a financial challenge, like running a business. According to the U.S. Bureau of Labor Statistics only 25% of new businesses survive the 15 year mark. "Whether you currently own a business, run a household, or both, the key to being financially successful is to account for every penny and continually identify saving possibilities on recurrent expenses," says ASC Chief Deputy Director Amanda Senn.

We hope that you are able to commit to learning more about saving and investing, especially during the pandemic. The time invested will pay significant dividends in the long run. The ASC will continue to provide financial information and tips, and promote fraud awareness, to ensure Alabamians have the financial tools and knowledge they need to continue to recover and prosper.

THE ALABAMA SECURITIES COMMISSION IS HELPING FAMILIES AFFECTED BY COVID-19 WRITE A NEW FINANCIAL SCRIPT

April 21, 2020 – It is the twelfth day in a row your kids have requested chicken nuggets, eating vegetables is a thing of the past, screen time is all the time, you study the take home assignment before you and wonder "who changed math"? It is a day in the life of the COVID-19 parent, turned chef, turned teacher; and the one word that describes it all -chaos. In addition to all the new roles you are now playing, you have become the official director of your family's new drama, "I Will Stress and Worry about the Finances." The Alabama Securities Commission (ASC) has written you a new script (and you got the lead), "I Can Navigate These Financial Storms."

To pay or not pay? What about my bills? To successfully navigate this financial crisis, take an

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honest look at your finances. If you already have a family budget, adjust it accordingly. If not, check out these free Excel budgeting sheets frequently used by the United Way of West Alabama. Next, call the companies (utility, mortgage, credit card etc.) you make monthly payments to and see if they are offering bill pay options to help those affected by COVID-19.

My income to expense ratio is defying reality. What are some legitimate sources of additional income? By now you have heard of the federal economic impact payments, avoid hearsay and get the facts directly from the IRS [here](#). Small business owners can learn about new relief and loans provided by the Small Business Administration. If you lost a job because of COVID-19, visit the Alabama Department of Labor's webpage to learn about applying for recently expanded unemployment benefits. If you are considering supplementing lost income with another job, there are a few grocers, retailers and niche delivery services hiring. A phone call or Google search in your area may prove beneficial.

Parting with my 401 (k) is such sweet sorrow. Wait! Before you part with your 401 (k), here are a few things to consider. First, never sell in a panic. Historically markets have always gone up. If history repeats itself, selling while the market is down will only cause further financial losses (particularly if you bought when it was up). Attempting to "time" the market can prove almost impossible, even for the most experienced investors. Plus, early withdrawal from your retirement account will result in additional taxes and the opportunity cost will be the money you would have earned as the investment grew over time. If these "lines" read like old English you can learn more about investing in the education section of the ASC website.

The ASC has attempted to provide this information in an interesting and positive way. However, our agency recognizes the seriousness of this COVID-19 virus and that it has gravely impacted many Alabamians. Our thoughts are with those affected and our agency remains fully operational and willing to serve Alabamians. If you would like additional financial information visit the education section of the ASC website [here](#) or contact the Public Affairs and Education Division with further questions.

SCAM STOPPERS PROVIDE TIPS TO PROTECT ALABAMIANS DURING PANDEMIC

April 30, 2020 – During uncertain times, fraudsters remain on the prowl and ready to take advantage of you. Do not let them. The Alabama Securities Commission (ASC) has gathered resources from the Consumer Financial Protection Bureau (CFPB), the Better Business Bureau (BBB), the Federal Deposit Insurance Corporation (FDIC), and the North American Securities Administrators Association (NASAA) that will help protect Alabamians from coronavirus con artists.

ASC Director Borg said, "Crooks will rip their scams right out of the headlines. Don't be surprised or fooled by investment opportunities in COVID-19 vaccines or other preventative measures with promises of unbelievable profits. Before you part with your money, contact the ASC by calling 1-800- 222-1253 to verify that the product and person making the offer are registered, as required by Alabama law."

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The CFPB explains that the first line of defense in protecting your finances is you. They offer excellent educational materials that will prepare you with the knowledge you need to combat fraudsters and keep your money safe. You can find information on how to spot the red flags of a scam and protect your identity by following the links provided.

The Better Business Bureau (BBB) serving Central & South Alabama provides valuable insight on protection from charity scams. Fraudsters attempt to exploit your desire to help those affected by COVID-19 and prey on the charitable. Before you donate, verify a charity's tax-exempt status on IRS.Gov. You can also conduct an in-depth review of the organization's IRS form 990 and determine how the organization allocates resources. Websites like GuideStar and Charity Navigator provide additional, vital information on most nonprofits.

Monde Donaldson of the BBB says, "You are invited to use our resources at BBB.org to learn more about scams and find background information on other businesses."

A certificate of deposit (CD) is a product offered by banks and credit unions that provides an interest rate premium in exchange for leaving a lump-sum deposit untouched for a predetermined period of time[1]. Bogus CD's may require high initial deposits, have higher than normal interest rates and no early withdrawal penalties. If a company claims deposits are insured, trust but verify by visiting the FDIC website.

In a recent press release, NASAA explained that, "scammers will seek to take advantage of concerns with the volatility in the securities markets to promote 'safe' investments with 'guaranteed returns' including investments tied to gold, silver and other commodities; oil and gas; and real estate." NASAA urges investors to be cautious of "get rich quick" schemes that promise to deliver fast returns for those in need of immediate returns to help make ends meet during this crisis. More information about the various types of investment fraud and how to protect yourself can be found by visiting the NASAA website here.

ALABAMA SENATE CONFIRMS HOPE S. MARSHALL TO SERVE AS COMMISSIONER FOR THE ALABAMA SECURITIES COMMISSION

May 8, 2020 - Joseph P. Borg, Director of the Alabama Securities Commission (ASC), is pleased to announce the appointment of Hope S. Marshall as an ASC Commissioner. She was recommended by her professional peers from the Alabama State Bar and appointed by Governor Kay Ivey. The Alabama Senate confirmed Commissioner Marshall's appointment on May 5, 2020. Commissioner Marshall is an attorney with the Birmingham-based law firm White Arnold & Dowd P.C.

Director Borg stated: "We welcome Commissioner Marshall to the ASC



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and her leadership experience and legal expertise will complement the successful operation of ASC to help protect Alabama investors and promote capital formation in Alabama.”

Commissioner Marshall joined the law firm of White Arnold & Dowd P.C. as an attorney in 2007. Marshall’s practice focuses on criminal defense, white collar criminal defense, and general civil litigation. She represents companies and individuals in connection with criminal investigations, as well as parallel civil and criminal proceedings. She practices in municipal, state and federal courts, including appellate courts.

Commissioner Marshall is active in many legal and community organizations including the Magic City Bar Association, Birmingham Bar Association, Alabama Lawyers Association, Alabama State Bar, American Bar Association, National Association of Criminal Defense Lawyers, Muscular Dystrophy Association, the Lorie Johnson Foundation, and the First Light Women’s Shelter. Some of the many accolades and awards she has received are the Martindale-Hubbell AV Peer Review Rating, Birmingham Magazine Top Attorneys (2020), Mid- South Super Lawyers Rising Star (2016-2019), America’s Top 100 Criminal Defense Attorneys (Alabama), Alabama Super Lawyers Rising Star (2013-2015).

Commissioner Marshall is preceded by former Commissioner R. Austin Huffaker, Jr. who was nominated to serve as United States District Judge for the Middle District of Alabama by President Donald J. Trump. “We extend a special thanks to Judge Huffaker for his dedication and distinguished service to the Commission and we are incredibly grateful for the work he has done on behalf of the citizens of Alabama,” said Director Borg.

ASC Commission members are designated under Alabama law to include the State Superintendent of Banks, the State Commissioner of Insurance, and the Attorney General of Alabama. In addition, the Governor has four appointments, two each from nominees selected by the Alabama State Bar and the Alabama Society of Certified Public Accountants, by and with the advice and consent of the Senate.

ALABAMA SECURITIES COMMISSION RECOGNIZES WORLD ELDER ABUSE AWARENESS DAY

June 15, 2020 - In recognition of World Elder Abuse Awareness Day (WEAAD) on June 15, the Alabama Securities Commission (ASC) reminds financial professionals and the public throughout Alabama that heightened isolation and loneliness during the COVID- 19 pandemic have created a perfect storm for senior financial exploitation.

“Social isolation has long been one of the leading factors contributing to the financial exploitation of older investors and the unprecedented quarantines to protect against the spread of the novel coronavirus have taken social isolation to a new dimension for many seniors, making them more vulnerable to financial exploitation,” Director Joseph Borg said.

While financial abuse can happen at any time, perpetrators often strike during times in a senior’s

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life when they may be more vulnerable, such as during a health crisis or after the death of a loved one. Scammers often gather personal details from obituaries and social media posts and use this information to target their victims. Some even will exploit trust within seniors' social and support groups to become more involved in their lives.

Senior financial exploitation can be difficult to identify or recognize. Below are five examples of warning signs to watch for among the seniors in your lives:

- A new and overly protective friend or caregiver or surrendering control of finances to a new friend or partner.
- Fear or sudden change in feelings about somebody.
- A lack of knowledge about financial status or reluctance to discuss financial matters.
- Sudden or unexplained changes in spending habits, a will, trust, or beneficiary designations.
- Unexplained checks made out to cash, unexplained loans, or unexplained disappearance of assets (cash, valuables, securities, etc.). Also watch for suspicious signatures on the senior's checks or other documents.

How You Can Help

- While in-person visits may not be possible yet, be sure to keep in touch with older family members, friends, and neighbors. Call or leave a note on their front door. If they have the technology, send them a text or email, or Facetime or Skype. Contact is key to letting your loved ones know you are thinking of them.
- Inform. Let your older family members know that fraudsters and scammers have found ways to exploit the pandemic. Make them aware of the red flags of fraud, which remain consistent regardless of the fraud or scam. Click here to see "Red Flags for Investment Fraud".
- Director Borg asks anyone with suspicions of possible senior financial exploitation to contact the agency at 1-800-222-1253. For valuable information to help make safe and informed investment decisions go to: www.asc.alabama.gov.

The ASC has created a special web area called CON WATCH to highlight and warn citizens about COVID-19 related investment scams. Also, ASC launched a new email address (COVIDCONS@asc.alabama.gov) to report suspicious or fraudulent COVID-19 investment offers.

Financial and investment professionals also are encouraged to contact the ASC to request a SeniorSafe presentation on how to spot and report suspected senior financial exploitation.

**U.S. HOUSE CONCERNED OVER COVID-19 FINANCIAL CRIMES;
CALLS ON AL SECURITIES COMMISSION CHIEF DEPUTY SENN FOR EXPERTISE**

AL SECURITIES COMMISSION'S CHIEF DEPUTY SENN INVITED TO TESTIFY BEFORE

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U.S HOUSE AS FINANCIAL CRIMES EXPERT

June 16, 2020 - Alabama Securities Commission (ASC) Chief Deputy Director Amanda Senn was invited to testify before the U.S. House Subcommittee on National Security, International Development and Monetary Policy as a subject matter expert in financial crimes on June 16, 2020. Senn spoke on behalf of the North American Securities Administrators Association (NASAA*) at the Cybercriminals and Fraudsters: How Bad Actors Are Exploiting the Financial System During the COVID-19 Pandemic hearing. Senn provided testimony on the rise of cyber financial schemes, how these scams are perpetrated, efforts undertaken by state securities agencies to protect the public and protection recommendations for vulnerable populations. You can view Senn's testimony in its entirety [here](#).

"It is an honor to have the opportunity to speak on behalf of the NASAA membership and represent my home state of Alabama," said Chief Deputy Senn. "I feel proud of how securities regulators across North America have banded together to fight fraud collectively during this pandemic."

Since the start of the Covid-19 pandemic, the ASC has seen a rise in financial schemes being advertised online. Fraudsters are preying upon the fear of an uncertain financial future and the volatile stock market. They claim that their investments have "no risk" and are "guaranteed" to make a return. One fraudster even told investors they could make a return of 400 to 1000 percent, a claim which the commission calls "blatantly absurd." The best protection for all investors against Covid-19 and other investment frauds is to call their state regulatory agency, before they invest, and ensure that the product and/or financial professional is registered.

Alabama Investors can check the Con Watch area of the ASC website for individuals and companies that are in violation of Alabama Securities Laws and attempting to defraud the public. The ASC also launched a new email address to encourage public reporting of fraudulent COVID-19 scams. Investors who see or suspect that they fell victim to COVID-19 related investment scams can directly report them by email to COVIDCONS@asc.alabama.gov. The ASC is a participant in an international task force created as a proactive measure to protect U.S., Canadian, and Alabama residents from COVID-19 investment scams.

"I was delighted to speak on behalf of the victims of financial crime and state securities regulators and am even more excited about the fact that the subcommittee is so directly focused on issues impacting the states and victims, such as legislation which would create a national restitution fund for victims of COVID-19 securities fraud, and to authorize grants to states that would help fight the financial exploitation of seniors, vulnerable adults, and combat fraud related to COVID-19," said Chief Deputy Senn.

Senn is the Chief Deputy Director of the Alabama Securities Commission where she has been employed since 2008. She is responsible for advising the Commission on securities-related matters and for investigating and prosecuting illegal and fraudulent actions surrounding the sales of securities throughout the state of Alabama. Senn is involved at the State and local level in organizations that address issues and promote awareness of Elder Abuse and Investment Fraud; including the Montgomery County Elder Justice Task Force and the Alabama Interagency

Announcements & Investor Alerts

Council for the Prevention of Elder Abuse. She is actively involved in the North American Securities Administrators Association (NASAA), where she leads and serves on numerous committees. Senn earned her bachelor's from Huntingdon College and her Juris Doctorate from the Cumberland School of Law.

“Chief Deputy Senn is passionate about protecting Alabama’s populations that are vulnerable to investment fraud and her commitment to staying on the forefront of emerging technologies and cybercrimes qualify her as an outstanding advocate on behalf of the NASAA membership,” said ASC Director Joseph P. Borg. “Her informative testimony today also brings credit to this agency and the state of Alabama.”

INVESTOR ALERT -- INVESTMENT FRAUD SKYROCKETS DURING HURRICANE SEASON; UGH!

August 24, 2020 - This fall weather experts are predicting an active hurricane season. Forecasts predict that two storms will hit the Gulf Coast this week. As the nation rallies to provide support for those impacted, con artists will seek to capitalize on their misfortune. The Alabama Securities Commission (ASC) is disgusted by investment scams, particularly those that prey upon the hurting, and you should be too. Stay on guard against fraudsters attempting to capitalize on the destruction caused by hurricanes and remember UGH!

“UGH is an acronym that reminds investors how to spot a natural disaster-related investment scam. It stands for Unsolicited communications, Government contracts and High returns,” said ASC Director Joseph P. Borg. “It also illustrates the Commission’s disdain for investment fraud.”

Unsolicited Communications:

Investors should be aware of social media ads, phone calls and text messages claiming certain stocks will skyrocket due to damage wrought by hurricanes. A tell-tale sign of investment fraud is using high-pressure sales tactics like urgency. The con artist urges you to “act now” because the stock is undervalued. Ask yourself, “Who initiated this conversation?” and “Why are they contacting me?”

Government Contracts:

Beware of anyone seeking to sell promissory notes (a loan) to raise capital for buying equipment in support of large cleanup, construction and development contracts. Con artists lead potential investors to believe they have exclusive rights to government-subsidized disaster relief and construction contracts in storm-ravaged areas. They fraudulently sell their bogus promissory notes guaranteeing high yields for investors.

High Returns:

Remember, all investing involves some risk and no one can guarantee you a profit. Promises of returns that beat historical stock market averages of 6-10 percent are often blatant signs of investment fraud. If it sounds too good to be true, it is.

Announcements & Investor Alerts

“Con artists follow the headlines and target investors in Alabama when storms hit. Residents undergoing financial stress caused by the pandemic may be particularly vulnerable to fraudulent investments as they desperately try to make ends meet. We are putting criminals on notice that the ASC will take swift and effective action to protect Alabamians,” said ASC Chief Deputy Director Amanda Senn.

ALABAMA SECURITIES COMMISSION SAYS DON'T HIT ON PHISHING LURES AND GIVES RED FLAGS TO STAY OFF THE HOOK

September 4, 2020 – The Alabama Securities Commission (ASC) is warning the public of an uptick in cybercrimes involving investment accounts. During the COVID-19 global health crisis, many Alabamians are using their home internet more than ever before due to working from home, children virtually learning, or a variety of other causes resulting from the pandemic. As a result, social engineering attacks, such as phishing, are on the rise.

Social Engineering is a form of cybercrime where hackers attempt to trick individuals into disclosing non-public information, such as their passwords or bank account information. These attacks are used to steal millions of dollars a year from unsuspecting account holders across the country. One of the most common social engineering attacks is known as “phishing.” Phishing is a type of social engineering attack that involves the use of mimicking legitimate sources to obtain a victim’s personal information. Don’t be snagged by the hacker’s hook, watch out for the phishing red flags below to avoid being reeled into the scheme.

Think before clicking on any email, attachment or hyperlink. Many phishing emails attempt to create a sense of urgency by causing the recipient to fear their account or information is in jeopardy.

- Make sure the websites you visit have a secure connection. Look for the “s” in https: or a padlock symbol in the address line. Be aware just because the website is secure it can still be a fake site.
- Be cautious of generic greetings, typos, and grammatical errors since these are often signs of phishing attempts. If you are concerned about the legitimacy of an email, close the email and call the company directly from the number you get off your statement or from their main website.
- Watch out for unbelievable claims, promised or guaranteed results and unsolicited requests for personal information.

ASC Director Joseph P. Borg said, “Information has never been more accessible. This includes information that hackers can obtain about you. Each of us must remain steadfast in protecting our assets and personal information. A hacker obtaining access to your investment accounts is the equivalent to a thief finding your house key under your front door, entering your home with ease and robbing you of your prized possessions. Hackers can steal from you without ever stepping foot in your home.”

COVID-19 Relief Actions



JOSEPH P. BORG
Director

AMANDA SENN
Chief Deputy Director

EDWIN L. REED
Deputy Director
Administration

STEPHEN P. FEAGA
Deputy Director
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Temporary Relief for Registrants Affected by the COVID-19 Outbreak

Given the disruptions caused by the COVID-19 outbreak and forced dislocations affecting broker-dealers, investment advisers, and their registered agents or representatives (collectively, "financial professionals"), the Director of the Alabama Securities Commission is adopting this Emergency Order pursuant to Code of Alabama, § 8-6-23 to temporarily grant the relief below.

I. Registration or Filing Relief for Financial Professionals

The Alabama Securities Commission (ASC) understands that some financial professionals who are not registered or notice filed with the ASC have been displaced from their ordinary business locations, and are currently engaging, or may desire to engage, in activities that would require them to register or file with the ASC.

A. Such displaced financial professionals are temporarily exempted from the registration and filing requirements of the Alabama Securities Act, Code of Alabama, § 8-6-3, et seq. and related regulations in the following circumstances:

1. The financial professional is working from a location outside of the jurisdiction in which he/she/it is currently registered as a response to the COVID-10 outbreak;
2. The financial professional was properly registered and/or notice filed with all required securities regulators and self-regulatory organizations as of March 1, 2020;
3. The financial professional is not currently the subject of an ongoing enforcement proceeding in any jurisdiction and is not in violation of the Alabama Securities Act and related regulations, except for those provisions included within the scope of this Emergency Order; and
4. The financial professional limits activities to existing customers or clients and does not solicit new customers or clients in or from Alabama.

COVID-19 Relief Actions

8. A financial professional who meets the conditions in Section I.A. above may engage in the following activities without registering or filing with the ASC:

1. Conduct activities for which registration or filing with the ASC as a financial professional would be required, but only with or on behalf of customers or clients with whom the financial professional had an existing customer or client relationship on March 1, 2020;
2. Open and maintain a temporary branch office or office of supervisory jurisdiction in Alabama that was not in operation on March 1, 2020, provided that the financial professional informs the ASC by electronic mail at asc@asc.alabama.gov of the (a) physical address of the office, (b) the names and registration statuses of all persons working in the office, and (c) a primary point of contact for the office, with full contact information.

Temporary Relief for Registrants Affected by the COVID-19 Outbreak

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COVID-19 Relief Actions

B. A financial professional who meets the conditions in Section I.A. above may engage in the following activities without registering or filing with the ASC:

1. Conduct activities for which registration or filing with the ASC as a financial professional would be required, but only with or on behalf of customers or clients with whom the financial professional had an existing customer or client relationship on March 1, 2020;
2. Open and maintain a temporary branch office or office of supervisory jurisdiction in Alabama that was not in operation on March 1, 2020, provided that the financial professional informs the ASC by electronic mail at asc@asc.alabama.gov of the (a) physical address of the office, (b) the names and registration statuses of all persons working in the office, and (c) a primary point of contact for the office, with full contact information.
3. As a consequence of the relief provided in this Section I, any firm that opens a temporary branch office in accordance with Section 1.8.2. above is also temporarily relieved from the requirement to maintain updated Form U4 information regarding the office of employment address for registered persons who temporarily relocate due to the COVID-19 outbreak.

II. Relief from Requirement to Obtain Physical Signatures on Forms U4

The ASC understands that broker-dealers, state registered investment advisers and federal covered investment advisers may not be able to obtain physical signatures on Forms U4 in a timely manner as required by FINRA rules¹ and similar provisions of the Alabama Securities Act and related regulations. Such firms may submit Forms U4 electronically, without first obtaining physical signatures from individual agents or representatives, provided that the firm (a) provides the individual with a copy of the completed Form U4 prior to filing, (b) obtains the individual's written agreement prior to filing that the form's content is accurate and complete, (c) retains the written acknowledgment in accordance with Alabama's laws and regulations, and (d) obtains the applicant's physical signature as soon as practicable.

¹ See FINRA, Frequently Asked Questions Related to Regulatory Relief Due to Coronavirus Pandemic (Mar 18, 2020) available at <https://www.finra.org/rules-guidance/faqs/coronavirus>.

III. Relief from Annual Update Filings and Document Delivery Requirements by State

Registered Investment Advisers

The ASC understands that state registered investment advisers may have difficulty updating their Forms ADV in a timely manner or meeting their Form ADV delivery requirements. Accordingly, an investment adviser registered with the ASC may perform any of the Form ADV filing, updating and customer delivery requirements set forth by the Alabama Securities Act and related regulations up to 45 days after such action is due to be performed. Relief under this Section III is not available to any person not registered with the ASC as an investment adviser, including any financial professional not registered in reliance upon Section I of this Emergency Order.

COVID-19 Relief Actions

IV. Coordinating Information and Enforcement

Financial professionals who rely on any provision of this Emergency Order shall keep a copy of the Order in their records to document their reliance on it. Any activities that do not meet the conditions outlined above will be treated by the ASC as non-exempt and may constitute unregistered securities activity subject to state enforcement action.

This Emergency Order shall remain in effect until April 30, 2020, unless extended or rescinded.

March 19, 2020 Effective Date



Joseph P. Borg
Director

ALABAMA SECURITIES COMMISSION

Regarding the ongoing developments related to the coronavirus (COVID-19) situation, we want to make you aware of what steps the Alabama Securities Commission is taking to keep our staff and our stakeholders as safe as possible.

As of March 23, 2020:

- The offices of the ASC remain open, but most of the Securities Commission staff are teleworking from home.
- You may reach the staff of the Securities Commission via their state email or by leaving them a voicemail message on their state office line. All staff will be responding to email and voicemail messages throughout the day every business day during this telework period. Relevant contact information is available on the agency's website at www.asc.alabama.gov.
- Audit field examiners are conducting streamlined, remote examinations using phone and email correspondence in lieu of traditional on-site examinations during this time.
- Licensing staff are continuing to process licensing/registration applications through the CRD/IARD, EFD, NMLS and BlueExpress systems. Paper filings will continue to be processed on a weekly basis. Requests for supplemental information may be submitted via email.
- Enforcement staff also are limiting in-person contacts with witnesses and regulatory partners,

COVID-19 Relief Actions

taking advantage of phone, email, and other forms of telecommunications technology to complete their work in a virtual environment. Complaints of fraud or financial exploitation continue to be reviewed as received and actions taken as appropriate.

- We are sensitive to the challenges that the crisis has created for our registered community and our citizens. Please know that our staff will be responsive and receptive to requests for extensions and other appropriate forms of regulatory relief arising from service and staff disruptions occasioned by COVID-19. (see EMERGENCY ORDER issued March 19, 2020 -copy posted on ASC website and previously emailed to registrants).

We are following all directives and guidance issued by Governor Kay Ivey and Alabama State Public Health Officials, related to COVID-19, including those related to travel and public gatherings. For this reason, Outreach presentations are being postponed and staff are abstaining from professional conferences and training programs, which are being canceled or postponed in large part due to social distancing efforts to reduce viral impact.

For your safety and that of our staff, we ask you to please refrain from unscheduled walk-in visits to the office. Please work directly with agency staff via telephone or email on matters requiring staff attention. The situation remains fluid and there may be a point in time when we will take additional steps to protect the health of both our employees and the public.

Important information on COVID-19 is available at <http://alabamapublichealth.gov>. Related regulatory information is available on the agency's website at www.asc.alabama.gov. Additional securities regulatory information related to COVID-19 for jurisdictions beyond Alabama can be found on the website of the North American Securities Administrators Association, of which ASC is a member, at the following link: www.nasaa.org/industry-resources/covid-19-updates/.

Please keep yourself informed and stay safe.

If you have questions or concerns about this message, please don't hesitate to contact us at the following phone number or email address: 334 242 2984 or asc@asc.alabama.gov

Joseph P. Borg
Director

Amanda Senn
Chief Deputy Director

Edwin Reed
Deputy Director- Registration/Exams

Steve Feaga
Deputy Director- Enforcement/Legal

For Education, Media and Public Affairs inquiries email dan.lord@asc.alabama.gov or call (334) 353-4858.

COVID-19 Relief Actions



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FOURTH SUPPLEMENTAL AMENDED EMERGENCY ORDER

Pursuant to Governor Ivey's April 28, 2020 "Safer at Home" Order, the EMERGENCY ORDER dated March 19, 2020 providing Temporary Relief for Registrants Affected by the COVID-19 Outbreak was extended to May 15, 2020.

Commensurate with Governor Ivey's May 8, 2020 Proclamation, still in effect, the EMERGENCY ORDER dated March 19, 2020 providing Temporary Relief for Registrants Affected by the COVID-19 Outbreak is hereby extended to September 7, 2020.

DONE this 31st day of July, 2020

A handwritten signature in cursive script, appearing to read "A. Senn".

Amanda L. Senn
Chief Deputy Director

National News Coverage

Financial Planning

Regulatory Group Wants Names of 30 ex-JPMorgan Advisors Accused of ‘Suspicious Activity’

By Ann Marsh - October 03, 2019, 5:43 p.m. EDT

State regulators are stepping in where FINRA says it cannot tread.

A recent disciplinary action by FINRA against J.P. Morgan Securities revealed that the industry regulator will not be investigating 30 former JPMorgan advisors accused of engaging in “suspicious activity.” For some of the advisors, the allegations include stealing client and company funds, and altering and forging documents.

In response, state regulators want the names of those 30 advisors and its membership organization, the North American Securities Administrators Association, has requested them from FINRA on behalf of the states, says Joe Borg, the association’s head of enforcement and director of the Alabama Securities Commission. FINRA declined to comment.

“We are looking at” how JPMorgan handled its supervision of advisors and if there are any ramifications state regulators should follow up on, Borg says. “Officially, this does concern us.”



Securities Regulator NASAA Includes Crypto Investments Among Top Investor Threats for 2020

Thu, 26 Dec 2019, 04:15 am UTC

The North American Securities Administrators Association (NASAA) sees cryptocurrency-related investments among the top five investor threats in the coming year.

Previously, NASAA President and Alabama Securities Commission Director Joseph P. Borg had said that while not every cryptocurrency-related investment offer is a fraud, it is important for individuals and firms selling these products to understand they could be subject to state and provincial laws or regulations, especially securities laws.

National News Coverage



US State Regulators Order ‘Fraudulent’ Crypto Mining Scheme to Shut Down

April 8, 2020

The Texas State Securities Board (TSSB) and Alabama Securities Commission (ASC) ordered Ultra Mining to cease and desist, alleging it promised to double investments in a cloud mining scheme.

The state securities regulators filed an emergency action against Ultra BTC Mining and Laura Branch on Wednesday, alleging the firm promised to double investors’ funds, touted a massive bitcoin price rise, offered affiliate and partner programs and claimed to donate to COVID-19 charity efforts without proof.

Ultra Mining allegedly raised \$18 million.



Alabama Securities Commission Extends Relief Provided to Registrants Affected by Covid-19

May 4, 2020

The Alabama Securities Commission has extended a temporary order providing relief to registrants affected by Covid-19 to May 15, 2020, in light of the Alabama governor’s issuance of the April 28, 2020 “Safer at Home” order.

National News Coverage

ThinkAdvisor

COVID-19 Fraud Bill Could Affect Life and Annuity Sellers

By Allison Bell | June 16, 2020 at 04:54 PM

The COVID-19 crisis could give life and annuity sellers a gift: a new fraud bill. Members of the U.S. House Financial Services national security subcommittee talked about the proposed legislation, the Senior Investor Pandemic and Fraud Protection Act bill draft, today at a virtual hearing on how bad actors are exploiting the financial system during the COVID-19 pandemic.

Amanda Senn, the chief deputy director of the Alabama Securities Commission, was the one who brought up the senior investors protection bill.

Senn appeared at the hearing on behalf of the North American Securities Administrators Association (NASAA). She's the chair of NASAA's cybersecurity committee.

"Regulators are confronted with numerous evidentiary challenges, which, given limited resources, make it difficult to investigate and prosecute cases," Senn said.

The Senior Investor Pandemic and Fraud Protection Act bill draft would give regulators cash they could use to conduct more and better investigations, Senn said.

The
SOCIABLE

Cybersecurity Leaders Urge Congress to Protect Seniors, Financial Sector from Widespread Fraud During Pandemic

Tim Hinchliffe Jun. 16, 2020 at 3:55 pm

Cybersecurity leaders urge Congress to enact legislation that would protect senior citizens from online fraudsters, educate American citizens about cyber vulnerabilities, and provide robust mechanisms to keep the financial sector safe.

In her written testimony, Amanda Senn, Chief Deputy Director of the Alabama Securities Commission and the Cybersecurity Committee Chair of North American Securities Administrators Association (NASAA), expressed NASAA's support for two drafts of legislation.

National News Coverage

The Senior Investor Pandemic and Fraud Protection Act

- As many as one out of every five citizens over the age of 65 has been victimized by financial fraud.
- The estimated losses of older adults due to exploitation ranges from \$2.9 billion to \$36.5 billion annually.
- Congress should assist state regulators in securing resources to combat financial exploitation against those most vulnerable in this crisis.

The COVID-19 Restitution Assistance Fund for Victims of Securities Violations Act

- The Act would create a fund at the Securities and Exchange Commission to provide restitution payments for individuals in connection with securities fraud related to coronavirus if they do not otherwise receive full payment of restitution.
- NASAA wholeheartedly shares Congress's interest in the potential establishment of a nationwide investor restitution fund to help victims of investment fraud recover a portion of what they lost when full restitution is not possible.



Market Volatility, Social Isolation Driving Covid-19 Fraud: NASAA

By: James Langton - June 16, 2020 13:16

State and provincial securities regulators are stepping up the fight against the growing scourge of Covid-19 fraud, says the North American Securities Administrators Association (NASAA).

In testimony to a U.S. congressional subcommittee examining fraud and cybercrime, the chair of NASAA's cybersecurity committee, Amanda Senn, chief deputy director of the Alabama Securities Commission, said that regulators are actively rooting out and shutting down frauds related to the pandemic.

Many of these schemes are targeting vulnerable senior investors, Senn noted.

"The pandemic coupled with dramatic volatility in the markets has brought loneliness due to social isolation and concerns for financial security," Senn testified.

"This is likely the reason that my colleagues and I have seen a significant uptick in the number of financial exploitation cases over the past two months," she said.

National News Coverage



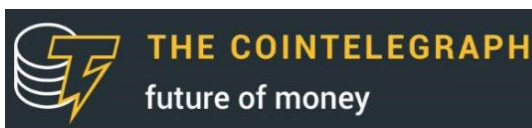
US House Weighs Response As Cyberattacks Against FIs Jump 238 Pct

By PYMNTS Posted on June 16, 2020

Cyberattacks against the financial industry have jumped by 238 percent in just the first five months of the year, VMware, Inc. Head of Cybersecurity Strategy Tom Kellermann said, testifying before a U.S. House of Representatives subcommittee on Tuesday (June 16).

In her testimony, Amanda Senn, the cybersecurity committee chair of The North American Securities Administrators Association and the chief deputy director of the Alabama Securities Commission, said that “history has shown us that opportunistic fraudsters will use COVID-19, as much as they have used other crises, to fleece mom-and-pop investors.”

Senn said a firm, which was purportedly based in California, “concocted account statements, promised significant returns, and failed to disclose its preposterous fee schedule, which the company claimed were being assessed due to the COVID-19 pandemic.”



Two States Sanction South African Firms for Crypto Debit Card Fraud

Aug 18, 2020

Authorities in Texas and Alabama have issued emergency cease and desist orders to South African companies promoting a cryptocurrency credit card scheme.

According to an Aug. 14 announcement from The Texas State Securities Board (TSSB) and the Alabama Securities Commission (ASC) issued cease and desist orders simultaneously against Lance Angus Jerrard and South African companies Liquidity Gold Trust, Liquidity Gold Solution, and Liquidity Global Card Solution.

National News Coverage

The firms and Jerrard are accused of committing fraud by promoting a product called the Liquidity Card on social media and a local Austin radio station, falsely claiming that investors have a guaranteed way to make money while staying at home during the pandemic. They reportedly said that the card was “a Mastercard that functions like a traditional debit card.”

According to the cease and desist order, these claims are fraudulent. In addition, all three Liquidity companies and Jerrard are not registered to sell securities in Texas. The TSSB reported they had concealed essential information to prospective cardholders on the risk associated with the scheme, and how they would be able to get a return on their investment.

Jerrard and the associated companies have 30 days to challenge the cease and desist order.



ASC’s September 4, 2020 press release titled “ALABAMA SECURITIES COMMISSION SAYS DON’T HIT ON PHISHING LURES AND GIVES RED FLAGS TO STAY OFF THE HOOK” went viral and was picked up by over 30 media outlets (A.P. News, Newsbreak, USA Today, U.S. News and World Report ,Washington Times, etc.). Media outlets in Turks and Caicos, New Zealand, and Australia shared the press release as well.

Cybercrime on The Rise During Pandemic, Caution Urged

September 5, 2020

MONTGOMERY, Ala. (AP) — State securities officials say cybercrime including email attacks are on the rise during the pandemic, and they’re warning people to be careful online. A statement from the Alabama Securities Commission says social engineering attacks have been increasing with more people working at home and children using virtual learning because

National News Coverage

of the coronavirus outbreak.

The agency says “phishing” attacks are a particular threat. That’s when scammers mimic a legitimate source in an attempt to access personal information, often by email. Many of the attacks try to create a sense of urgency by making people think information or financial accounts are at risk.

Commission Director Joe Borg said information is more accessible than ever, leading to potential problems.

“A hacker obtaining access to your investment accounts is the equivalent to a thief finding your house key under your front door, entering your home with ease and robbing you of your prized possessions,” Borg said in the statement.

Emails that include misspellings, grammatical errors, generic greetings, unbelievable claims and requests for personal information are risky, the agency said.

Minutes



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ALABAMA SECURITIES COMMISSION MEETING September 23, 2020

The Alabama Securities Commission held a meeting on September 23, 2020 at 10:00 a.m., and pursuant to Governor Ivey's March 2020 Proclamations and Supplemental Orders due to COVID-19 concerns, the meeting was held virtually through the ZOOM platform. Notice of the time and joining instructions were published with the Secretary of State, and a summary of the meeting was posted to the ASC website immediately following the meeting.

Commission Members Present:

Hon. Marlene M. McCain, CPA, Chair
Hon. Clay Crenshaw, Chief Deputy Attorney General
Hon. Jim Ridling (Insurance Commissioner)
Hon. Mike Hill (Banking Commissioner)
Hon. Allen Carroll, Jr., CPA
Hon. Dag Rowe, Attorney at Law
Hon. Hope Marshall, Attorney at Law

Commission Members Absent:

Hon. Steven Marshall (Attorney General)
[represented by Designee above]

Staff Members Present:

Hon. Joseph Borg, Director
Hon. Amanda Senn, Chief Deputy Director
Hon. Ed Reed, Deputy Director
Hon. Steve Feaga, Deputy Director
Ms. Christie Rhodes, Executive Assistant
Mr. Dan Lord, Public Affairs Manager
Ms. Faith Feaga, Public Information Specialist

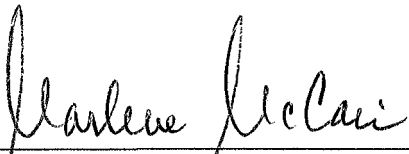
Public Attendees/Guests:

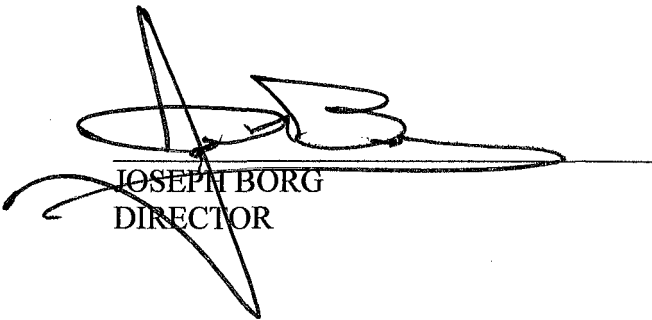
None Present

Minutes

Crenshaw, Ridling and McCain. Each Commissioner that was present at the beginning of the Executive Session was also present, with the exception of Commissioner Hill, when the Executive Session ended. At 11:00 a.m., the open meeting was reconvened.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Rowe made the motion and Commissioner Carroll seconded it; the motion was approved by all present, in a unanimous vote. Chair McCain then asked for a motion to adjourn. Commissioner Carroll motioned and Commissioner Rowe seconded and the motion to adjourn and motion was unanimously approved. The meeting adjourned at 11:03 a.m.


MARLENE McCAIN
CHAIR


JOSEPH BORG
DIRECTOR

Minutes



JOSEPH P. BORG
Director

AMANDA L. SENN
Chief Deputy Director

EDWIN L. REED
Deputy Director
Administration

STEPHEN P. FEAGA
Deputy Director
Enforcement/Litigation

ALABAMA SECURITIES COMMISSION

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COMMISSIONERS

CHAIR

MARLENE M. McCAIN
Certified Public Accountant

STEVEN T. MARSHALL
Attorney General

MIKE HILL
Superintendent of Banks

JIM L. RIDLING
Commissioner of Insurance

S. DAGNAL ROWE
Attorney at Law

W. ALLEN CARROLL, JR.
Certified Public Accountant

HOPE S. MARSHALL
Attorney at Law

ALABAMA SECURITIES COMMISSION MEETING

June 25, 2020

The Alabama Securities Commission held a meeting on June 25, 2020 at 10:00 a.m. Due to COVID-19 safety concerns, and pursuant to Governor Ivey's March 18, 2020 Proclamation and Supplemental Orders, the meeting was held virtually through the ZOOM platform. All Commissioners attended virtually. Notice of the time and place of this meeting was published with the Secretary of State.

Commission Members Present:

Hon. Marlene M. McCain, CPA, Chair
Hon. Clay Crenshaw, Chief Deputy Attorney General
Hon. Jim Ridling (Insurance Commissioner)
Hon. Mike Hill (Banking Commissioner)
Hon. Allen Carroll, Jr., CPA
Hon. Dag Rowe, Attorney at Law
Hon. Hope Marshall, Attorney at Law

Commission Members Absent:

Hon. Steven Marshall (Attorney General)

Staff Members Present:

Hon. Joseph Borg, Director
Hon. Amanda Senn, Chief Deputy Director
Hon. Ed Reed, Deputy Director
Hon. Steve Feaga, Deputy Director
Ms. Bonnie Traphan, IT
Ms. Christie Rhodes, Executive Assistant

Public Attendees/Guests:

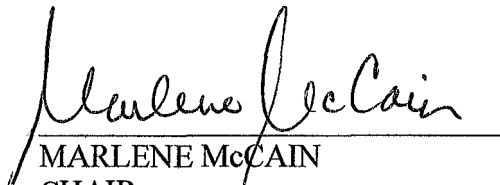
None Present

Minutes

The meeting was called to order at 10:00 a.m. by Chair McCain and she noted that there was a quorum present. Chair McCain asked for a roll call and each member (as detailed above) was present virtually. Chair McCain then asked for a motion to approve the current agenda and the minutes from the March 4, 2020 meeting. Said motion was made by Commissioner Hill and was seconded by Commissioner Rowe. The motion carried unanimously.

Director Borg then welcomed the Commission and acknowledged the newest Commission member, Ms. Hope Marshall, Attorney at Law. Director Borg then discussed the budget and congratulated Chief Deputy Director Amanda Senn on her June 16, 2020 testimony before the United States House Of Representatives Committee on Financial Services, Subcommittee on National Security, International Development, and Monetary Policy. Director Borg then provided information on the Commission's operations during COVID-19 and discussed the Interim Report that had been previously provided to the Commission.

The Quarterly Commission Report was delivered and included updates on the Accounting, Registration, Legal, Enforcement, IT and Investor Education and Public Affairs divisions. At the conclusion of the Quarterly Report, Director Borg then deferred to Chair McCain for further comments or discussion. No further discussions were held, and Chair McCain requested a motion to pay appropriate Commissioner expenses. Commissioner Carroll made the motion and Commissioner Rowe seconded it; the motion was approved by all. Chair McCain then asked for a motion to adjourn. Commissioner Hill motioned and Commissioner Rowe seconded and the motion to adjourn. The meeting adjourned at 10:36 a.m.


MARLENE McCAIN
CHAIR


JOSEPH BORG
DIRECTOR

Minutes



JOSEPH P. BORG
Director

AMANDA L. SENN
Chief Deputy Director

EDWIN L. REED
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HOPE S. MARSHALL
Attorney at Law

ALABAMA SECURITIES COMMISSION MEETING March 4, 2020

The Alabama Securities Commission held a meeting on March 4, 2020 at 10:00 a.m. in the main conference room of the Alabama Securities Commission offices, 12th Floor of the Dexter Building, 445 Dexter Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published with the Secretary of State.

Commission Members Present:

Hon. Marlene M. McCain, CPA, Chair
Hon. Clay Crenshaw, Chief Deputy Attorney General
Hon. Jim Ridling (Insurance Commissioner)
Hon. Mike Hill (Banking Commissioner)
Hon. Allen Carroll, Jr., CPA
Hon. Dag Rowe, Attorney at Law

Commission Members Absent:

Hon. Steven Marshall (Attorney General)

Staff Members Present:

Hon. Joseph Borg, Director
Hon. Amanda Senn, Chief Deputy Director
Hon. Ed Reed, Deputy Director
Hon. Steve Feaga, Deputy Director
Ms. Christie Rhodes, Executive Assistant

Public Attendees/Guests:

None Present

Minutes

The meeting was called to order at 10:08 a.m. by Chair McCain and she noted that there was a quorum present. Chair McCain asked for a roll call and each present member (as detailed above) was accounted for. Chair McCain then asked for a motion to approve the current agenda and the minutes from the December 11, 2019 meeting and said motion was made by Commissioner Ridling and was seconded by Commissioner Hill. The motion carried unanimously.

Director Borg and the Commission welcomed Stephen P. Feaga back from private practice to the Commission's Legal Division as the Deputy Director of Enforcement/Litigation.

Deputy Director Reed gave the Commissioners a general update on any pending legislation that may affect the Alabama Securities Commission.

Chief Deputy Director Senn briefed the Commission on Review of the Recommendation of the Administrative Law Judge for final determination of CD-2018-0026, *Endeavor Global Partners, Corp., Endeavor Global Partners (HK) Ltd., and David M. Fresne*. The Commission required a vote to confirm the findings of the Administrative Law Judge. Commissioner Carroll moved for the vote and Commissioner Ridling seconded the motion. All Commissioners voted "aye" separately by a roll call. There was no further discussion and the findings of the Commission with regard to the hearing were confirmed and the document was signed.

Director Borg informed the Commission of the resignation of Greg Bordenkircher (Legal Division) and the hiring of Ms. Kasey Hartzog, Victim Service Officer.

Director Borg then moved into the Accounting section of the Quarterly report followed by a review of the remaining reports of the Registration Division and Enforcement Divisions. Director Borg concluded the review of the monthly report with summaries of the IT Division, Investor Education and Public Relations divisions.

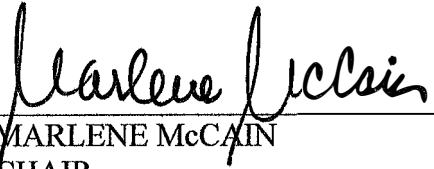
Director Borg then advised the Commission that pending litigation and confidential enforcement matters needed to be discussed.

Deputy Director Reed (a licensed attorney in Alabama), certified that one of the exceptions of the Open Meetings Act applied, in that pending litigation would be discussed during the Executive session. Director Borg estimated the Executive Session would last ten (10) minutes. Commissioner Carroll moved to go into Executive Session. Said motion was seconded by Commissioner Hill and the meeting went into Executive Session at 11:26 a.m. after a unanimous vote of all Commissioners present. The following Commissioners voted: Rowe, Hill, Carroll, Crenshaw, Ridling and McCain. The Executive Session ended by motion of Commissioner Carroll

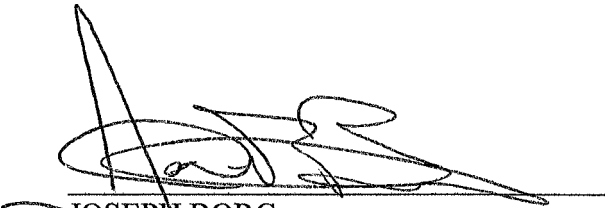
Minutes

and seconded by Commissioner Rowe and a unanimous vote by all present Commissioners. The following Commissioners voted unanimously to exit Executive Session: Rowe, Hill, Carroll, Crenshaw, Ridling and McCain. Each Commissioner that was present at the beginning of the Executive Session was also present when the Executive Session ended. At 11:44 a.m., the open meeting was reconvened.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Rowe made the motion and Commissioner Ridling seconded it, the motion was approved by all. Chair McCain then asked for a motion to adjourn. Commissioner Hill motioned and Commissioner Rowe seconded and the motion to adjourn and motion was approved by all. The meeting adjourned at 11:45 a.m.



MARLENE McCAIN
CHAIR



JOSEPH BORG
DIRECTOR

Minutes



JOSEPH P. BORG
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ALABAMA SECURITIES COMMISSION MEETING December 11, 2019

The Alabama Securities Commission held a meeting on December 11, 2019 at 10:00 a.m. in the main conference room of the Alabama Securities Commission offices, 12th Floor of the Dexter Building, 445 Dexter Avenue, Montgomery, Alabama. Notice of the time and place of this meeting was published with the Secretary of State.

Commission Members Present:

Hon. Marlene M. McCain, CPA, Chair
Hon. Clay Crenshaw, Chief Deputy Attorney General
Hon. Jim Ridling (Insurance Commissioner)
Hon. Mike Hill (Banking Commissioner)
Hon. Austin Huffaker, Jr., Attorney at Law
Hon. Allen Carroll, Jr., CPA

Commission Members Absent:

Hon. Steven Marshall (Attorney General)
Hon. Dag Rowe, Attorney at Law

Staff Members Present:

Hon. Joseph Borg, Director
Hon. Amanda Senn, Deputy Director, Enforcement
Hon. Greg Bordenkircher, Chief Litigation Counsel
Ms. Christie Rhodes, Executive Assistant
Special Agents Michael Gantt and Syretta Baldwin

Public Attendees/Guests:

None Present

Minutes

The meeting was called to order at 10:01 a.m. by Chair McCain and she noted that there was a quorum present. Chair McCain asked for a roll call and each present member (as detailed above) was accounted for. She then asked for a motion to approve the current agenda and the minutes from the August 22, 2019 meeting and said motion was made by Commissioner Hill and was seconded by Commissioner Huffaker. The motion carried unanimously. ✓

Director Borg and the Commission congratulated the Hon. Austin Huffaker on his appointment by the Administration as the newest Federal Judge. He was thanked for his service to the Commission.

Senior Special Agent Gantt introduced Special Agent Syretta Baldwin to the Commission as the newest hire in the Enforcement Division. SA Baldwin gave the Commissioners a brief synopsis on her employment history and she was welcomed to the Commission. Director Borg informed the Commission that the Commission has hired a new ASAI in the Enforcement Division (Ms. Lisa Green) to fill a spot left when Ms. Kim Hinson moved over to the Legal Division as a Paralegal and Ms. Hayley Long has been hired for a vacant Receptionist position.

Director Borg then informed the Commissioners that a new program was underway at the Commission. Utilizing a federal grant, the Commission will be hiring a Victim Services Officer who will be working with senior citizens who may be victims of securities crimes in aiding with paperwork and liaise with the enforcement officers. The federal grant lasts approximately 3 years and the Commission will work to create a permanent position in the Agency.

In addition to the above referenced new employees to the Commission, Director Borg informed the Commissioners that Stephen P. Feaga will be rejoining the staff this December as the Deputy Director of Enforcement/Litigation.

Chief Deputy Director Senn gave the Commission an update on Lisa's Law, as well as an update on the certification of Rule 830-X-7A-.09.

Director Borg informed the Commission that he has been reelected to the board of the National White Collar Crime Center and that the Commission will be hosting some training sessions and meetings for that organization. The Commission was informed of the many staff members that represent the Securities Commission by serving on national committees.

Director Borg then moved into the Accounting section of the Quarterly report followed by a review of the remaining reports of the Registration Division and Enforcement Divisions.


Minutes

Director Borg concluded the review of the monthly report with summaries of the IT Division, Investor Education and Public Relations divisions.


Deputy Director Reed then advised the Commission that pending litigation and confidential enforcement matters needed to be discussed.

Director Borg (a licensed attorney in Alabama), certified that one of the exceptions of the Open Meetings Act applied, in that pending litigation would be discussed during the Executive session. Director Borg estimated the Executive Session would last ten (10) minutes. Commissioner Carroll moved to go into Executive Session. Said motion was seconded by Commissioner Huffaker and the meeting went into Executive Session at 10:49 a.m. after a unanimous vote of all Commissioners present. The following Commissioners voted: Huffaker, Hill, Carroll, Crenshaw, Ridling and McCain. The Executive Session ended by motion of Commissioner Carroll and seconded by Commissioner Huffaker and a unanimous vote by all present Commissioners. The following Commissioners voted unanimously to exit Executive Session: Huffaker, Hill, Carroll, Crenshaw, Ridling and McCain . Each Commissioner that was present at the beginning of the Executive Session was also present when the Executive Session ended. At 11:27 a.m., the open meeting was reconvened.

Chairperson McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Hill made the motion and Commissioner Huffaker seconded it, the motion was approved by all. Chairperson McCain then asked for a motion to adjourn. Commissioner Hill motioned and Commissioner Huffaker seconded and the motion to adjourn. The meeting adjourned at 11:29 a.m.



MARLENE McCAIN
CHAIRMAN



JOSEPH BORG
DIRECTOR

Alabama Securities Commission

2019 - 2020 Annual Report



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Chief Deputy Director

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