

A photograph of a modern, multi-story office building with a light-colored facade and teal-colored architectural accents. The building has a prominent glass entrance on the right side. A dark blue rounded rectangle is overlaid on the center of the image, containing white text. In the bottom right corner, there is a circular seal of the Alabama Securities Commission.

Alabama Securities Commission

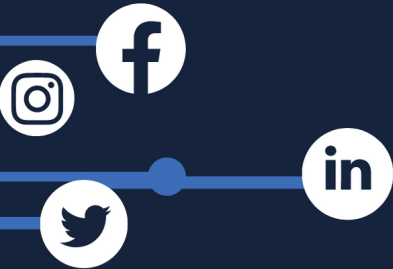
2020 - 2021 Annual Report



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.



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Contact us

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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 Act

The Commission's authority extends to any activity involving 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. In order to accomplish these objectives, the legislature authorizes the following methods:

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, may have been, 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 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 assists 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) Information Technology; (5) Education and Public Affairs; (6) Enforcement; (7) Licensing and Registration/Audits and Examinations.

The function of the Commission 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 Commission 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 to any person damaged by any failure to comply with the law or by any breach of conditions. The law also codifies the Commission’s authority and

ASC Purpose

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, Certified Public Accountant 5/12 - Present
Chairwoman Birmingham, Alabama

STEVEN T. MARSHALL, Attorney General 02/17 - Present
Member Montgomery, Alabama

MIKE E. HILL, Superintendent of Banks 07/16 - Present
Member Montgomery, Alabama

JIM L. RIDLING, Commissioner of Insurance 09/08 - Present
Member Montgomery, Alabama

S. DAGNAL ROWE, SR., Attorney at Law 08/13 - Present
Member Huntsville, Alabama

W. ALLEN CARROLL, JR., Certified Public Accountant 05/19 - Present
Member Mobile, Alabama

HOPE S. MARSHALL, Attorney at Law 05/20 - Present
Member Birmingham, Alabama



Top row from left to right: Marlene M. McCain, Steven T. Marshall, Mike E. Hill

Bottom row from left to right: Jim L. Ridling, S. Dagnal Rowe, Sr., W. Allen Carroll, Jr., Hope S. Marshall

ASC Personnel (FY 2020-2021)

Directorate

Joseph P. Borg, Director
Amanda L. Senn, Chief Deputy Director
Edwin L. Reed, Deputy Director, Administration
Christie A. Rhodes, Executive Assistant III
Jamey R. Selfridge, Clerk
Hayley R. Long, Clerk

Legal Division

Stephen P. Feaga, Chief of Litigation
Jeffery A. Brown, Jr., Attorney IV
Anne W. Gunter, Attorney III
Leslie D. Worrell, Attorney III
Lisa M. Ray, Attorney II
Kimathy J. Booher, Paralegal
Shana T. Proctor, Paralegal
Kimberlee A. Hinson, Legal Research Assistant

Accounting/Personnel Division

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

Information Technology Division

Bryan E. Selix, IT Systems Specialist, Sr.
Darren W. Boulware, IT Systems Technician, Sr.

Registration Division (Auditing & Examinations)

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

Aides

Josie A. Blanks, Clerical Aide
Macy E. Pope, Clerical Aide
Mary E. Dudle, Student Aide
Ethan F. Enfinger, Student Aide

Education and Public Affairs Division

Daniel G. Lord, Communications & Public Relations Manager
Nick L. Vonderau, Communications & Public Relations Coordinator
Faith D. Feaga, Communications and Public Relations Specialist, Senior

Enforcement Division

Louis V. Franklin, Sr., Deputy Director, Enforcement
Ricky G. Locklar, Regulatory Compliance Manager
Michael L. Gantt, Regulatory Compliance Manager
Syretta A. Baldwin, Special Agent
Nathan M. Faggert, 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
Kathy R. Lassiter, Executive Secretary
Heather H. Grimes, ASA III
Lisa S. Green, ASA II
Amy F. Guttensohn, ASA II
Kasey Hartzog, Victims' Service Officer*

Registration Division (Licensing & Registration)

Tina M. Tell, Registration Manager
Timothy W. Adams, Securities Analyst Supervisor
Marvernitha B. Kyles, Securities Analyst Supervisor
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

*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 Securities and Exchange Commission (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. Investigative/Examination Costs are investigation costs for examinations of violations of any provision of the article or violations of any rule. Opinions are interpretations issued by the Commission.

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

(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 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 2020- 2021
Statistical
Summary**

**\$13,937,725
Contributed to
the State General Fund**



17 Administrative Orders Issued
39 Administrative Order Respondents
\$14,285,160.45 Restitution Ordered to Victims
6 Public Warnings Issued



71 Investor Education and
Fraud Prevention Seminars/Trainings.



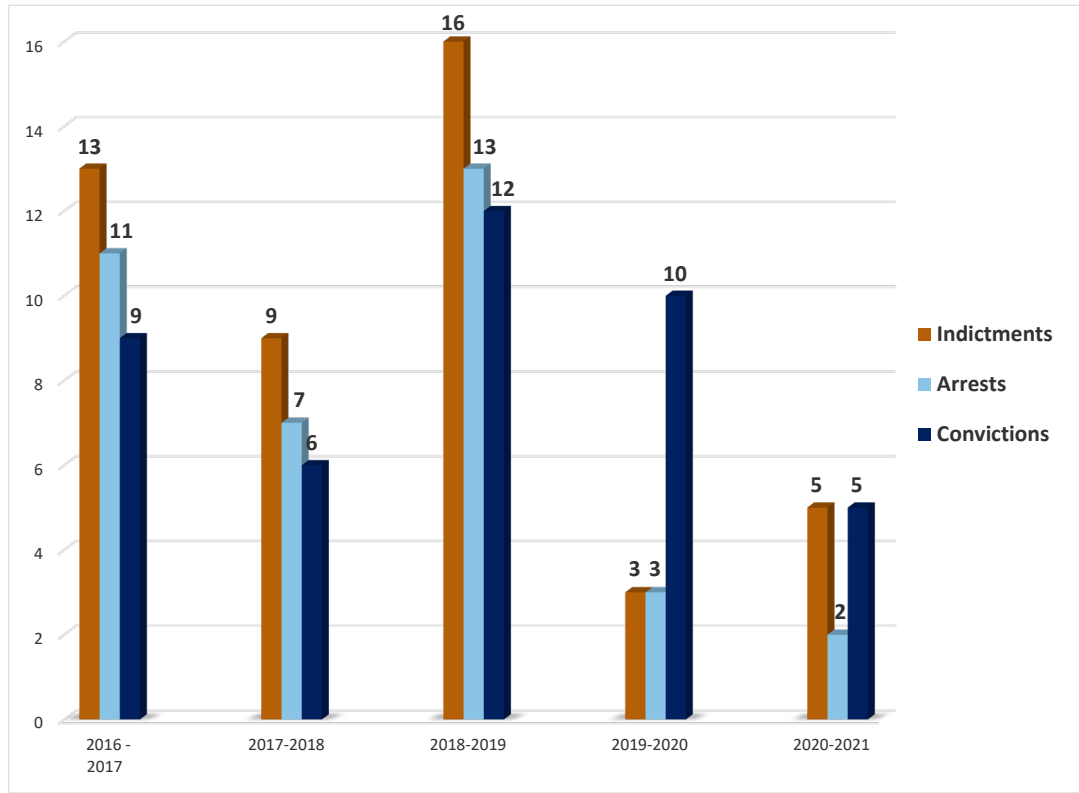
5 Indictments | 2 Arrests Made
5 Convictions | 46 Years Sentenced
25 Individuals Awaiting Grand Jury Action, Arrest or Trial



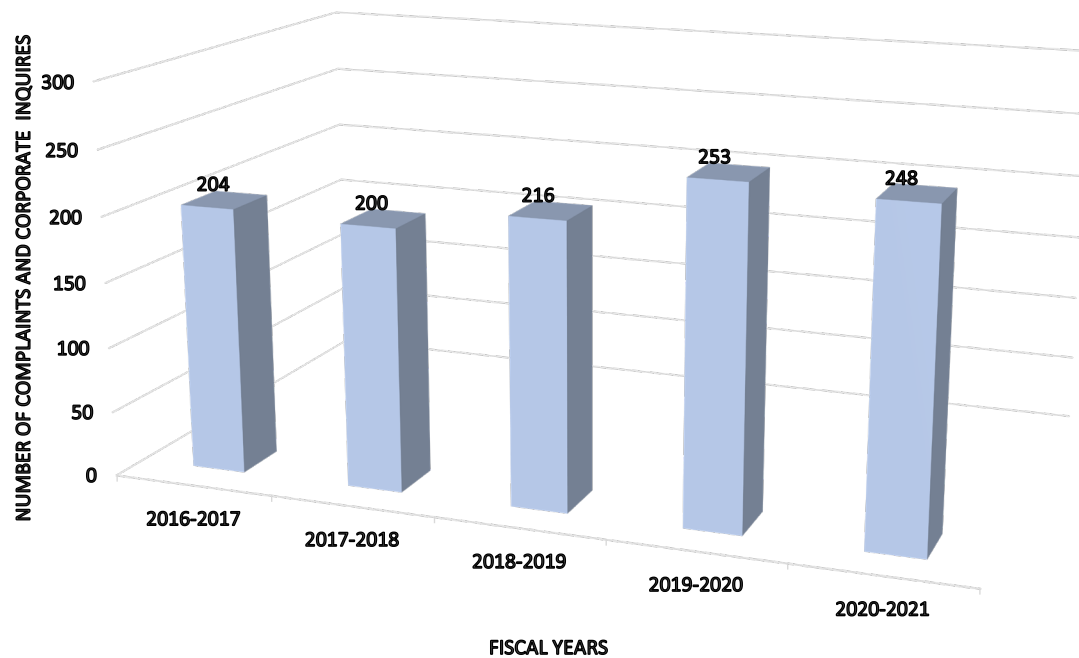
195,331 Licenses, Registrations and Exemptions Issued
59 Examinations/Audits
248 Complaints and Corporate Inquiries Received
\$107,555,000 Industrial Revenue Bonds Issued

Statistics

Indictments, Arrests & Convictions FY 2016 - 2017 to FY 2020 - 2021

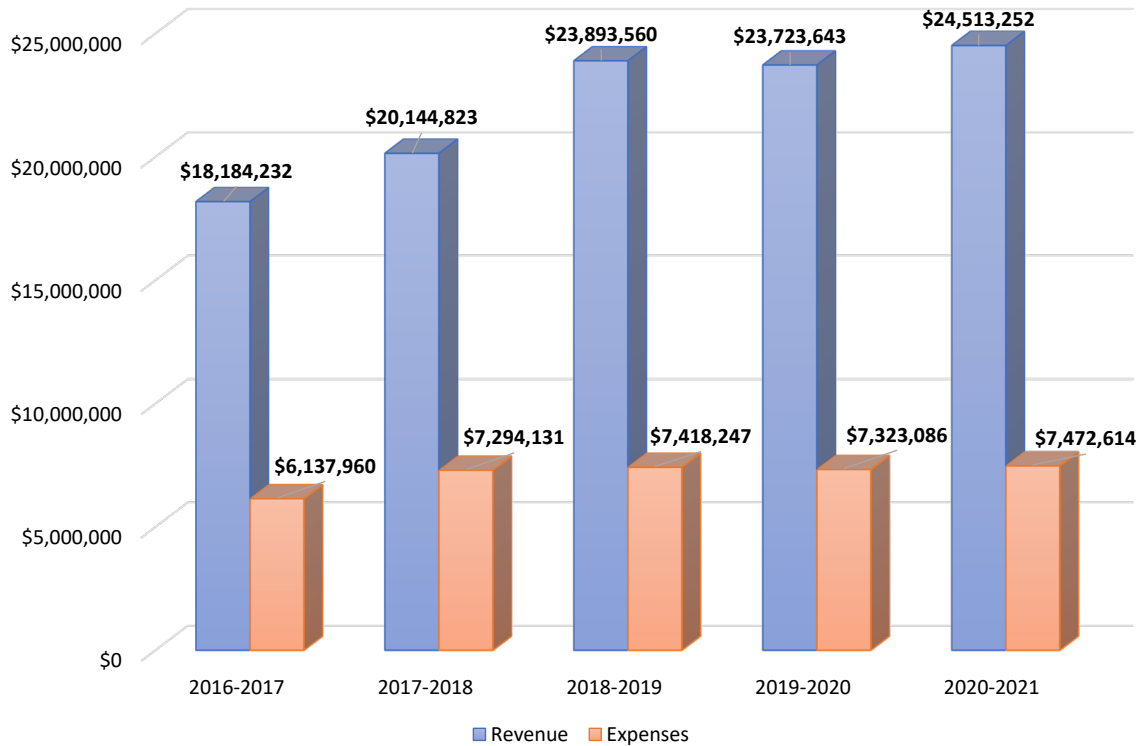


Complaints & Corporate Inquiries FY 2016- 2017 to FY 2020 - 2021

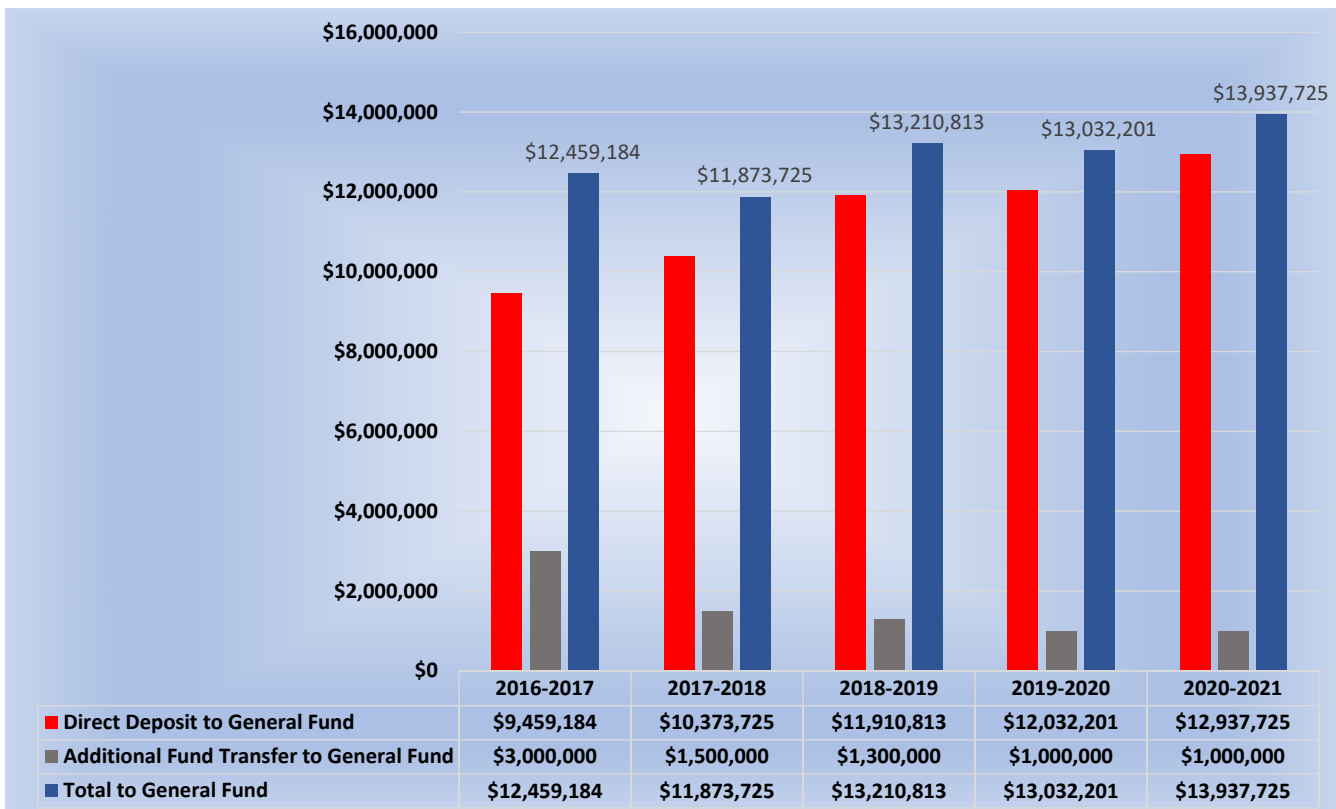


Statistics

Combined Revenue & Expenses FY 2016 - 2017 to FY 2020 - 2021

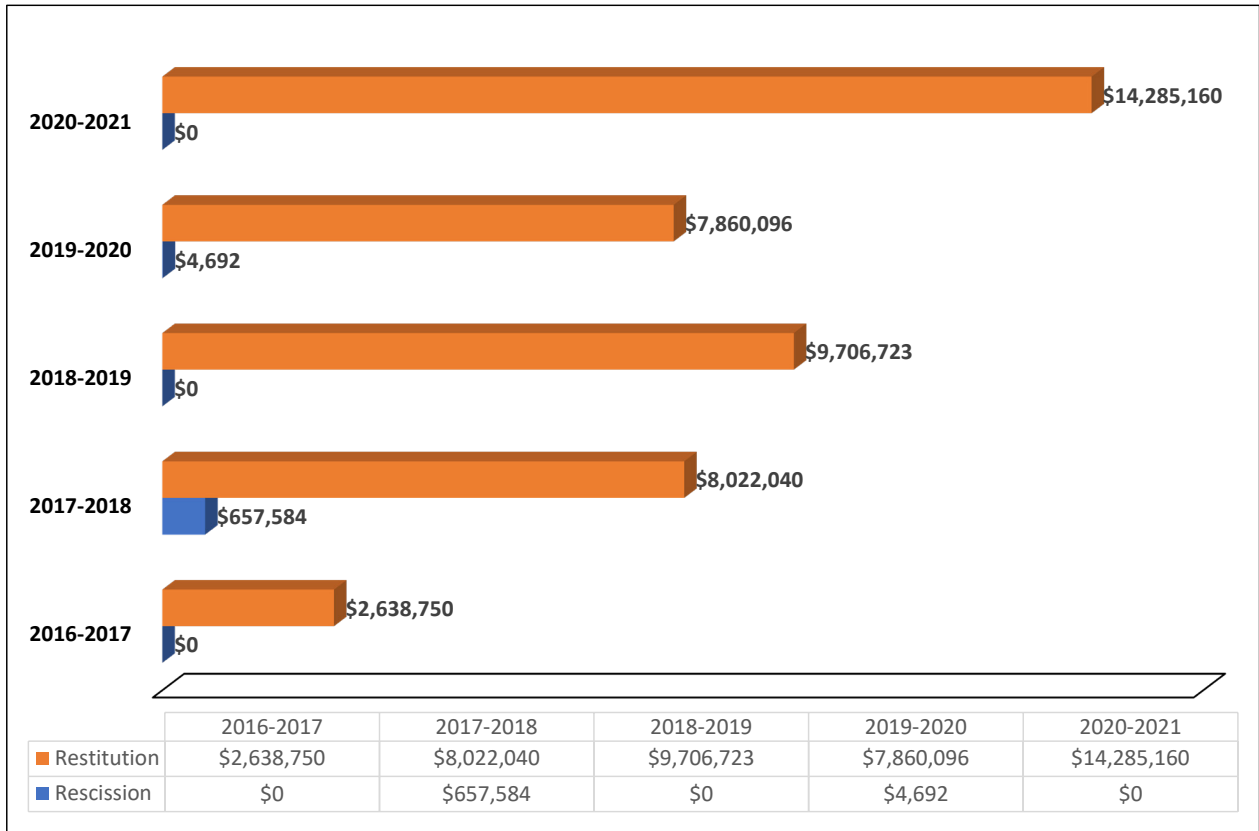


Total Revenue to General Fund FY 2016 - 2017 to FY 2020 - 2021

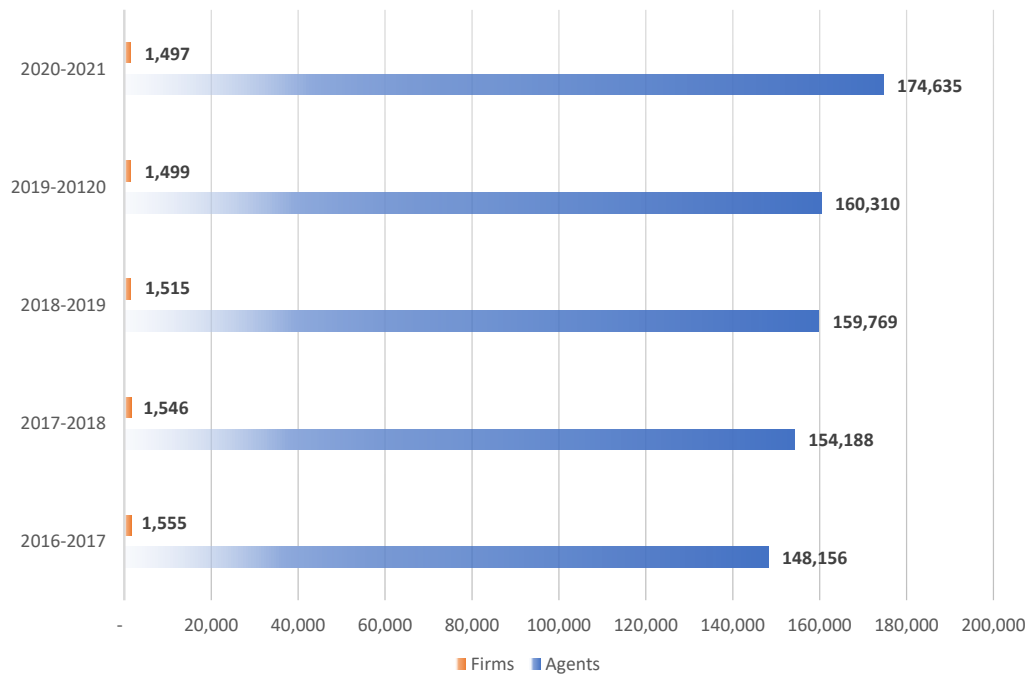


Statistics

Rescission & Restitution FY 2016 - 2017 to FY 2020 - 2021

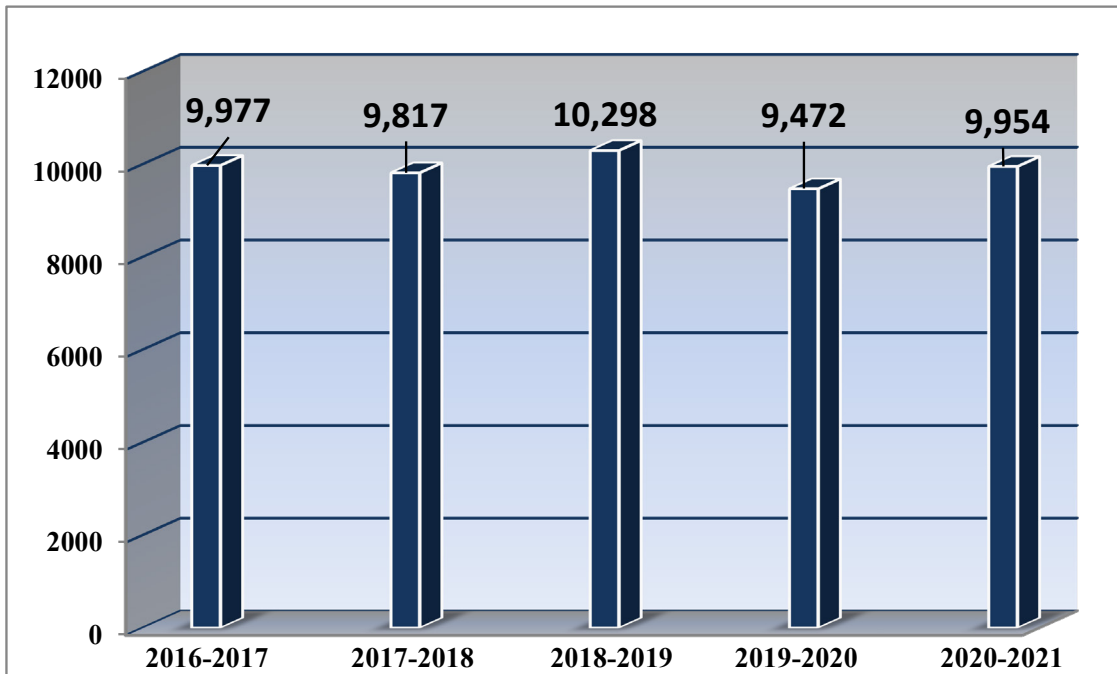


Broker Dealer Registrations FY 2016 - 2017 to FY 2020 - 2021

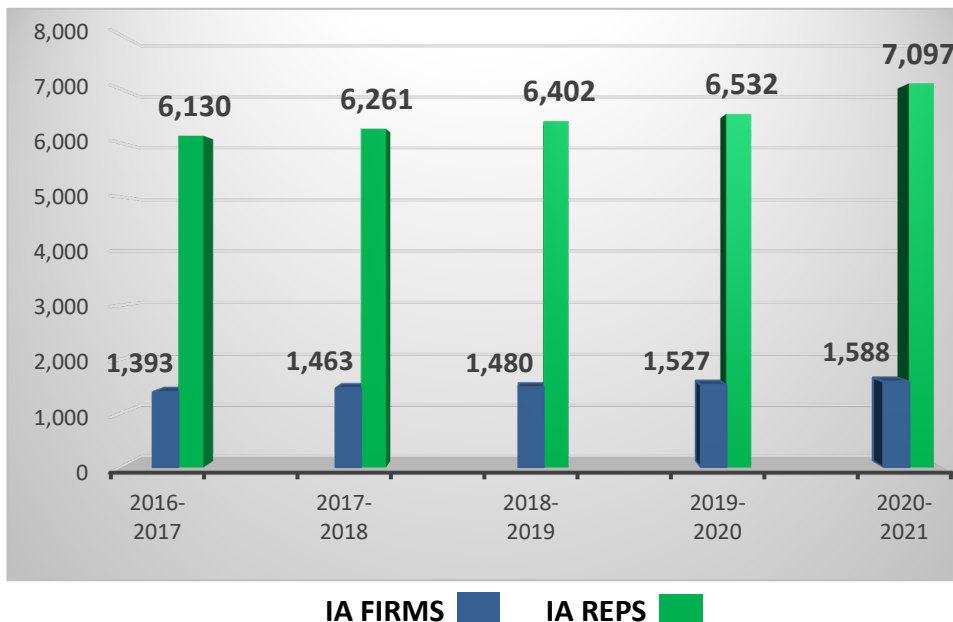


Statistics

Mutual Fund Filings and Exemptions
FY 2016 - 2017 to FY 2020 - 2021



Investment Adviser Firms & Investment Adviser Representatives
FY 2016 - 2017 to FY 2020 - 2021



Financial Statement

Agency Revenues for FY 2020-2021

Authority		
§ 8-6-3(h)	Investment Advisers & Representatives/Broker-Dealers & Representatives.....	\$13,577,830
§ 8-6-8	Securities Registration.....	\$114,431
§ 8-6-11	Exemptions.....	\$513,350
§ 8-6-19	Administrative Assessments/Investigative Executions.....	\$27,428
§ 8-6-10(11)a.2.	Mutual Fund Exemptions.....	\$10,104,150
§ 8-6-29	Opinions.....	\$1,500
§ 8-6-115	Industrial Revenue Bonds.....	\$3,000
§ § 87A-6;8-7A-9	Monetary Transmission Act.....	\$130,900
	Miscellaneous Revenues.....	\$40,663
	Total Revenues	\$24,513,252
	To General Fund.....	\$12,937,725
	To Securities Commission Fund.....	\$11,572,527
	To Industrial Revenue Fund.....	\$3,000
	Total	\$24,513,252

Expenditures for FY 2020-2021

	Personnel Costs.....	\$4,296,165
	Employee Benefits.....	\$1,502,583
	Travel (In-State).....	\$27,760
	Travel (Out of State).....	\$4,081
	Repairs and Maintenance.....	\$254
	Rentals & Leases.....	\$753,090
	Utilities & Communications.....	\$125,594
	Professional Services.....	\$221,311
	Supplies, Materials & Operating Expenses.....	\$248,196
	Transportation Equipment Operations.....	\$29,936
	Grants and Benefits.....	\$44
	Transportation Equipment Purchases.....	\$164,664
	Other Equipment Purchases.....	\$98,937
	TOTAL	\$7,472,615
	Additional Transfer to State General Fund.....	\$1,000,000
	Total Expenditures	\$8,472,615
	Total to General Fund for Fiscal Year 2020-2021	\$13,937,725

Enforcement Division

Enforcement Activity

Activity	Number
Corporate Inquires Opened	130
Corporate Inquires Closed	126
Investigations Opened - "I"	52
Investigations Closed - "I"	45
Investigations Opened - "S"	66
Investigations Closed - "S"	63
Administrative Actions	17
Administrative Action Respondents	39
Indictments/Warrants Obtained	5
Arrest Made	2
Convictions Obtained	5
Public Warnings Issued	6
Referrals to Other Agencies	100

Administrative Orders Issues

A comparative summary of the Enforcement Division's Fiscal Year 2020-2021 activities are shown on the following chart:

Type of Order Issues	Respondents	Orders
Cease and Desist	30	10
Consent	4	4
Show Cause	4	1
Consent Agreement	1	2
Totals	39	17

Registrations & Exemptions

TOTAL NUMBER OF REGISTRATIONS AND EXEMPTIONS ISSUED IN FY 2020-2021: 195,331 10/01/2020 - 09/30/2021					
	Application Filed	Application Approved	Renewal Processed	Application Withdrawn	Application Terminated
Broker/Dealer	84	82	1,415	12	65
Broker/Dealer Agent	0	36,596	138,039	416	28,708
Eleemosynary Exemption	12	7	0	2	1
Exempt Consent	0	0	0	0	0
Expansion Order	0	0	0	0	0
Industrial Revenue Bond	3	3	0	0	0
Investment Adviser- Federal	165	155	1,252	3	104
Investment Adviser- State Registered	27	19	162	13	20
Investment Adviser Representative	0	1,417	5,680	52	1,308
Limited Offerings	1,807	1,649	0	11	96
Mutual Fund Exemptions	1,740	1,745	6,550	0	1,164
Registration by Coordination	59	36	0	7	34
Registration by Qualification	0	0	0	0	0
Registration of Face Amount Certificate Company	0	0	4	0	0
Restricted Agent	31	28	274	1	25
Money Transmitter	34	22	196	1	5

INDUSTRIAL REVENUE BONDS FILED IN FY 2020-2021

INDUSTRIAL REVENUE BONDS FILED IN FY 2020-2021			
LESSEE	Fee Charged	Date Filed	Total Amount of Issue
United State Corporation Project (The Industrial Development Board of the City of Hoover, AL) Environmental Improvement Revenue Bonds, Series 2020	\$ 1,000.00	10/13/2020	\$70,000,000.00
Golden Boy Nut Corporation (The Industrial Development Board of the City of Troy, AL)	\$ 1,000.00	11/4/2020	\$18,555,000.00
Golden Boy Nut Corporation (The Industrial Development Board of the City of Troy, AL)	\$ 1,000.00	3/17/2021	\$19,000,000.00
Totals	\$ 3,000.00		\$107,555,000.00

Director's Report



Alabama Securities Commission Director Joseph P. Borg

The Alabama Securities Commission (ASC) is committed to protecting Alabama residents and businesses from deceptive and illegal practices associated with offers, sales and purchases of securities and securities-related services in Alabama. The agency's five divisions are tasked with carrying out this goal: registration, auditing, enforcement, legal and education. The ASC strives to continually refine and strengthen its role as an advocate for Alabama's main street investors. By protecting Alabama investors, the ASC preserves and encourages legitimate capital markets in the State.

Key Events/Issues ASC Protecting Investors Against Securities Fraud

Enforcement investigations and legal actions to fight white collar crime targeting Alabamians could not stop during the pandemic. 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.

The Commission took on and successfully met the challenge to maintain outstanding customer services and productivity during this fiscal year despite uncertainty brought about by the pandemic.

Precious Metals; A Top Threat to Alabama Investors

A major threat to Alabamians are investment schemes pitched through the Internet and social media, particularly those involving precious metals. In March, the ASC, other state regulators, and the Commodity Futures Trading Commission filed a joint civil enforcement action against Metals.com, Tower Equity, Chase Metals, Barrick Capital, and associated parties. The defendants are accused of perpetrating a fraudulent precious metals investment scheme. The case is significant – it involves 1600 investors and more than \$185 million in customer funds nationwide with over \$5 million from Alabama investors.

Accomplishments and Office/Division Functions

In FY 2020-2021 ASC generated \$13,937,725 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 Alabamians, 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.

Our highly trained and experienced veteran investigators (special agents) use their 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, precious metals 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 legal action against any person or business entity suspected of being in violation of the Alabama Securities Act and/or applicable federal laws.

Director's Report

The strong efforts and expertise of the Enforcement Division, during the past five years, resulted in an average of 9 criminal indictments each FY for the violation of laws regulating the securities industry. This fiscal year, the Division's hard work resulted in \$14,285,160.45 ordered in restitution for victims from prosecuted cases; 2 arrests; 5 convictions; and helped secure 46 years of incarceration and 32 years of probation directly related to sentences 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 residents. 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 2020-2021, the registration division issued 195,331 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 2020-2021, the Auditing and Examinations Division conducted 59 audits, with 3 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 77 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. Many events were postponed because of the pandemic, but will be rescheduled next year.

During Fiscal Year 2020-2021, the Education and Public Affairs Division supported 71 events that provided direct outreach and education to Alabama investors. The Division helped acquire grant money from the Investor Protection Trust (IPT). These funds help provide personal finance and investor education events for teachers, students of all ages, as well as for senior Alabamians concerned with the protection of their life savings. Additionally, programming is provided for industry professionals, social workers, nurses, first responders and other professionals as requested. Further information on ASC

Director's Report

Investor Education and Fraud Prevention programs are described on pages 27 through 39.

Although COVID-19 continues to impact the number of events, ASC staff adapt and ensure investor education is available for residents of Alabama. ASC Public Affairs division collaborated with great partners such as AARP, BBB, SEC, and FINRA in tele-town halls. ASC also participated in AARP/WSFA virtual fraud hotline and many other virtual events.

The Legal Division is comprised of highly skilled and dedicated attorneys whom are 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 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 provides technology services to support the Commission's daily operations. Division personnel work diligently to provide efficient support, infrastructure, technologies, and services to ASC personnel to facilitate the

Director's Report

Commission's mission. The IT Division works to strengthen compliance and information security through standardization and documentation and to secure the utilization and storage of sensitive information. The maintenance of the agency's computer hardware and software systems including constant information exchange with national databases covering financial professionals and firms through the national Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD).

Meet the Education and Public Affairs Team



*Communications & Public
Relations Manager
Dan Lord*



*Communications & Public
Relations Coordinator
Nick Vonderau*



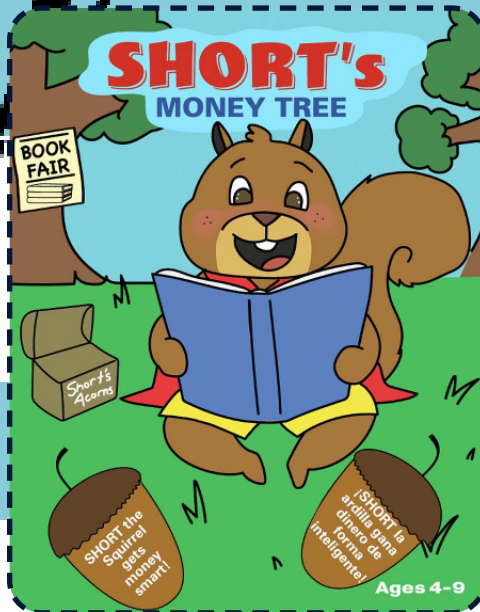
*Communications & Public
Relations Specialist, Senior
Faith Feaga*

Introducing SHORT'S Money Tree

The more that you read, the more things you'll know. The more that you learn, the more places you'll go!



Director Borg with SHORT the Squirrel

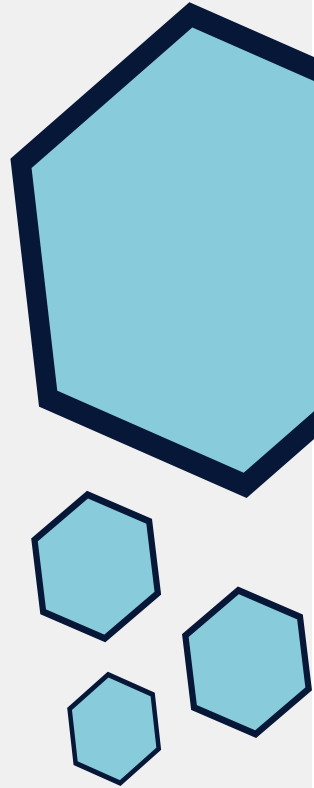


The ASC teamed up with SHORT the Squirrel creators Dr. Dee Bennett and Mrs. Monica Young to develop SHORT'S Money Tree a financial education resource for first graders in Alabama. The book follows SHORT through the decision-making process of what to buy at the schoolbook fair. He doesn't have enough acorns to purchase everything he wants. So, he chats with his friends, other woodland creatures, and the school librarian who teach him some valuable lessons about saving, hard work and even investing. Organizations/businesses interested in sponsoring a school to provide this resource can contact the Education and Public Affairs Division at 1-800-222-1253.

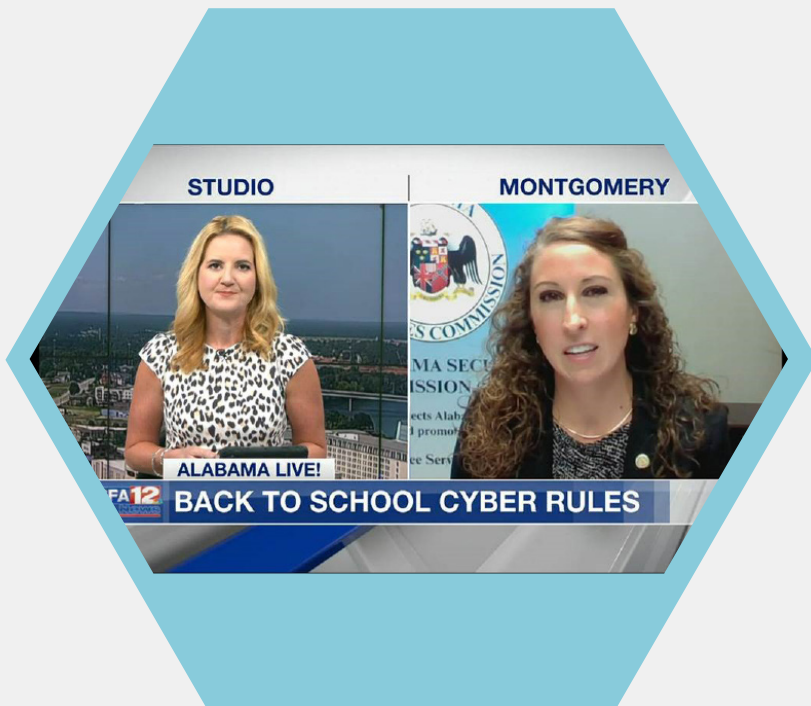
Investor Education & Fraud Prevention

ASC's back-to-school cyber rules

- Update the software on all your devices (new and old tablets, smartphones, and computers).
- Secure your internet network and change the generic password that comes with the router.
- Strengthen your password by making it at least 12 characters or longer and add numbers.
- Use two-factor authentication when logging into accounts containing personal information, especially financial accounts.
- Exercise extreme caution when using a free Wi-Fi network. Hackers can set up decoy networks that appear to be legitimate networks in hotels, restaurants, and coffee shops, which allows them to see and record your activity.
- If you receive an email from an unknown sender (even if the details appear accurate), do not respond, and do not click on any links or attachments found in that email. Instead, call to verify the information.
- Slow down and think before you click. Many phishing emails attempt to create a sense of urgency, causing the recipient to fear their account or information is in jeopardy.

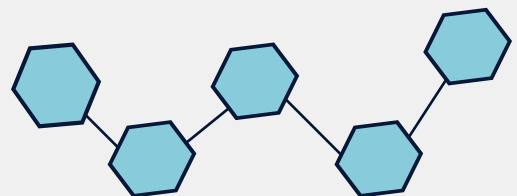


Chief Deputy Director Amanda Senn live on WSFA.



Cyber rules Cont...

- Be cautious of generic greetings such as “Hello Investor,” as these are often signs of phishing attempts. If you are concerned about the legitimacy of an email, call the company directly.
- Never give out personal information, account numbers, and passwords to anyone, especially in response to unsolicited emails, text messages, or phone calls for the information.



ASC Virtual Fraud Phone Bank with AARP and other partners

ASC staff participated in a virtual fraud phone bank coordinated by AARP and airing live on WSFA.

Alabama residents were able to call in and ask questions about scams and speak to experts.

Over 200 callers were supplied with information on how to protect themselves from financial scams.



Senior Outreach

Photos | **Left:** Susan Hackney SHIP/SMP Coordinator for the United Way Area Agency on Aging of Jefferson County interviews Faith Feaga. **Right:** Nick Vonderau speaks to the Council on Aging of Etowah County.

Senior Protection

It is estimated that fraudsters stole nearly \$1 Billion from seniors during 2020. The ASC is committed to providing financial education to seniors in Alabama and helping end the financial exploitation of older adults.



Common Scams targeting seniors

Scams to watchout for:

- Romance scams
- Precious metals investment scams
- Gift card scams
- Grandparent scams
- Fake lottery scams

Educational materials

For additional information on the scams listed to the left, visit the education section of the ASC website or browse through news publications at www.asc.alabama.gov.

Training for Professionals

ASC Director Borg,
Chief Deputy Director
Senn and Dr. Allen
Mendenhall present
on cybersecurity for
attorneys.



Director Borg
speaking to
the ASCPA*
Mobile chapter.

*Alabama Society of Certified
Public Accountants

Training for Professionals



ASC Chief Deputy Director Amanda Senn and Securities Analyst Josh Lacy present during the North American Securities Administrators Association (NASAA) 2021 Virtual Investment Adviser training.

Below, ASC staff participate in the training.



Investor Education Training for Teachers



In addition to providing teachers with investor education resources, the ASC conducts regular teacher trainings to career-tech teachers in Alabama. The ASC also speaks to retired teacher associations to bring awareness about common frauds and how teachers can protect their retirement funds.

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Did you know the ASC provides *The Basics of Saving & Investing* curriculum for teachers at no cost? Visit the education section of the ASC website to learn more. www.asc.alabama.gov

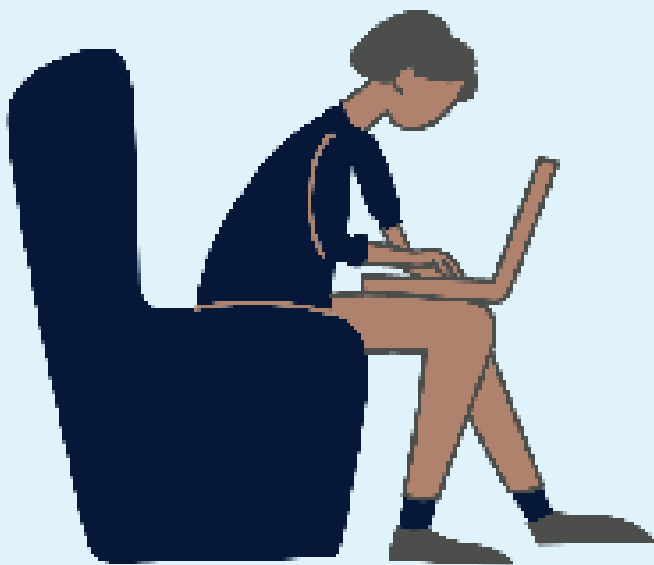
Pictured above Director Borg speaking to the Elmore County Retired Teacher's Association.

Investor Education Training for Students



Photos Left: Chief of Litigation Steve Feaga speaks to ASC summer interns

Bottom Right: Nick Vonderau speaks to FBLA students during their virtual conference



Students and parents can access a variety of free investor education materials on the ASC website.

Investor Education & Fraud Prevention

Additional programs and resources



She Can a financial empowerment program for women. Program materials are available at www.asc.alabama.gov/shecan.aspx. If you would like to schedule a financial education presentation for a women's group contact Faith at faith.feaga@asc.alabama.gov. Don't forget to follow us on Instagram @SheCan. ALsecuritiescommission.



Military The ASC is proud to offer free financial presentations and materials to members of the U.S. Armed Forces. Materials and a request for presentations form can be found at www.asc.alabama.gov.



Age related materials Where should you invest your college money? How can you protect your retirement investments from securities fraud? Materials that can help answer these questions and more are available on the ASC website. Whether you're a beginner, or seasoned investor resources abound on the education section of the ASC website.



Con Watch 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.

Totals for key meetings/events/actions

Date	Place/Action	#	Audience Type
9/28-29/2021	Embassy Suites in Huntsville, AL	200	Members of ARSEA/Apeal
9/23/2021	Virtual Professional Caregiver Training	v	ACES Professional Caregivers
9/21/2021	Wetumpka Civic Center in Wetumpka, AL	170	CAAC Elder Justice Fraud & Caregiver Conference
9/16/2021	The Club in Birmingham, AL	v	FPA of North Alabama Annual Symposium
9/16/2021	Spanish Fort Senior Center in Spanish Fort, AL	30	BBB of Central & South Alabama Senior Outreach
9/15/2021	Virtual WSFA Fraud Bank	v	Viewers of WSFA from 4-6:30PM
9/10/2021	Dalraida Elementary School	100	Teachers and Students
9/9/2021	Virtual WSFA Live Interview	v	Viewers of WSFA Live at 11
9/3/2021	In-person Perdido Beach Resort	65	South Alabama Law Enforcement Conference
8/24/2021	In-person/virtual Opelika, AL at the Sportsplex	43	LRCOG* Fraud Seminar for Seniors
8/17/2021	Phone interview with AARP* Doug Shadel - WA	v	Readers of Doug Shadel's AARP article
8/10/2021	Albertville, AL Fellowship Baptist Church	20	Senior members of the church
7/29/2021	Virtual ALACTE* conference 2021	v	Lesson plan presentation for high school teachers
7/27/2021	Virtual ALACTE conference 2021	30	Lesson on etiquette for high school teachers to teach
7/21/2021	Intern social media competition	14	ASC interns
7/14/2021	Mobile, AL Moe's BBQ	75	ASCPA* Mobile Chapter
7/14/2021	State Government intern training luncheon	60	State Government Interns
7/7/2021	Chief of Litigation Steve Feaga speaks	9	ASC interns
6/30/2021	Virtual	v	M4A Virtual Senior Outreach Program
6/28/2021	Virtual ALACTE conference 2021	32	Lesson on etiquette for high school teachers
6/23/2021	Gadsden Downtown Civic Center	200	Council on Aging of Etowah County Senior Outreach
6/16/2021	Chief Deputy Director Amanda Senn speaks	9	ASC interns
6/3/2021	Director Borg interviewed for podcast	v	Listeners of the RumbergerKirk Podcast
5/26/2021	Tuskegee, AL outdoor speaking event	30	SCADC Virtual Fraud Seminar
5/25/2021	Virtual	v	Beasley Allen Law Clerks
5/13/2021	Virtual	v	OLLI Virtual Fraud Seminar
5/12/2021	Virtual	v	Samford University Cumberland Law Students
5/12/2021	Virtual	v	LRCOG Virtual Fraud Seminar
5/11/2021	Montgomery, AL Museum of Fine Arts	v	Junior League Montgomery (Women's conf. social)
5/6/2021	Virtual	v	NACOLG Virtual Fraud Seminar

Totals for key meetings/events/actions

Date	Place/Action	#	Audience Type
4/30/21	Virtual	v	FMA* Securities Compliance Seminar
4/28/21	Virtual	v	7X24 The Greater Florida/Alabama Chapter Meeting
4/22/21	Virtual	v	SARPC* Foster Grandparents Meeting
4/21/21	Virtual	v	Jump\$tart Board Meeting
4/16/21	Virtual	v	Elder Justice Task Force Meeting
4/15/21	Virtual	v	OLLI Meeting
4/14/21	Virtual	v	FBLA* Annual Conference
4/13/21	Elmore Cty Black History Museum	8	Elmore County Retired Teachers Association
4/7/21	Covington County Board of Education	15	Covington County Retired Teachers Association
3/17/21	Virtual	100+	BBB of North Alabama Fraud Summit
3/5/21	Virtual - Junior League of Montgomery	378+	Women's leadership organization - Alabama
3/5/21	Virtual with state counterpart project group	7	Podcast recording with New Mexico Securities
3/4/21	Virtual	4	BBB of North Alabama event planning meeting
2/26/21	Interview former corporate Dir. of Marketing	19	Develop podcast for women in Alabama
2/25/21	Montgomery, AL at Down The Steet Café	20	Members of the Montgomery Kiwanis Club
2/24/21	Montgomery, AL at ASC	5	Record TV episodes for AL "It's the Time of Your Life"
2/24/21	Virtual - Advisory board meeting	16	UAB Regions Institute for Financial Education
2/23/21	ASC - prepare detailed information package	v	Senator Tuberville's Financial Policy Advisor & staff
2/22/21	Develop and submit ads to AL Press Assoc.	v	Statewide ad campaign from Mar - May, IPT* grant
2/12/21	Interview counterpart from Fed Res Bank	10	Develop podcast for women in Alabama
2/12/21	Virtual	v	Marshall County DHR training
2/5/21	Virtual	15	Elder Abuse Prevention Council meeting
1/27/21	Montgomery, AL Capital City Club	25	Attorneys and members of the Federalist Society
1/27/21	Virtual	v	Nationwide Mortgage Licensing System (NMLS) conf.
1/27/21	Troy State Univ Montgomery radio station	v	River region citizens who listen to talk show
1/11/21	Auburn, AL Country Club	35	Members of the Lee County Kiwanis Club
12/9/20	Virtual	10	FBLA-PBL Foundation Board Meeting
12/3/20	Consultation to develop education program	v	Arkansas Securities Commissioner and staff
11/18/20	Virtual	v	InfraGard Birmingham member's Fraud Summit
11/16/20	Virtual movie production	v	Career and Information Tech. teacher's conference
11/16/2020	She Can fall winter/ seasonal tips & tricks	30	She Can Podcast on Spotify, Apple & other
11/13/20	Virtual	15	Elder Abuse Prevention Council meeting
10/27/20	Virtual	20	Consumer Financial Protection Bureau edu meeting
10/23/20	Virtual	15	ACEE* board meeting to promote investor education
10/22/20	Virtual	v	AARP teletown hall for Alabama Seniors
10/21/20	Virtual	v	National Society of Compliance Professionals
10/16/20	Virtual	5	AARP planning meeting for teletown hall
10/15/20	Virtual	v	Mental Health Association of Morgan County
10/6/20	Virtual	v	SEC, FTC, & US Teletown Hall for religious groups

Totals for key meetings/events/actions

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
AAII = 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	FMA = Financial Markets Association
AARP = American Association of Retired Persons	FPA = Financial Planning Association
ACEE = Alabama Council on Economic Edu.	FSI = Financial Services Institute
ACES = Alabama Cooperative Extension System	FUMC = First United Methodist Church
ACFE = Association of Certified Fraud Examiners	HMCSS = Huntsville-Madison County Senior Center
ADSS = Alabama Dept. of Senior Services	HOPE = Operation Hope
AERA = Alabama Education Retirees Association	HPCUG = Huntsville PC User Group
AFWA = Accounting & Financial Women's Alliance	IMA = Institute of Management Accountants
AGA = Association of Government Accountants	IPT = Investor Protection Trust, Washington, DC
AJC = Alabama Jump\$tart Coalition	JCBOE = Jefferson County Board of Education
ALACTE = Alabama Association for Career Technical Education	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	V = not counted in total number trained
EAMC = East Alabama Medical Center	WARC = West Alabama Regional Commission
EJTF = Elder Justice Task Force	

Totals for key meetings/events/actions this FY: 71

NASAA involvement

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, Regulatory Compliance Manager	Enforcement and Enforcement Zones
Mike Gantt, Regulatory Compliance Manager	Enforcement Training
Timothy W. Adams, Securities Analyst Supervisor	Finance and Audit Working Group
Caroline M. Holmes, Securities Analyst Supervisor	Broker-Dealer Training Committee
Sandra Smith, Securities Analyst, Senior	Business Organizations and Accounting
Bobby Sharp, Special Agent	Broker-Dealer Training Committee
Nick Vonderau, Communications & Public Relations Coordinator	Life Stages
Faith Feaga, Communications and Public Relations Specialist, Senior	Digital Media Tools & Resources and Member Services Committee

Victims' Service Officer

This year, the Commission received 151 reports of possible financial exploitation. Of the reports, 41 were investigated by the Enforcement Division. There were 20 reports that did not need to be referred or investigated. The remaining 90 reports were reviewed and referred to local authorities. Approximately, 138 reports were received directly via the adult protect email provided to financial firms. The other 13 reports were received via phone call.

The ASC's Victim Services Officer (VSO) and the Department of Human Resources (DHR) receive intake of financial exploitation reports. Once a report is received, the VSO will review it to determine if it is within the jurisdiction of the Commission. If the report is within the Commission's jurisdiction, it will be assigned to a special agent. The VSO will make visits to the victim(s), phone call(s) to family and set up interview times for victims if needed. The VSO will periodically visit victims during the duration of the investigation to educate them about scams and to relay financial exploitation information as it relates specifically to their case. The VSO also assists with prosecution and trial prep by helping to schedule victim interviews and share the case status with victims.

The VSO works collaboratively with local authorities by sending referral letters when necessary. Additionally, the VSO will contact the county DHR worker to share information regarding ongoing cases. If you suspect financial exploitation, you can contact the Commission at 1-800-222-1253 or complete the Adult Financial Exploitation form available on our website under the Enforcement section at www.asc.alabama.gov.



Kasey Hartzog, VSO

Protecting Alabama's Seniors



Announcements, Investor Alerts & Enforcement Actions

Plan to Go Trick or Treating this Week? ASC Warns Cybercriminals Are Trying to Trick and Cheat You!

MONTGOMERY, ALABAMA (Tuesday, October 27, 2020) - In recognition of National Cyber Security Awareness Month (October), the Alabama Securities Commission (ASC) is issuing an alert to warn Alabama investors of imposter scams. Unlike trick or treaters, cybercriminals will not don obvious costumes and come knocking. They are masters of disguise and always conceal their motives.

Cybercriminals do not go door to door. They strategically prey on vulnerable investors that are socially isolated, unemployed or trying to make ends meet during this tumultuous season due mostly to Covid-19. These cyber con artists disguise their websites by using stock photos of attractive models, celebrity testimonials and falsely claiming they have been awarded government contracts. They also use social media accounts and advertisements to trick victims. Then, they cheat investors out of thousands of dollars, install ransomware on devices or drain investment and bank accounts.

“Fraudsters exploit technology to the detriment of Alabama investors. Through cautious decision making and thorough research, investors can protect their assets,” said ASC Director Joseph P. Borg.

Alabamians can unmask cybercriminals by remembering these tips:

- Slow down and be cautious when clicking on a link or download button,
- A government agency will never contact you by email, request a wire transfer or ask you to purchase gift cards as payment,
- When visiting a financial website do not click on “pop-ups” or links sent via email that say they will take you to your bank or investment company. Instead type in the address your self and directly visit the website,
- Never give someone who initiates contact with you claiming to be “running updates” or “fixing bugs” remote control of your electronics,
- Downloading files and visiting websites sent to you via email, social media or text message is dangerous,
- Never give out personal information over the internet, even if someone claims to be from a bank or another financial institution,
- Generic greetings such as “Hello Investor” or “Hello User” are red flags,
- Avoid using public Wi-Fi and
- If you didn’t enter a contest or lottery, you didn’t win it.

“A great strategy for protecting your money in the digital era is to remember that fraudsters play on fear. From behind a screen they use deception to trick you into purchasing an investment that, in a different emotional state, you would never have considered,” said ASC Chief Deputy Amanda Senn.

Announcements, Investor Alerts & Enforcement Actions

Your Elf on the Shelf Called; Apparently, You've Been Answering Spoof Calls

MONTGOMERY, ALABAMA (Tuesday, December 1, 2020) - The elf on the shelf is Santa's eyes and ears around the home and that is how he knows who goes on the naughty or the nice list. Your elf made a special call to the Alabama Securities Commission (ASC) and said that you have been answering spoof calls. While that offense will not merit your name on the naughty list, answering spoof calls may harm your wallet or retirement savings. To protect Alabamians this holiday season the ASC is providing a list of best tips to protect yourself from fraudulent calls.

Tip No. 1: Identify the caller. If you do not know who is calling, send it to voicemail. This is your best protection. Scammers can fake their phone number (called spoofing) and make it look like it is from your area code. If you are expecting a delivery or medical test results, ask the service provider to give you the number they will be calling from and put it into your phone in advance.

Tip No. 2: Never give out sensitive information over the phone. Remember, a government agency and financial institution will not call and ask you to verify your social security number or bank account information. If someone calls claiming to be from the IRS, another government agency or your bank, hang up. Find their real phone number to call by going to their official website or find it on your last statement.

Tip No. 3: A legitimate investment opportunity does not require you to "act now." If someone calls claiming they have a "can't lose investment opportunity, but you must act now" hang up. All investing involves risk.

Remember, a good deal today will usually be a good deal tomorrow. When considering an investment product or researching a financial professional you would like to hire, your first step should be calling the ASC at 1-800- 222-1253 to ensure they are both registered. Also, you may request a free background check on the financial professional.

Tip No. 4: Register your number on the national do not call register. You can register your phone number with the FTC here. According to the FTC, if you are on this registry it is illegal for a company to call you with a sales pitch unless you are a previous customer. Once you are registered, anyone calling you and attempting to make a sale is already breaking the law. This will reduce the number of unwanted calls you receive, it will not stop them all.

Tip No. 5: Do not make charitable donations over the phone. It is always a good idea to research an organization before donating money. Ask the caller for written information and the organization's Federal Tax Identification Number. If they become hostile or pressure you to give, hang up the phone. Before you give, it may be wise to research charities at: www.charitynavigator.org; www.guidestar.org; www.IRS.gov (federal tax exempt status) or the Better Business Bureau's www.give.org.

The ASC wishes you safe and happy holidays!

Announcements, Investor Alerts & Enforcement Actions

Alabama Securities Commission Welcomes Former U.S. Attorney Louis Franklin, Sr. as Deputy Director of Enforcement

MONTGOMERY, ALABAMA (April 1, 2021) - Joseph P. Borg, Director of the Alabama Securities Commission (ASC), announced today that Louis V. Franklin, Sr. has joined ASC as Deputy Director of Enforcement. Deputy Director Louis Franklin, Sr. was the U.S. Attorney for the Middle District of Alabama from September 14, 2017 through February 28, 2021.

Deputy Director Franklin joined the U.S. Attorney's Office for the Middle District of Alabama in 1990 as an Assistant United States Attorney. He held many leadership positions, including head of the office's major drug trafficking task force, chief of the criminal division, and acting U.S. Attorney, culminating with his nomination and confirmation to serve as the United States Attorney for the Middle District of Alabama. Franklin received his undergraduate degree from the University of Alabama, a master's degree from Auburn University at Montgomery, and his law degree from Howard University.

"We are delighted to announce Louis Franklin as the Deputy Director of Enforcement. His expertise will contribute to our steadfast commitment to hold fraudsters accountable when they try to profit from deceiving Alabama investors," said Director Borg. "ASC has one of the strongest enforcement divisions in the nation. Louis leading that division is great news for the citizens of Alabama, but bad news for those plotting to steal from Alabama investors."

"As U.S. Attorney for the Middle District of Alabama, Louis was a key player in combating securities fraud," said Chief Deputy Director Amanda Senn. "We are excited that Louis will continue these efforts on behalf of Alabamians and we welcome his tenacity and expertise as we continue the crusade to protect Alabama investors."

Unregistered Agent Selling Healthcare Securities Stopped by Alabama Securities Commission

MONTGOMERY, ALABAMA (December 16, 2020) - The Alabama Securities Commission (ASC) announces that Charlton "Chip" Claude Wilson II plead guilty to acting as an unregistered agent in Madison County, Alabama. The offense is a class C felony. Wilson was sentenced to a two-year prison sentence, suspended, provided he pays restitution, and five years of probation to begin immediately. The court ordered Wilson to pay \$25,088.75 in restitution to three victims. The Honorable Judge D. Alan Mann of the 23rd Judicial Circuit presided over the case.

Wilson violated Alabama securities law when he failed to register with the ASC as an agent and sold stock in My 180 Health, a rehab and healthcare facility, to three Madison County residents. The Madison County investors became concerned with the representations made to them about the investment. The investors filed a complaint with the ASC against Wilson for keeping some of the funds as a commission instead of all of it going toward the investment. The fact that Wilson kept commissions put him in violation of Alabama securities laws.

"The State of Alabama and its residents succeed when justice is served and repayment of lost

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funds is required,” said ASC Director Joseph P. Borg. “There is a reason, and it is to protect investors, that agents have to be registered with the Alabama Securities Commission.”

Alabama residents can protect their assets by contacting the ASC at 1-800-222-1253, before investing, to check out individuals offering financial advice for a fee or selling securities. Most investments must be registered with the Commission and a red flag of investment fraud is an unregistered security. To learn more about current scams and how to protect yourself from victimization visit www.asc.alabama.gov.

“Victims may not have visible injuries, but the monetary loss and emotional trauma caused by these crimes are very real,” said Director Borg. “It is a great privilege to seek restitution for Alabama residents.”

Unregistered Agent Touting Banking System Expertise Ousted by Alabama Securities Commission

MONTGOMERY, ALABAMA (December 17, 2020) - Tuscaloosa County District Attorney Hays Webb and The Alabama Securities Commission (ASC) announce that Allison Hunt Creighton plead guilty to acting as an unregistered agent in Tuscaloosa County, Alabama. The offense is a class C felony. Creighton was sentenced to a fifteen year and a day prison sentence with the first three years to be served through the Tuscaloosa County Community Corrections Program and the remaining twelve years and a day to be served on probation. The court ordered Creighton to pay \$10,000.00 in restitution to an investor, and as a condition of the sentence Creighton must continue to make restitution, amounting to \$95,000, ordered in a prior unregistered agent case. The Honorable Judge Brad Almond of the 6th Judicial Circuit presided over the case.

Creighton violated Alabama securities law when she failed to register with the ASC as an agent and sold two investment contracts to a St. Clair County resident. Creighton represented that she had in-depth knowledge of the banking system that would allow her to turn a profit on the investment. The investor filed a complaint with the ASC against Creighton after learning Creighton was keeping investment funds as remuneration. By keeping some of the investment as remuneration, Creighton violated Alabama securities laws prohibiting unregistered agents from receiving compensation for providing investment advice.

“In every instance of illegal securities activity, the Alabama Securities Commission will seek justice for and protect Alabama investors. As a repeat offense, Creighton’s conduct warranted more severe punishment,” said ASC Director Joseph P. Borg. “Registration laws exist to ensure that people who are offering securities demonstrate that they have the requisite expertise, have made themselves known to the public, and are not con artists. We hope this sentence deters others.”

Alabama residents can protect their assets by contacting the ASC at 1-800-222-1253, before investing, to check out individuals offering financial advice for a fee or selling securities. Most investments must be registered with the Commission and a red flag of investment fraud is an unregistered security. To learn more about current scams and how to protect yourself from victimization visit www.asc.alabama.gov.

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California Man Must Stop Doing Business in Alabama; “To Good To Be True” Offer Turned Out To Be A Scam!

MONTGOMERY, ALABAMA (December 18, 2020) - The Alabama Securities Commission (ASC) has ordered Queensway Capital Corporation (Queensway) and its Vice President Jan Frank Tatman (Tatman), also known as Jan Van Auben, to cease and desist from offering or selling investments to citizens of Alabama. Queensway and Tatman violated the Alabama Securities Act because they and their product were not registered with the ASC as required by law. Queensway and Tatman claim to have a business address in Woodland Hills, California.

In 2015, an Alabama resident discovered that family members were receiving dividend payments on an investment in Queensway products-an investment that they believed was legitimate and quite profitable. The family's positive comments about the investment opportunity led the Alabama resident to reach out to Tatman to request information about his company and products. Tatman responded with an agreement letter outlining how the “Time Deposit Accounts” work. The letter explains that if the investor adheres to the terms of the agreement, the investor will benefit from compound interest earnings and the investment will exceed returns of other investments, including stocks, bonds, and mutual funds. The “time deposit” would earn 9% in interest during the first maturity period of two years, and during the second maturity period the interest rate would increase, regardless of the prevailing market conditions.

Based on the information provided, the Alabama resident invested \$63,000 in October of 2015. Later, in 2018, the investor requested a financial statement from the company and sought to liquidate his investment. Tatman responded that the investment funds would not be available until October 2019. As of the date of this Order, the investor has not received the funds nor reached Tatman.

“There is no investment that is risk-free, and higher rates of return generally equate to higher risks. This investment touted a 9% return claiming it would outpace the stock market, and that just sounds ‘too good to be true’,” said ASC Director Joseph P. Borg.

ASC Chief Deputy Director Senn warns, “Before you invest, call us at 1-800-222-1253 and verify that the person making the offer and their products are registered as required by Alabama’s securities laws. Neither Tatman nor Queensway were registered to offer investments in Alabama, a simple check with the ASC before investing may have prevented a significant financial loss.”

Investors Need To Do More Than Eat Greens on New Year’s Day to Prosper Don’t Fall For Fraudulent Cyber Investments Warns ASC

MONTGOMERY, ALABAMA (December 29, 2020) - The Alabama Securities Commission (ASC) issued cease and desist orders to three cyber investment companies and their respective agents for violations of the Alabama Securities Act. The companies, their agents, and the offers were not properly registered as required by law in Alabama.

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CD-2020-0019: CRYPTOBRAVOS purports to be an online crypto trading and cloud mining company based in Chicago, Illinois. Nathan Lewis {LEWIS} and Grant Richards {RICHARDS} are both from San Francisco, California, and are agents of CRYPTOBRAVOS. LEWIS and RICHARDS assisted an Alabama resident in trading Bitcoin by providing a Bitcoin wallet maintained by CRYPTOBRAVOS. The Alabama resident was told that the company conducts “trades” with the funds held in the wallet. Instead of trading the funds, CRYPTOBRAVOS transferred all the funds to different Bitcoin wallets and cut off communication with the Alabama resident. The resident has likely lost a total of \$180,000 that was invested into CRYPTOBRAVOS from January 2020 through August 2020.

CD-2020-0021: Ronald Scott {SCOTT} from Wilmington, Delaware, purports to be a business start-up and investment consultant using the domain “mail-shops.com” (MAIL-SHOPS). SCOTT solicited numerous Alabama residents to participate in various investment “opportunities,” including real estate, oil and gas, bioenergy, automobile, aviation, and manufacturing in December 2020. SCOTT represented that he had access to private investors looking to generate a good return on their private investment portfolios. This representation was a scam and MAIL-SHOPS is no longer a functional website.

CD-2020-0022: ASIC BITPRO {BITPRO} claims to be a cryptocurrency cloud mining company operating from Winnfield, Louisiana. Sally Baker (BAKER) and Linda Copeland {COPELAND} are from Montgomery, Alabama, and represent themselves as investment specialists at BITPRO. Klaus Gunter {GUNTER} from Birmingham, Alabama, portrays himself as an investment broker with BITPRO. BITPRO and Baker solicited an Alabama resident to invest in a cloud mining platform represented to generate daily returns of \$2,491 via social media in December 2020. The investor was directed to the BITPRO website. BITPRO social media platforms revealed false and misleading profiles and images of BAKER, GUNTER, and COPELAND to attract investors. BITPRO obtained pictures of real unsuspecting people from the internet and posted their photos to the BITPRO website. The website states a \$1,000 initial investment would generate a total return of about 840% for the 30-day contract. Representations like this are false and astronomical rates of return like this are a clear red flag and are to be avoided.

ASC issued a cease a desist order CD-2020-0016 to ACIS BITPRO and Elizabeth Cummings in August 2020 for violating the Alabama Securities Act. Unfortunately, BITPRO is still using similar techniques and making fraudulent claims as of December 2020 as described in the preceding paragraph. Evidence shows BITPRO representatives are aware of the ASC’s prior order and continue to solicit investments through social media platforms. BITPRO scammers are even claiming that rival scammers issued ASC’s August 2020 cease and desist order to disrupt their business enterprise. This false representation by BITPRO scammers is further proof of their illegal and fraudulent intent toward the investing public. The prior order is a lawful order and can be easily viewed on the ASC website.

“A new stimulus package is on the way, and fraudsters are aware. Fraudsters will ramp up their efforts because of the approaching deposits. Fraudsters will make attractive offers never intending to make good on them” said ASC Director Joseph P. Borg. “Before you invest any of your money, please do your homework and verify the person and products are legitimate by

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calling the ASC at 1-800-222-1253. Your stimulus money is important to you and your family, don't give it away to a fraudster."

ASC Chief Deputy Director Amanda Senn stated, "2020 has been a trying year, and we hope 2021 will be better for everyone. We enjoy the traditions like eating greens and black-eyed peas to bring us luck and prosperity for the New Year. Good luck and prosperity are good things! But, if someone offers you an opportunity that is guaranteed, sounds too good to be true, and is only available for a limited time, call the ASC immediately."

Alabama Securities Commission Makes Big Strike on Texas Based Oil & Gas Investment Scams

MONTGOMERY, ALABAMA (January 11, 2021) - The Alabama Securities Commission (ASC) issued cease and desist orders to two Texas-based companies and their representatives for oil and gas investment scams. Investors should avoid doing business with the companies and individuals outlined below.

Genesis E&P, INC., David Glass, Edward Foster and Ronnie Lee Foster (Genesis Scamsters) violated Alabama securities laws by failing to register as agents and failing to register their oil and gas investment products. The Genesis Scamsters claim their address is 1701 Shoal Creek Suite 231 Highland Village, Texas 75077. They offered an Alabama resident a fraudulent investment in acquiring an oil and gas lease to participate in drilling operations. The resident invested \$111,292 in the scam, received confirmation letters memorializing their investment and, unfortunately, may have lost their entire investment.

Aschere Energy LLC, AMG Energy LLC, Leon Ali Parvizian and Alfredo Gonzalez (Aschere Energy Scamsters) also violated Alabama securities laws by failing to register with the ASC. The Aschere Energy Scamsters all have Texas addresses(1). Gonzalez, President of AMG Energy LLC, is a contracted sales agent and sold an Alabama resident an investment in Scarborough Fields Joint Venture on behalf of Aschere Energy LLC. The venture is an oil and gas drilling investment purportedly utilizing multidirectional drilling techniques. The Alabamian invested \$114,178 in the scam, received confirmation letters signed by Parvizian and, unfortunately, may have lost their entire investment.

"As with any investment, proceed with caution and vigilance, but oil and gas investment scams can entice even the most seasoned investor. The opportunity to 'hit it big' and the excitement of striking it rich can outweigh your sense of caution and 'gut feeling'," said ASC Chief Deputy Director Amanda Senn. "Don't be outwitted by the fraudsters. Always be diligent when checking out an investment opportunity. Make the ASC your first call at 1-800-222-1253 to verify the registration of anyone, and the product as required by Alabama securities law."

Alabama law requires that most investment products and professionals register with the ASC. The vital first step when researching a financial professional and product is calling the ASC to confirm their registration. Avoid anyone claiming their investment involves no risk and is guaranteed to make you money. By nature, all investing involves risk because there are no guarantees.

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ASC's Con Watch website is updated regularly with postings of individuals and companies attempting to defraud the public. If you see or suspect that you fell victim to a COVID-19 related investment scam, report it to COVIDCONS@asc.alabama.gov. 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's website.

Not Every Cryptocurrency Cloud Mine Has A Silver Lining, ASC Shuts Down Two Mines

MONTGOMERY, ALABAMA (January 14, 2021) - The Alabama Securities Commission (ASC) issued cease and desist orders to two crypto cloud mining companies and one agent for violations of the Alabama Securities Act. REFLECT BITCOIN, GOLDBITMINING, and GOLDBITMINING'S Investment Consultant Liz Alioski were not properly registered to make investment offers or sell their products as required by the Alabama Securities Act.

CD-2021-001: REFLECT BITCOIN purports to be a cryptocurrency trading and cloud mining company based in the United Kingdom. An individual who identified himself as "Sabastian" solicited an Alabama resident to invest in the cryptocurrency trading platform, REFLECT BITCOIN. The Alabama resident was instructed to open several mobile banking accounts to transfer funds to a REFLECT BITCOIN wallet. The resident was told that the company conducts "trades" with the funds held in the wallet. In return, REFLECT BITCOIN would deposit the profits made from the trades into the resident's mobile banking accounts. The resident has likely lost a total of \$8,950 that was invested into REFLECT BITCOIN from August 2020 through October 2020.

CD-2021-0002: Liz Alioski (ALIOSKI) purports to be an investment consultant on behalf of GOLDBITMINING. ALIOSKI solicited investments via comments on a popular social media platform. ALIOSKI purports to be Bitcoin's Chief Operating Officer from Birmingham, Alabama. ALIOSKI uses the same profile image used by Elizabeth Cummings, a named respondent in a recent ASC Cease and Desist Order CD-2020-0016. ASC determined that ALIOSKI is not Bitcoin's Chief Operating Officer and is not from Birmingham, Alabama and that GOLDBITMINING could be based in Slovenia.

"People are always looking for the next 'get rich quick' opportunity like investing early in the next Apple or Amazon. Fraudsters use tactics like, 'once in a lifetime' offer, fear of missing out on a great opportunity, or 'keep this a secret' to lure investors into their web of deceit and financial disaster," said ASC Director Joseph P. Borg. "REFLECT BITCOIN and GOLDBITMINING are using terms associated with the cryptocurrency industry to attract curious investors and then offer 'too good to be true' opportunities."

ASC Chief Deputy Director Amanda Senn stated, "We are more vulnerable to questionable investment offers because we are spending more time on our electronic devices during the pandemic. If someone approaches you through social media, text, or email asking for money for an investment, call the ASC immediately to verify the person making you the offer and their products are properly registered by law. Giving us a call is simple and an incredibly important self-defense measure to avoid becoming a victim of a financial scam."

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Alabama Securities Commission Provides Tips to Help Investors Protect Online Accounts

MONTGOMERY, ALABAMA (February 16, 2021)- The Alabama Securities Commission today issued an investor awareness advisory providing information to help investors better understand potential threats to their online financial accounts and how to protect themselves from cybercriminals.

As financial technology has evolved, it has given consumers the ability to shop, save, and invest online using their phones, tablets, and computers. These modern financial conveniences, however, come with risk. Scammers always look for new ways to get into a consumer's pocketbook, electronically or otherwise.

Investors should be cautious in the way they use the conveniences offered by financial technology, especially as they've become more widely used during the COVID-19 pandemic. A bit of caution can keep virtual distance between scammers and your money.

Some of the common threats to online accounts:

- **Data Breaches-** A data breach is an incident that exposes confidential or protected information, usually involving the loss or theft of private data that can be used by criminals to steal consumers' identities and assets.
- **Phishing-** Phishing involves scammers using fraudulent emails, text messages, or phone calls to impersonate legitimate people and entities to trick consumers into giving out their personal information.
- **Skimming-** Skimming frauds involve the use of technology fraudulently installed into a debit or credit card reader, frequently at a gas pump or an ATM.
- **Public Wi-Fi Scams-** Many businesses and public spaces offer free wireless internet for the public to use when going about their daily lives.

Steps investors can take to better protect themselves and their financial information:

- **Monitor Your Accounts-** Check your bank, credit card, and brokerage account statements regularly and keep an eye out for fraudulent or suspicious transactions.
- **Use Caution on Public Wi-Fi-** Public Wi-Fi networks - especially unsecured public networks carry huge risks.
- **Check Your Credit Reports-** If an entry does not look familiar, consumers should follow up right away. Dispute entries that are fraudulent.
- **Be Careful with Debit Cards-** Debit cards offer fewer fraud protections than credit cards and leave your bank account vulnerable to scammers who can steal bank account information or 'spoof' your card.
- **Speak Up if Something is Wrong-** If an investor suspects something is wrong with an account statement or credit report, they should follow up with their financial institution and credit reporting agency to make sure the charge or credit report entry is accurate.

The full advisory is available on the agency's website.

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Alabama Securities Commission Announces Top Investor Threats for 2021

MONTGOMERY, ALABAMA (March 4, 2021) — The Alabama Securities Commission (ASC) in recognition of Consumer Protection Week in the United States, reminds investors to be on the lookout for investment schemes pitched through the internet and social media, particularly those involving precious metals, cryptocurrencies, promissory notes and foreign exchange markets.

Schemes related to these products were identified as the top threats facing investors this year in a survey by the North American Securities Administrators Association (NASAA), of which ASC is a member. The survey includes responses of enforcement officials with state and provincial securities regulators throughout the United States, Canada and Mexico.

The survey revealed that internet or social media-based frauds are the top threat to investors. Ranked second are cryptocurrency-related and precious metals-based investments, especially those purchased through self-directed individual retirement accounts, which lack the services and protection of traditional IRAs and can be fertile soil for scammers. Foreign exchange-related schemes rounded out the top three threats. Alabama investors have fallen prey to frauds relating to all 3 of the top threats, especially frauds perpetrated online and those involving cryptocurrencies. A recent enforcement action against a company named “Cryptobravos” details how an Alabama investor lost approximately \$180,000 to fraudsters when “agents” of the company, Nathan Lewis and Grant Richards, facilitated the investor’s trades in Bitcoin by providing a Bitcoin wallet maintained by Cryptobravos. The Alabama investor was told that Cryptobravos would make the Bitcoin trades with the funds held in the wallet. Instead of trading the funds, Cryptobravos transferred all the funds to different Bitcoin wallets and then cut off communication with the Alabama resident. The Alabama resident has not recovered the money and in all likelihood will never recover the investment. A link to the Order is here: [CD- 2020-0019](#).

The NASAA survey also indicated that 82% of state and provincial securities regulators anticipate that bad actors will continue to attempt to leverage investor fear and anxiety related to changes in financial markets and the economy due to COVID-19 to illegally sell securities this year.

“Bad actors attempt to leverage vulnerabilities wherever they can be found. Don’t be lured into programs offering the promise of high returns as a way to supplement income lost as a result of the pandemic,” said ASC Director Joseph P. Borg. Investment offers that sound “too good to be true” often share similar characteristics. The most common telltale sign of an investment scam is an offer of guaranteed high returns with no risk. All investments carry the risk that some, or all, of the invested funds could be lost.

“A claim that an investment is “risk-free” is a claim made only by a con artist,” ASC Chief Deputy Director Amanda Senn said. “Investing is a long-term game. “Get-rich quick” schemes are built on empty promises and lead to empty pockets.”

Director Borg recommends that investors should always check to see if the salesperson and the

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investment itself are registered with the ASC. This information can be confirmed by contacting the ASC. “Working with a registered investment professional affords investors certain legal protections,” Director Borg said. “Offering to sell an investment without a license is illegal.”

Before making an investment decision, ask questions, do your homework and contact the ASC at 1-800-222- 1253 for more information.

Join Us for “The COVID Effect” Virtual Event Rack Up Good Information on Restoring Your Financial Wellness

“The COVID Effect” Launches the Boomers to Zoomers: Building A Secure Path to Retirement Virtual Event Series

MONTGOMERY, ALABAMA (March 22, 2021) -- The Alabama Securities Commission (ASC) is partnering with the Investor Protection Trust, Detroit Public Television, and PBS Books to produce “The COVID Effect: Restoring Financial Wellness” virtual event to livestream on ASC’s Facebook page, on Friday, March 26, 2021. at 1:00 p.m. ET.

“The COVID Effect: Restoring Financial Wellness” will feature qualified experts who will provide information and insight on financial well-being during COVID, financial recovery after COVID and preparing for the next challenge. The event will be interactive, allowing participants to ask questions, submit comments and get answers in real time. After the live event, “The COVID Effect” will be available on the ASC’s website and on WI65.org, along with a variety of tools and resources for savers and investors of all ages and at all stages of life. “The COVID Effect” is the first in a series of 12 Boomers to Zoomers: Building a Secure Path to Retirement virtual events.

“The pandemic has caused uncertainty at best and fear at worst for many Alabama investors,” said ASC Director Joseph P. Borg. “This event aims to address questions about the economy and personal finance.”

“The COVID Effect: Restoring Financial Wellness” virtual event will livestream on ASC’s Facebook page, on Friday, March 26, 2021, at 1:00 p.m. ET and will feature the following:

- Host: Fred Nahhat, Detroit Public Television
- Introduction & Role of State Securities Offices: Brad Raffensperger, Georgia Secretary of State
- Moderator: Donna Lowry, Georgia Public Broadcasting
- Three Topic Segments: 1) Unscrambling the Stimulus-Strategies to Keep You from Scratching, 2) Rack ‘Em Up-Roadmap Toward Recovery and 3) Creating a Cushion Takeaways from Troubled Times

“At Detroit Public Television we see the great potential in forging a partnership that brings together leaders in state government, public television stations and libraries in communities across the country to educate the public on the timely subject of personal finance,” said Rich Hornberg, President and CEO of Detroit Public Television. “With so many families concerned about making

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ends meet and saving for their retirement, this is an important moment for such a collaboration to step up and carry on this crucial work.

Michelle Olympiadis, Acting Executive Director of the Investor Protection Trust, said: “Over the past year we have learned many lessons and experienced challenges we could not imagine. The synergy of these partnerships in delivering investor education to everyone as we begin to move out of this pandemic provides an exciting platform for engagement in real time or at your own time.”

The Boomers to Zoomers: Building a Secure Path to Retirement is a yearlong series of twelve 60- minute virtual events livestreaming via Facebook Live on partner Facebook pages on the fourth Friday of each month at 1:00 p.m. ET beginning with “The COVID Effect” on March 26, 2021. The series provides the quality, objective investor and financial information needed by all Americans to make wise and safe investment decisions at every age and every stage of life. The Boomers to Zoomers virtual events are interactive and feature timely topics, financial experts, motivational stories and practical information viewers can use immediately to prepare for long term financial security. Upcoming Boomer to Zoomer virtual event topics include: How to Invest: What’s New and What’s Not; Military Finances; and Harness Your Inner Hummingbird: How to Build Your Nest Egg.

Boomers to Zoomers is part of When I’m 65, a program of the Investor Protection Trust in partnership with Detroit Public Television. When I’m 65 takes a generational look at retirement and focuses on the actions people should take at every age to prepare for a secure retirement. For more information visit, WI65.org.

ABOUT THE GROUPS

The ASC regulates the securities industry in Alabama. The Commission is committed to protect investors against securities fraud and provides aggressive enforcement actions against any firm or individual who has violated the Alabama Securities Act or other state and federal statutes to the detriment of Alabama investors. The ASC’s mission is to protect investors from securities fraud and preserve legitimate capital markets in Alabama.

www.asc.alabama.gov | www.facebook.com/AlabamaSecuritiesCommission | twitter.com/ALSecCommission

The Investor Protection Trust (IPT) is a nonprofit organization devoted to investor education. More than half of all Americans are now invested in the securities markets, making investor education and protection vitally important. Since 1993 the Investor Protection Trust has worked with the states and at the national level to provide the independent, objective investor education needed by all Americans to make wise and safe investment decisions. www.investorprotection.org | [facebook.com/InvestorProtectionTrust](https://www.facebook.com/InvestorProtectionTrust) | twitter.com/IPT Info

Detroit Public Television is a viewer-supported PBS member station with offices in Detroit and Wixom, Michigan. Its vision is to foster a community in which people trust public media to help them discover new ideas, make informed decisions and enjoy enriched lives. The station is

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notably active in producing programs that showcase arts, culture, news and analysis, as well as educational outreach campaigns that use the power of media to provide knowledge and understanding. www.dptv.org | facebook.com/detroitpublictv | twitter.com/detroitpublictv

PBS Books is a multi-platform initiative celebrating PBS programming. Born out of the desire to develop original content that would appeal to vast audience of diverse readers, PBS Books hosts regular social and digital engagement events, as well as live coverage of important literary events across the country. In 2018, PBS Books launched a Library Engagement Program to build and enhance working relationships among libraries, local PBS stations, cultural institutions, and readers. Today, the Library Network has more than 1,800 partners.

www.pbsbooks.org | www.facebook.com/PBSBooks | twitter.com/pbsbooks

Governor Ivey Declares April as Facts on Saving and Investing Campaign Month; Alabama Securities Commission and Partners Provide Tips that Make Cents

MONTGOMERY, ALABAMA (April 1, 2021) -- Who is going to have the biggest impact on your financial future? YOU! Governor Ivey declared April Facts on Saving and Investing Campaign month in Alabama (view proclamation here). The Alabama Securities Commission (ASC) and the Alabama Jump\$tart Coalition and other valued partners are providing the tips below to help you secure a more prosperous financial future. Alabamians interested in additional resources can visit the education section of the ASC website at www.asc.alabama.gov.

Who is going to have the biggest impact on your financial future? YOU! Below are four tips to help Alabamians reach their financial goals.

Tip No. 1: Budget

“Don’t try to keep up with the Jones’.” Living beyond your means is one of the biggest financial pitfall for most Americans. The cure is to create a monthly budget and stick to it.

“Often, I hear people say that budgeting is restrictive. Truthfully, it provides assurance and freedom. Having a plan and saving for larger purchases gives you confidence. Knowing that a purchase won’t cause you to go into debt can relieve stress and help you sleep better at night,” said ASC Chief Deputy Director Amanda Senn.

The ASC offers free budgeting resources and financial information on the She Can section of the ASC website.

Tip No. 2: Pay Down Debt and Pay it Off

Another common, yet vital, practice for those wanting to make wise financial decisions is to pay off debt. To succeed you will need a plan- i.e. it’s all about the budget.

“There are multiple strategies for paying off debt, like starting with the highest interest debt first or starting with the smallest amount known as the ‘snowball’ method,” said ASC Director Joseph

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P. Borg. “Whatever method you choose, determine to persevere and make avoiding and paying down debt a priority. It’s a challenging process, but it is well worth it!”

To make more than the monthly payment on your outstanding debts, find creative ways to cut spending in other categories. Some ideas include: switching grocery stores, pass on eating out, find roommates and avoid “I deserve it” type purchases.

Tip No. 3: Invest for Retirement

Are 401 (k), 403 (B), Roth IRA, and Traditional IRA investment terms or alphabet soup? Whether you understand the definition and tax advantages of these retirement accounts or are confused about the typos that made it to print, the ASC has free investor education resources to clarify terminologies for the beginner and increase the understanding of the seasoned investor.

Even while paying off debt, faithfully investing on a monthly basis can have significant pay offs. Dollar-cost averaging, the rule of 72 and compounding also teach that starting early is the best way to increase the size of your nest egg. Not sure you believe it? The Securities and Exchange Commission (SEC) offers a free investment calculator tool that proves it.

Tip No. 4

“Once you make money you have to protect it from thieves, con artists and unsuitable financial products. The ASC offers fraud prevention materials and training seminars for groups year-round,” said Director Borg. “A great place for a beginner to start is our free guide produced in partnership with Kiplinger’s Personal Finance Magazine and the Investor Protection Trust called Starting to Save for Retirement.”

Don’t fall victim to get rich quick investment schemes, especially if they are presented as low risk opportunities. Normally, higher risk and the potential for higher profits go hand-in-hand. If you are suspicious of an investment offer, or any time before you invest check out the registration (required by law) of anyone making you an offer or charging you a fee for investment advice, and the product by calling the ASC at 1-800- 222-1253.

You are Invited to Attend a Virtual Learning Event - “Investing: What’s New & What’s Not”

Join us as we talk about the various types of investment strategies, some tried and true, and some new, can help fund your retirement.

MONTGOMERY, ALABAMA (April 21, 2021) --The Alabama Securities Commission (ASC) has partnered with the Investor Protection Trust (IPT), Detroit Public Television, and PBS Books to produce “Investing: What’s New & What’s Not” a virtual event which can be viewed via livestream on ASC’s Facebook page, on Friday, April 23, 2021. at 12:00 p.m. Central Daylight Time.

The most important saving and investing goal is building a financially secure retirement, and it’s one of the most challenging goals in life. Fortunately, there are a variety of new, and not so new,

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investing options and strategies out there that can help. “Investing: What’s New & What’s Not” will feature qualified experts who will discuss many of the new investment options, the tried-and-true investment strategies, and how both can be part of a retirement savings plan. The event will be interactive, allowing participants to ask questions, submit comments and get answers in real time. “The ASC is proud to partner with IPT, Detroit Public Television and PBS Books to bring this financial education event to investors in Alabama,” said ASC Director Joseph P. Borg.

The “Investing: What’s New & What’s Not” virtual event will livestream on ASC’s Facebook page, on Friday, April 23, 2021, at 12:00 p.m. Central Daylight Time and will feature the following:

- Host: Fred Nahhat, Detroit Public Television
- Moderator: Donna Lowry, Georgia Public Broadcasting
- Topic Segments:
- Smart New Investment Strategies to Try
- Standard Steps Toward A Secure Retirement

This is the second episode of the ‘When I’m 65’ series, Boomers to Zoomers: Building A Secure Path to Retirement, which is a yearlong series of twelve 60-minute virtual events via Facebook Live on the fourth Friday of each month at 12:00 p.m. Central Daylight Time. The series provides quality, objective, investor and financial information to all Americans to enable them to make wise and safe investment decisions, at every age and every stage of life.

The ‘When I’m 65’ series was developed between a partnership with the Investor Protection Trust and PBS Books, and takes a generational look at retirement focusing on the actions people should take at every age to prepare for a secure retirement. For more information visit, WI65.org.

ABOUT THE GROUPS

The Alabama Securities Commission (ASC) regulates the securities industry in Alabama. The ASC’s mission is to protect investors from securities fraud and preserve legitimate capital markets in Alabama. www.asc.alabama.gov | www.facebook.com/AlabamaSecuritiesCommission | twitter.com/ALSecCommission

The Investor Protection Trust (IPT) is a nonprofit organization devoted to investor education. Since 1993 the Investor Protection Trust has worked throughout the nation to provide the independent, objective investor education needed by all Americans to make wise and safe investment decisions. www.investorprotection.org | facebook.com/InvestorProtectionTrust | twitter.com/IPT Info

PBS Books is a multi-platform initiative celebrating PBS programming. Born out of the desire to develop original content that would appeal to vast audience of diverse readers, PBS Books hosts regular social and digital engagement events, as well as live coverage of important literary events across the country.

www.pbsbooks.org | www.facebook.com/PBSBooks | twitter.com/pbsbooks

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Alabama Securities Commission Recognizes World Elder Abuse Awareness Day; Explains the Warning Signs of Financial Abuse

MONTGOMERY, ALABAMA (June 14, 2021) - Ms. Jones* had recently and unexpectedly lost her husband when a couple she met through a mutual friend began cultivating a relationship with her. It was easy to do, as Ms. Jones was grief stricken and finding comfort in friendships. Over the course of a few months the couple had moved onto her property and, through a power of attorney, had taken control of all her assets, including her home. Ms. Jones is now battling to get her life back, and the devastating consequences will remain with her forever.

In recognition of World Elder Abuse Awareness Day tomorrow, the Alabama Securities Commission (ASC) shares this recent financial exploitation report of an Alabama woman as a reminder to Alabamians to be watchful for signs of financial exploitation.

“The ASC is committed to protecting vulnerable adults from investment fraud. Elder abuse of any kind is devastating. This month we are focusing on informing the public of the ways seniors are affected by financial abuse and how the public can play a role in preventing financial abuse”, said ASC Director Joseph P. Borg.

Ms. Jones’ report was received pursuant to the Protection of Vulnerable Adults from Financial Exploitation Act, which became law in 2016. Under the Act, financial professionals are required to report, with reasonable belief, that financial exploitation to a vulnerable adult may have occurred, has been attempted, or is being attempted. Essentially, the legislation targets the wrongful or unauthorized taking, withholding, use, conversion or control of money, assets, or property of a vulnerable adult. This legislation is a powerful mechanism to ensure that suspicious financial activity is reported. Reports from the financial community and the general public are received through the ASC website, or anyone seeking to report such activity may call us to obtain the intake form.

“Anyone exploiting the financial well-being of seniors in Alabama is breaking the law.” said ASC Chief Deputy Director Amanda Senn, “Aggressive enforcement actions serve as a deterrent for fraudsters targeting Alabamians and help provide closure for victims.”

As the population of senior Alabamians increases, fraudsters have a greater opportunity to prey on vulnerable residents. You can help prevent these crimes by proactively taking notice of any unusual circumstances.

If you suspect someone may be a victim of financial abuse, ask yourself the following questions:

- Is the person in a vulnerable state of physical, mental, or emotional health?
- Has the person distanced themselves from existing relationships and started new associations with apparent strangers?
- Has a new acquaintance in their life shown a strong interest in their financial status and security?
- Are you no longer able to speak directly with the apparent victim despite repeated attempts to contact them, is someone speaking on their behalf?

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- Is that person avoiding discussions about their financial status or financial strife?

If you answered yes to any of these questions, then their financial security may be in jeopardy. To combat the issue of elder financial abuse, the ASC urges Alabamians to keep in regular contact with older family members, friends, and neighbors. Educating your loved ones about the threat of fraudsters and scammers can minimize or prevent the risk of investment fraud.

The ASC urges those who are suspicious of possible financial elder fraud to call the ASC at 1-800-222-1253. Also contact ASC to verify the required registration of any person making you an offer and for their product. If they are not registered, hold on to your wallet! For more resources and information, visit the ASC website at www.asc.alabama.gov. To request an in person or virtual presentation to a group about how to protect yourself from financial exploitation contact the ASC at 1-800-222-1253.

ASC Encourages Clean Cyber Hygiene to Help Prevent You From Becoming A Victim Of A Ransomware Attack

MONTGOMERY, ALABAMA (June 22, 2021) - The Alabama Securities Commission (ASC) warns of an uptick in cybercrimes impacting investment accounts, particularly those involving ransomware. A ransomware attack is a type of phishing scam that attempts to obtain sensitive information or data in exchange for money, and recent publicized attacks involve gas and meat suppliers.

Hackers are not only targeting companies, but victimize computer and smartphone users. Through email and social media, hackers trick users into downloading a file, or virus, that will essentially give them control over the user's device. They then threaten to release embarrassing information or keep the device locked until the ransom has been paid, and will often demand a hard-to-trace payment, such as a cryptocurrency or a pre-paid gift card. Stolen passwords are then used to steal money from financial and other accounts.

"We must remain vigilant in protecting our personal and financial information. Hackers can steal money without ever stepping foot in your house," said ASC Director Joseph P. Borg. "Not protecting your online accounts is equivalent to not locking your door, don't be surprised when your prized possessions are missing. Fraudsters can steal your life savings with just a click of a button."

Clean cyber hygiene is about training yourself to think proactively about cybersecurity. Establishing a cybersecurity plan is key to safeguarding online investment accounts and personal information. Follow these steps to improve cyber hygiene:

- Secure your internet network and change the generic password that comes with the router.
- Strengthen your password by making it at least 12 characters or longer, and add numbers.
- Use two-factor authentication when logging into financial accounts.
- Exercise extreme caution when using a free Wi-Fi network. Hackers can set up decoy

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networks that appear to be legitimate networks in hotels, restaurants, and coffee shops, which allows them to see and record your activity.

- Update the software on all of your devices (tablets, smartphones, and computers).
- If you receive an email from an unknown sender (even if the details appear accurate), do not respond, and do not click on any links or attachments found in that email. Instead, call to verify the information.
- Slow down and think before you click. Many phishing emails attempt to create a sense of urgency, causing the recipient to fear their account or information is in jeopardy.
- Be cautious of generic greetings such as “Hello Investor,” as these are often signs of phishing attempts. If concerned about the legitimacy of an email, call the company directly.
- Never give out personal information, account numbers, and passwords to anyone, especially in response to unsolicited emails, text messages, or phone calls for the information.

“Always monitor investment, banking, and credit card accounts on a regular basis for suspicious activity. If you think your accounts have been compromised, change your passwords, contact third parties, including your bank, financial advisor, law enforcement authorities, and the Federal Trade Commission- which can help you develop a recovery plan- and check credit reports for further invasions. Consider putting a ‘freeze’ on your account until the extent of damage has been surveyed,” said Chief Deputy Director and Chair of the North American Securities Administrators Association Cybersecurity Committee, Amanda Senn.

Alabama Securities Commission Issues Show Cause Order to Cryptocurrency Company “BlockFi”

MONTGOMERY, ALABAMA (July 21, 2021)-Alabama Securities Commission (ASC) Director Joseph Borg today announced that the ASC has issued a Show Cause Order to cryptocurrency company “BlockFi” based in Jersey City, New Jersey. The Order gives them 28 days to show cause why they should not be directed to cease and desist from selling unregistered securities in Alabama. The securities issued by BlockFi are interest earning crypto currency accounts called BlockFi Interest Accounts (BIAs). BlockFi has raised at least \$14.7 billion worldwide through the sale of these securities.

The Alabama Show Cause Order alleges that BlockFi, Inc. (“BlockFi”), through its affiliates BlockFi Lending, LLC (“BlockFi Lending”) and BlockFi Trading, LLC, has been funding its cryptocurrency lending operations and proprietary trading at least in part through the sale of unregistered securities in violation of the Securities Law.

“There are thousands of entities registered with the ASC, as required by law, to sell securities to the people of Alabama,” said Director Borg. “Most of those registered to sell securities live outside of Alabama, but anyone offering securities must be registered before making an investment offer to an Alabama resident.”

The ASC action comes amid rising concerns over the proliferation of decentralized finance platforms like BlockFi that seek to reinvent traditional financial systems such as banks and

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brokerages for digital asset investors. Borg said “Recognizing that technology has created a new financial frontier, Alabama has recently developed new regulations in the digital currency space. Unlike traditionally regulated banks and brokerage firms, investors’ losses are not insured against or protected by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). As new developments occur, ASC is committed to ensuring that Alabamians are aware of the risks in this new financial space and have full protection under our laws. Further, these decentralized finance platforms, which are not currently registered or licensed, present a heightened risk of loss to investors.”

BlockFi allows investors to purchase a BIA by depositing certain eligible cryptocurrencies - including Bitcoin and Ethereum - into accounts at BlockFi. BlockFi then pools these cryptocurrency deposits together to fund its cryptocurrency lending operations and proprietary trading. In exchange for investing in the BIAs, investors are promised an attractive interest rate that is paid monthly in cryptocurrency.

The Show Cause Order alleges that, despite advertising on its website that BlockFi is a “US regulated entity”, BlockFi fails to disclose to investors that its BIAs are not registered with the ASC or any other securities regulator.

Alabama Securities Commission’s Back-to-School Cyber Rules

MONTGOMERY, ALABAMA (August 18, 2021) - The lunches are packed, new shoes were purchased and the ‘first day of school’ selfie is posted. School is back in session. Parents and students alike are adjusting to new routines and the excitement that fall brings. Some students will return to a virtual classroom and many will continue to use technology, like computers, tablets and phones, in the traditional learning environment. Regardless of the location, the Alabama Securities Commission (ASC) warns that any device connected to the internet is vulnerable to hackers.

“The pandemic vastly increased our reliance on technology,” said ASC Chief Deputy Director Amanda Senn. “Fraudsters know how vital our devices are for maintaining relationships, working, and even learning and they are looking for easy targets. Don’t be the easy target.”

The high cost of personal computers means many families share electronic devices. Parents may use the laptop for online banking, while the student utilizes the school’s network in the classroom. The Cybersecurity and Infrastructure Security Agency (CISA) reports a rise in malicious cyber activity against K-12 and higher education institutions. Dual usage of devices can leave financial and personal information at risk of being compromised.

The Alabama Securities Commission (ASC) encourages parents and teachers to emphasize the importance of good cyber hygiene by following these tips:

- Update the software on all your devices (new and old tablets, smartphones, and computers).
- Secure your internet network and change the generic password that comes with the

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router.

- Strengthen your password by making it at least 12 characters or longer and add numbers.
- Use two-factor authentication when logging into accounts containing personal information, especially financial accounts.
- Exercise extreme caution when using a free Wi-Fi network. Hackers can set up decoy networks that appear to be legitimate networks in hotels, restaurants, and coffee shops, which allows them to see and record your activity.
- If you receive an email from an unknown sender (even if the details appear accurate), do not respond, and do not click on any links or attachments found in that email. Instead, call to verify the information.
- Slow down and think before you click. Many phishing emails attempt to create a sense of urgency, causing the recipient to fear their account or information is in jeopardy.
- Be cautious of generic greetings such as “Hello Investor,” as these are often signs of phishing attempts. If concerned about the legitimacy of an email, call the company directly.
- Never give out personal information, account numbers, and passwords to anyone, especially in response to unsolicited emails, text messages, or phone calls for the information.

“I hope Alabama students enjoyed the summer, are refreshed and excited about the many opportunities for personal development available through rigorous study and hard work,” said ASC Director Joseph Borg. “While students were enjoying the break, fraudsters were working diligently on developing their next trick. Before you send your kids to the classroom, protect your device from hackers by updating the software.”

Technology use in the classroom enriches the learning environment and provides valuable skills that can increase a student’s employability. Unfortunately, if users are not diligent hackers can gain access to personal and sensitive financial information. User error, weaknesses in outdated software and other tricks of the trade can be access points for those with malicious intent.

Alabama Securities Commission Partners with “SHORT the Squirrel” to Launch New Financial Education Program for Young Readers

MONTGOMERY, ALABAMA (September 9, 2021) - The Alabama Securities Commission (ASC) is pleased to announce the launch of a financial education program for young readers in Alabama. Through a partnership with Monica Anderson Young and Dr. Dee Bennett, the founders of the literacy initiative ‘SHORT the Squirrel’, and a grant from the Investor Protection Trust (IPT), ‘SHORT’s Money Tree’ was developed to introduce young readers to finance in a fun and understandable way. In the book, “Short” is confronted with several financial scenarios and is asked to evaluate the options, and hopefully make wise financial decisions.

The program is being piloted in Monroe and Montgomery County schools during the month of September with an anticipated statewide appearance in classrooms and businesses by April of 2022. “Short the Squirrel” will be making an appearance to promote his new book at Dalraida Elementary School on Friday, September 10 at 8:30 AM. Financial institutions and other organizations interested in sponsoring the financial education book for distribution in their

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field, can contact 'SHORT the Squirrel' via email at contact@shortthesquirrel.com.

"The Commission is very excited to be able to help offer this program in Alabama schools. The sooner a student begins their financial education, the less likely they are to make costly financial mistakes. We are very thankful to our partners from 'SHORT the Squirrel' who have helped make this program possible," said ASC Director Joseph P. Borg.

"When ASC Director Borg approached us with the idea of combining financial dialogue with literacy, we immediately recognized a unique opportunity to reach Alabama's young readers in two important areas. SHORT loves to help children fall in love with reading, and reading impacts future economic stability. Working with the ASC through the IPT is truly an honor," said Bennett and Young. "We are thrilled for SHORT's Money Tree to reach all first graders in Alabama."

The story takes SHORT through the decision-making process of selecting items, if any, to purchase at a book fair. Each page provides students a valuable lesson on money, and also contains a financial fact for advanced readers. Students will learn the difference between wants versus needs, lessons on spending wisely, and on how delayed gratification and hard work can have big returns.

"I believe this program will be incredibly instructive for teaching our young readers valuable financial concepts because of the characters and interactive nature of the workbook. We wanted the concepts to be age appropriate, and educationally meaningful. We are delighted we could accomplish that with SHORT," said ASC Chief Deputy Director Amanda Senn.

The ASC would like to thank the Alabama State University Tennis team and the Troy University Panhellenic groups (an organization for 26 national women's sororities) who assisted with the project. To learn more about SHORT the Squirrel, please visit [@shortthesquirrel](#) on Instagram, Facebook, YouTube or our website, www.shortthesquirrel.com.

Alabama Securities Commission Files Court Action Against GPB Capital Holdings, LLC for Allegedly Defrauding Alabama Investors in a Nationwide \$1.8 Billion Securities Scheme

MONTGOMERY, ALABAMA (February 4, 2021)- Alabama Securities Commission ("ASC") Director Joseph P. Borg announced today that the ASC has filed a securities enforcement action against New York-based investment adviser GPB Capital Holdings, LLC ("GPB Capital") and others for their alleged involvement in a \$1.8 billion securities fraud scheme that has affected approximately 17,000 investors across the United States - including 226 Alabama investors who collectively invested over \$28,000,000.

The Complaint, filed in the Circuit Court of Madison County today, alleges that GPB Capital, New York-based broker-dealer Ascendant Alternative Strategies, LLC ("AAS"), Texas-based securities marketing firm Ascendant Capital LLC, and individuals David Gentile of Florida, Jeffry Schneider of Texas, and Jeffrey Lash of Florida (collectively, "the defendants") defrauded investors across the country who purchased limited partnership interests in various GPB-

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controlled private equity funds in violation of the Alabama Securities Act. Alabama joins New Jersey and New York in filing similar state court actions today alleging fraud by GPB Capital and the other defendants. In addition, Georgia, Illinois, Missouri, and South Carolina initiated similar administrative proceedings with the investigative assistance of Texas. These seven state court and administrative actions coincide with court action taken by the United States Securities and Exchange Commission (“SEC”). The United States Attorney’s Office for the Eastern District of New York arrested Schneider and Lash this morning and Gentile has agreed to surrender, all on related charges.

“The actions taken against GPB Capital and their associates should send a loud message to those who would target Alabama investors. We will protect our citizens and take all action to the fullest extent of the law,” said ASC Director Joseph P. Borg. “The damage caused by a fraud of this magnitude can be life changing for the victims and their families.”

The alleged scheme centered on the sale of unregistered, high-commission limited partnership interests in a series of alternative-asset investment funds managed by GPB Capital. The funds were targeted exclusively to “accredited investors” whose net worth or income qualified them to participate in private placement securities transactions that are exempt from SEC and state registration requirements. “With no federal or state review process for this marketplace, the lack of transparency and liquidity can be exceedingly high risk for our main street investors,” said Director Borg.

From 2013 through late 2018, the defendants allegedly lured investors in with false and misleading promises that the GPB Funds would pay an 8% annualized distribution each month. The defendants assured their investors that these monthly payments were “fully earned” or “fully covered” by the cash flow of the portfolio companies owned by the funds. The GPB Funds owned companies in the automotive retail, waste management, information technology, and healthcare sectors.

Despite their promises, the defendants increasingly relied on “Ponzi-like financing” - using new investors’ capital contributions to pay prior investors the monthly distributions. This reduced the amount of capital a GPB Fund could use to invest in new opportunities and significantly compromised the long-term value of investors’ stakes, according to allegations contained in the Complaint. To conceal their scheme, defendants also created fictitious and misleading “performance guarantees” that fraudulently inflated the reported income of some of the GPB Funds.

The defendants further harmed investors by diverting and misappropriating fund assets for their own benefit. The Complaint alleges that the defendants used fund assets to enrich themselves, pay family members, and support luxurious lifestyles at investor expense, including travel by private jet and even the purchase of a Ferrari for Gentile’s personal use.

Approximately 226 Alabama investors purchased limited partnership interests in various GPB Funds, with a total investment of more than \$28.8 million.

“There is always an element of risk present when you invest. The marketing campaign that

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GPB Capital implemented fooled even the most seasoned financial professionals, which led to investors buying in,” said Chief Deputy Director Amanda Senn. “Scrutinize every investment, particularly securities not subject to federal or state review because the potential for fraud is much greater than traditional, registered securities.”

Among the unlawful conduct alleged in the Complaint:

- Gentile and Schneider did not tell investors that significant and increasing portions of the monthly distributions were secretly being paid from the investors’ own capital contributions rather than from operating profits, as promised;
- GPB Capital, Gentile, Schneider, and Lash falsified financial statements by adding fictitious performance guarantee payments which created a false appearance to investors of illusory profits earned by certain Fund auto dealerships;
- Gentile, Schneider, and Lash enriched themselves at investors’ expense by diverting money and business opportunities from certain Fund-owned auto dealerships to a shell company owned by themselves;
- Gentile, Schneider, and Lash used investor funds without investors’ knowledge for personal benefit, including private jet travel and luxury automobiles;
- Gentile and GPB Capital caused certain GPB Funds to borrow unneeded money at high interest rates from other GPB entities and to assume unwarranted liabilities; and
- Gentile, Schneider, and other Defendants paid themselves undisclosed and undeserved fees and stipends, while engaging in persistent conflicted transactions and self-dealing.

“The States involved are members of the North America Securities Administrators Association (NASAA). The States worked together to execute part of NASAA’s mission which is to protect the integrity of the financial markets across North America. The effort all the States put forth to identify and to halt any further victimization has been tremendous,” said Director Borg.

The ASC is seeking court-ordered monetary penalties, investor restitution, disgorgement, and permanent injunctive relief barring the defendants from violating the Alabama Securities Act or participating in the sale or issuance of securities in the future.

Alabama Investors In Precious Metals Scheme Involving Metals.Com, Tower Equity, Chase Metals, And Barrick Capital Urged to File Claims

CLAIM DEADLINE APRIL 30, 2021

MONTGOMERY, ALABAMA (March 15, 2021) - The Alabama Securities Commission, other state regulators, and the Commodity Futures Trading Commission recently filed a joint civil enforcement action against Metals.com, Tower Equity, Chase Metals, Barrick Capital, and other associated parties. The defendants are accused of perpetrating a fraudulent precious metals investment scheme. The case is significant – it allegedly involves 1600 investors and more than \$185 million in customer funds nationwide with over \$5 million of that coming from Alabama investors.

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The United States District Court for the Northern District of Texas entered an injunction and a restraining order freezing the assets of the defendants. It also appointed Kelly Crawford as Receiver – an official responsible for marshaling assets of the defendants and relief defendant for the benefit of defrauded clients.

The Receiver will begin administering the claims process. In the coming months, the Receiver will submit the claims to the court for approval to begin distribution of the available money to defrauded clients. As part of the process, the Receiver will be sending correspondence, instructions, and a claims form. Defrauded clients must complete and return their claims forms to the Receiver to receive a portion of available funds in the claims process. THE DEADLINE TO RETURN THE CLAIM FORM IS APRIL 30, 2021. The Receiver is working diligently to obtain as many assets as possible but there is no guarantee that Alabama investors will receive all of their losses.

“The ASC will continue to fight to protect senior citizens and other victims,” said Joseph P. Borg, the Director with the Alabama Securities Commission. “We are committed to holding bad actors accountable for their actions and pursuing relief for victims of illegal scams. We are therefore encouraging defrauded clients to promptly begin working with the Receiver to request a return of available funds by submitting their claims.”

Defrauded clients should direct questions about the claims process to the Receiver. They can contact the Receiver by electronic mail at kelly.crawford@solidcounsel.com or by telephone at 214-706-4213. The Receiver also maintains a website that provides information about the claims process, and it is accessible at <https://www.metalsandbarrickcapitalreceivership.com>.

The Alabama Securities Commission can also provide additional information and explanation relating to the allegations of fraud, the lawsuit, the receivership, and the claims process. The Alabama Securities Commission can be reached by telephone at 1-800-222-1253 or electronic mail at asc@asc.alabama.gov.

“We are committed to making sure that any available funds are distributed to the victims,” said Borg. “My office stands ready to assist Alabamians as they navigate the claims process and request a return of money.”

The amount of recovery that an investor may receive is not yet known. Orders requiring repayment of funds to victims may not result in the recovery of money lost because the wrongdoers may not have sufficient funds or assets. The ASC will continue to fight vigorously for the protection of victims and to ensure the wrongdoers are held accountable.

State Securities Regulators in Texas and Alabama Team Up to Protect Senior Investors and Put a Stop to Fraudulent Precious Metal Investments

Montgomery, Alabama (July 22, 2021) - The Texas State Securities Board (TSSB) and the Alabama Securities Commission (ASC) issue cease and desist orders against TRUE BULLION LLC DBA GSI EXCHANGE, directing it to shut down illegal operations in Alabama and Texas.

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The Texas and Alabama orders accuse GSI Exchange of engaging in an illegal advisory scheme involving over \$32 million. The scam involves 450 investors many of whom are senior citizens. GSI Exchange allegedly told investors the holdings in their retirement portfolios were high risk and they may lose their assets. GSI Exchange is accused of encouraging these investors to liquidate their securities portfolios and use the proceeds to purchase gold and silver coins to the benefit of GSI through high commissions.

“Scams that prey on senior investors are particularly heinous,” said ASC Director Joseph Borg. “Seniors have worked hard all their lives to accumulate wealth and retire comfortably. Someone using scare tactics comes in, convinces them to liquidate and POOF... their retirement dreams are dashed, and they are left with very little.”

“The fees taken by GSI Exchange at the outset of the investment are unconscionable. By targeting senior investors, the company is exploiting those who can least afford to start over in accumulating their retirement nest eggs,” added TSSB Commissioner Travis J. lies.

The orders allege GSI is taking as much as 25% of investor funds as an undisclosed commission or fee on the front-end of each precious metals transaction.

The orders name Anthony Anderson as the principal of GSI Exchange. Anderson and GSI Exchange are not registered or notice-filed to provide investment advice in Texas or Alabama (as required by state securities law).

The TSSB and ASC urge investors to investigate any precious metals investment before sending money to the promoter. Investors can better protect themselves by taking the following steps:

- Before investing with someone who claims to be a financial professional, verify he or she is registered by contacting your local state securities regulator - <https://www.nasaa.org/contact-your-regulator/>.
- Don't fall for claims of guaranteed returns. All investing involves risk and there are no guarantees.
- Don't fall for high-pressure sales tactics or anyone trying to illicit an emotional response- especially fear or anxiety. Never make a hasty investment decision. Be sure you understand the product and associated risks.
- Investments cost money and salespersons often earn commissions. The financial professional working with you is required to disclose how they assess fees to your account, how they make money and how much. Always ask for this information upfront.

Alabama and Texas Securities Regulators File Orders Against First Class Wealth Preservation for Precious Metals Investment Scheme

Montgomery, Alabama (August 6, 2021) -The Alabama Securities Commission (ASC) and the Texas State Securities Board (TSSB) issued cease and desist orders against First Class Wealth Preservation (First Class), directing it to shut down illegal operations in both states.

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The orders accuse First Class and its agents, Mitchell Kane Malizia and Jason Shaw, of illegally promoting a fraudulent precious metals advisory scheme. According to the order, First Class sent unsolicited advertisements by email, including to the email accounts of ASC and TSBB, and through Facebook. First Class is encouraging people to liquidate securities and use the proceeds to purchase precious metals through self-directed individual retirement accounts, which can be set up for investors through a company recommended by First Class. In the solicitations, First Class makes several misrepresentations and omissions to induce investors to transfer their assets, and neither First Class, Malizia, nor Shaw are registered to provide investment advice in Alabama or Texas.

First Class claims that investors will not incur out-of-pocket expenses and represents that no commissions are charged. Instead, they claim that sales representatives are paid by the self-directed IRA company. However, the self-directed IRA company denies this claim and the investigation revealed that First Class was profiting in its own way. For example, ASC and TSSB identified a purchase made by an investor in which First Class paid just over \$85,000.00 for precious metals but sold those precious metals to an investor for \$200,000.00. This “fee” was not disclosed to investors. Further, in 2019, Malizia pleaded guilty to a felony and was placed on probation for 3 years. Malizia was on probation at the time of the solicitations, but this was not made known to investors.

The ASC cautions investors to thoroughly research any investment opportunity. Call the ASC at 1-800-222-1253 and ask for the registration department to check out persons offering investment opportunities, investment advice for a fee and any products they offer. Contact the ASC to report suspected fraud, inappropriate securities business practices, or to obtain consumer information. Free investor education and fraud prevention materials are available at www.asc.alabama.gov.

For further information contact 1-800-222-1253 and ask for Public Affairs.

Notable News Coverage

JD SUPRA®

December 23, 2020

CFTC Partners with 30 States to Bring a Sweeping Precious Metals Fraud Action



Man ordered to pay restitution in Madison County fraud case

[News](#) Posted: Dec 16, 2020 / 11:27 AM CST / Updated: Dec 16, 2020 / 11:27 AM CST



Former U.S. Attorney joins Alabama Securities Commission as deputy director of enforcement

By [Angel Coker](#) – Banking and Legal Reporter, Birmingham BusinessJournal
Apr 2, 2021, 3:09pm EDT



Kyle Sandler, John McAfee associate who scammed Alabama town out of \$1.9 million, featured on HBO's Generation Hustle

Updated Apr 23, 2021; Posted Apr 23, 2021

By [William Thornton](#) | wthornton@al.com



Alabama regulatory agency moves to ban cryptocurrency company's sales

by: [Lee Hedgepeth](#) Posted: Jul 21, 2021 / 04:20 PM CDT Posted: Jul 21, 2021 / 04:20 PM CDT

Notable News Coverage



Alabama issues show-cause notice to BlockFi seeking ban on BIAs

Published on July 22, 2021 By [Namrata Shukla](#)

POLITICO

Crypto-based 'shadow financial market' spooks regulators
Watchdogs are warning that some DeFi activities are probably illegal under federal law and pose serious danger to consumers.

By [KELLIE MEJDRICH](#) 07/24/2021 07:00 AM EDT



Alabama, Texas regulators step in to stop alleged precious metals scam

Published: Aug. 06, 2021, 11:37 a.m. By [William Thornton | wthornton@al.com](#)

Bloomberg

States Act Against Celsius Network for Unregistered Products

By [Joe Light](#) Updated on September 17, 2021, 6:24 PM CDT



Alabama's securities regulator is also scrutinizing crypto lender Celsius

by [Michael McSweeney](#) September 18, 2021, 7:24AM EDT

Notable News Coverage

ThinkAdvisor

Self-Directed IRA Scams Are on the Rise, State Securities Regulators Warn

by [Melanie Waddell](#) September 22, 2021 at 12:50 PM

InvestmentNews

Enforcement actions up in 2020 as state securities regulators pursued pandemic fraudsters

• September 29, 2021 [By Mark Schoeff Jr.](#)



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ALABAMA SECURITIES COMMISSION MEETING December 14, 2020

The Alabama Securities Commission held a meeting on December 14, 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. Allen Carroll, Jr., CPA
Hon. Dag Rowe, Attorney at Law
Hon. Hope Marshall, Attorney at Law

Commission Members Absent:

Hon. Steven Marshall (Attorney General) and
represented by Designee above
Hon. Mike Hill (Banking Commissioner)

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. James McDowell, Chief of Cyber Operations

Public Attendees/Guests:

None Present

The meeting was called to order at 10:07 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 September 23, 2020 meeting. Said motion was made by Commissioner Carroll and was seconded by Commissioner Rowe. The motion carried unanimously.

Director Borg welcomed the Commission and recognized Registration Manager, Lisa Tolar for her 34 years of service to the State of Alabama as she retires at the end of December, 2020.

Director Borg provided information on the Commission's operations during COVID-19, and then moved into the Accounting section of the Quarterly report, followed by a review of the remaining reports of the Registration and Enforcement Divisions. Director Borg concluded the review of the monthly report with summaries of the IT, Investor Education, and Public Relations Divisions.

At this time, James McDowell, Chief of Cyber Operations, gave a presentation to the Commission regarding the investigative tools being utilized for digital investigations, including those involving digital assets, such as cryptocurrencies. He also provided a demonstration of how data analytics and cyber intelligence is used at the Commission to investigate complex cases.

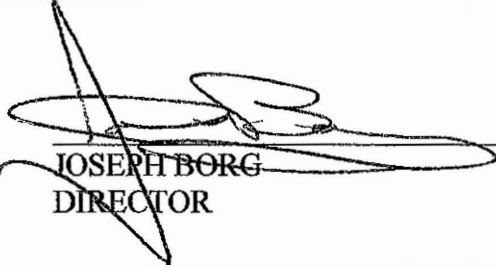
Director Borg then advised the Commission that pending litigation and confidential enforcement matters needed to be discussed.

Deputy Director Reed (a licensed attorney in Alabama), certified that one of the exceptions of the Open Meetings Act applied, and that pending litigation would be discussed during the Executive session. Director Borg estimated the Executive Session would last approximately ten (10) minutes. Commissioner Carroll moved to go into Executive Session. Said motion was seconded by Commissioner Rowe and the meeting went into Executive Session at 11:00 a.m. after a unanimous vote of all Commissioners present. The following Commissioners voted: Rowe, Ridling, Carroll, Crenshaw, Marshall and McCain. The Executive Session ended by motion of Commissioner Rowe and seconded by Commissioner Carroll and a unanimous vote by all present Commissioners. The following Commissioners voted unanimously to exit Executive Session: Rowe, Marshall, 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 11:14 a.m., the open meeting was reconvened.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Ridling made the motion and Commissioner Rowe seconded it; the motion was approved by all present, in a unanimous vote. Chair McCain then asked for a motion to adjourn. Commissioner Rowe made the motion and Commissioner Carroll seconded and the motion to adjourn and motion was unanimously approved. The meeting adjourned at 11:20 a.m.


MARLENE McCAIN
CHAIR


JOSEPH BORG
DIRECTOR



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HOPE S. MARSHALL
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ALABAMA SECURITIES COMMISSION MEETING

March 17, 2021

The Alabama Securities Commission held a meeting on March 17, 2021 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. Mike Hill (Banking Commissioner)
Hon. Jim Ridling (Insurance 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) and
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

Public Attendees/Guests:


None Present


The meeting was called to order at 10:02 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 14, 2020 meeting. Said motion was made by Commissioner Rowe and was seconded by Commissioner Carroll. The motion carried unanimously.

Director Borg welcomed the Commission and informed the Commission of two new hires: Hon. Louis Franklin as the Deputy Director of Enforcement and Special Agent Miles Faggert. The Commission was also notified that Mr. James McDowell has accepted a position with FINRA and is no longer with the agency.

Director Borg provided information on the Commission's operations during COVID-19, and then moved into the Accounting section of the Quarterly report, followed by a review of the remaining reports of the Registration and Enforcement Divisions. Director Borg concluded the review of the monthly report with summaries of the IT, Investor Education, and Public Relations Divisions, and he announced the preliminary results of the examiners audit. A formal exit interview is scheduled to be held on March 29, 2021, followed by a final report.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Ridling made the motion and Commissioner Rowe seconded it; the motion was approved by all present, in a unanimous vote. Chair McCain then asked for a motion to adjourn. Commissioner Carroll made the motion and Commissioner Marshall seconded and the motion to adjourn and motion was unanimously approved. The meeting adjourned at 10:30 a.m.


MARLENE McCAIN
CHAIR


JOSEPH BORG
DIRECTOR



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ALABAMA SECURITIES COMMISSION MEETING June 10, 2021

The Alabama Securities Commission conducted its scheduled quarterly meeting on June 10, 2021 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. Mike Hill (Banking Commissioner)
Hon. Dag Rowe, Attorney at Law
Hon. Hope Marshall, Attorney at Law

Commission Members Absent:

Hon. Steven Marshall (Attorney General)
Hon. Jim Ridling (Insurance Commissioner)
Hon. Allen Carroll, Jr., CPA

Staff Members Present:

Hon. Joseph Borg, Director
Hon. Amanda Senn, Chief Deputy Director
Hon. Ed Reed, Deputy Director
Hon. Steve Feaga, Deputy Director
Hon. Louis Franklin, Deputy Director
Ms. Christie Rhodes, Executive Assistant
Ms. Kathy Lassiter, Executive Secretary
Ms. Shana Proctor, Paralegal
Ms. Tina Tell, Registration Mgr
Ms. Lauren Hitt, Registration Mgr
Mr. Tim Adams, Registration Mgr
Ms. Carrie Holmes, Registration Mgr

Public Attendees/Guests:

None Present

The meeting was called to order at 10:03 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 March 21, 2021 meeting. Said motion was made by Commissioner Hill and was seconded by Commissioner Rowe. The motion carried unanimously.

Director Borg welcomed the Commission and informed the Commission of new and recently promoted staff members. Staff members promoted: Tina Tell was promoted to Registration Manager and Tim Adams and Lauren Hitt were promoted to Securities Analyst Supervisors. Carrie Holmes, a new-hire from Florida, was hired in as a Securities Analyst Supervisor. Further, the Director advised the Commission that David Gilmore, IT Manager (with over 30 years with the State) and Spencer Lee, Securities Analyst Supervisor (with over 25 years with the State) have both retired from the ASC since the March 2021 meeting.

Director Borg provided information on the Commission's operations during COVID-19, and then moved into the Accounting section of the Quarterly report, followed by a review of the remaining reports of the Registration and Enforcement Divisions. Director Borg concluded the review of the monthly report with summaries of the IT, Investor Education, and Public Relations Divisions.

During the Public Relations section, Director Borg previewed the "Short the Squirrel" initiative, which is a financial education booklet for 2nd graders in Alabama funded by IPT.

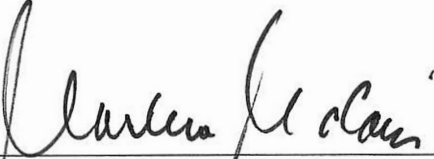
The Director then gave the Commission a summary of the Department of Public Examiners audit of the ASC formal exit interview, held on March 29, 2021.

Director Borg informed the Commission of the filing of *ASC vs. GPB, et al.*, involving a New York-based firm. In a coordinated action, the State of New York and the U.S. Securities and Exchange Commission (SEC) have filed simultaneous separate actions. Additionally, five other states have filed Administrative Orders in this case.

Chairman McCain then asked for a motion to enter into Executive Session so that on-going legal cases may 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. Deputy Director Reed estimated the Executive Session would last ten (10) minutes. At that time, Commissioner Hill moved to go into Executive Session. Said motion was seconded by Commissioner Marshall and the meeting went into Executive Session at 10:41 a.m. after a unanimous vote of all Commissioners present. The Executive Session

ended by motion of Commissioner Hill and seconded by Commissioner Rowe and a unanimous vote by all present Commissioners. Each Commissioner that was present at the beginning of the Executive Session was also present when the Executive Session ended. At 10:55 a.m., the open meeting was reconvened.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Hill made the motion and Commissioner Rowe seconded it; the motion was approved by all present in a unanimous vote. Chair McCain then asked for a motion to adjourn. Commissioner Marshall made the motion and Commissioner Hill seconded and the motion to adjourn and motion was unanimously approved. The meeting adjourned at 10:56 a.m.



MARLENE McCAIN
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JOSEPH BORG
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ALABAMA SECURITIES COMMISSION MEETING September 9, 2021

The Alabama Securities Commission conducted its scheduled quarterly meeting on September 9, 2021 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. Mike Hill (Banking Commissioner)
Hon. Dag Rowe, Attorney at Law
Hon. Hope Marshall, Attorney at Law
Hon. Jim Ridling (Insurance Commissioner)
Hon. Allen Carroll, Jr., CPA
Hon. Clay Crenshaw (Dep. Attorney General)

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, Chief of Litigation
Hon. Louis Franklin, Deputy Director
Ms. Christie Rhodes, Executive Assistant
Mr. Bryan Selix, IT Manager
Ms. Faith Feaga, Public Information Spec., Sr.

Public Attendees/Guests:

None Present

The meeting was called to order at 10:07 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 June 10, 2021 meeting. Said motion was made by Commissioner Carroll and was seconded by Commissioner Ridling. The motion carried unanimously.

Director Borg welcomed the Commission and asked Steve Feaga to give an update regarding COVID-19 impact at ASC. Director Borg stated that the Staff returned to the office on May 3rd.

Director Borg then introduced the new IT Manager, Bryan Selix, who then provided an update regarding various IT matters. Director Borg further related that there is an additional IT position to be filled.

Director Borg informed the Commission that ASC hosted a two-day visit by the Arkansas Securities Department in July. He then asked Chief Deputy Director Senn to discuss the ASC summer intern program.

Ms. Senn discussed the program and explained that it was directed by Faith Feaga and expressed that Ms. Feaga had done an excellent job through various exercises and programs for the participants.


Director Borg reminded the Commission of the "Short the Squirrel: Financial Education initiative. He asked Faith Feaga, who is heading up the program, to provide an update.

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


Chairman McCain then asked for a motion to enter into Executive Session so that on-going legal cases may 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. Deputy Director Reed estimated the Executive Session would last eighteen (18) minutes. At that time, Commissioner Carroll moved to go into Executive Session. Said motion was seconded by Commissioner Rowe, and the meeting went into Executive Session at 11:00 a.m. after a unanimous vote of all Commissioners present. The Executive Session ended by motion of Commissioner Marshall and seconded by Commissioner Ridling, and a unanimous vote by all present Commissioners. Each Commissioner that was present at the

beginning of the Executive Session was also present when the Executive Session ended. At 11:53 a.m., the open meeting was reconvened.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Hill made the motion, and Commissioner Marshall seconded it; the motion was approved by all present in a unanimous vote. Chair McCain then asked for a motion to adjourn. Commissioner Marshall made the motion, and Commissioner Ridling seconded, and the motion to adjourn and motion was unanimously approved. The meeting adjourned at 11:55 a.m.



MARLENE McCAIN
CHAIR



JOSEPH BORG
DIRECTOR

Alabama Securities Commission

2020 - 2021 Annual Report



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