

# ALABAMA

SECURITIES COMMISSION

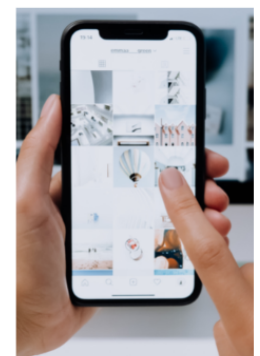
## ANNUAL REPORT

2021-2022



# ABOUT US

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



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Montgomery, AL  
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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. - The Alabama Securities Act  
(1969 Regular Session) and as amended

Sec. 8-6-110, et seq. - Industrial Revenue Bonds Act

Sec. 8-7A-1, et seq. - 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 the issuance, offering, sale, and other related transactions involving securities made within, into, or from the State of Alabama.

The purpose of the Securities Act is to protect investors from fraud and to preserve legitimate capital markets. In order to accomplish these objectives, the commission performs the following tasks:

**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 brokerdealer or investment adviser) who reasonably believe that financial exploitation of a vulnerable adult may have occurred, 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 Commission 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

# ASC PURPOSE

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 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



S. DAGNAL ROWE, SR.  
Chairman  
Attorney at Law  
08/2013 - Present



STEVEN T. MARSHALL  
Attorney General  
07/2016 - Present



MIKE E. HILL  
Superintendent of Banks  
09/2008 - Present



MARK FOWLER  
Acting Commissioner of Insurance  
05/2022 - Present



W. ALLEN CARROLL, JR.  
Certified Public Accountant  
05/2020 - Present



HOPE S. MARSHALL  
Attorney at Law  
04/2020 - Present



CRISTY ANDREWS  
Certified Public Accountant  
04/2022 - Present



**Past**  
MARLENE M. MCCAIN  
Chairwoman  
Certified Public Accountant  
05/2012 - 09/2022



**Past**  
Jim L. Ridling  
Former Commissioner of Insurance  
09/2008 - 05/2022



# ASC PERSONNEL

## Directorate

Joseph P. Borg, Director  
Amanda L. Senn, Chief Deputy Director  
Edwin L. Reed, Deputy Director, Administration  
Jamey R. Selfridge, ASA I

## Legal Division

Stephen P. Feaga, Chief of Litigation  
Andrew O. Schiff, Attorney IV  
Leslie D. Worrell, Attorney III  
Michelle R. Turner, Attorney II  
Kimathy J. Booher, Executive Assistant III  
Shana T. Proctor, Paralegal  
Kimberlee A. Hinson, Legal Research Assistant  
Eric A. Guttensohn, Retired State Employee

## Accounting/Personnel Division

Renee S. Sanders, Accounting Director I  
Courtney Lanier-McCrackin, Senior Accountant  
Martha J. Thomas, ASA III

## Information Technology Division

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

## Registration Division (Auditing & Examinations)

Rena H. Davis, Auditing & Examinations Manager  
Lauren W. Hitt, Securities Analyst Supervisor  
Caroline M. Holmes, Securities Analyst Supervisor  
Marilyn D. Bullard, Securities Analyst, Senior  
David R. Strickland, Securities Analyst, Senior  
Tate B. Duncan, Securities Analyst  
Myra N. Lamar, ASA III

## Education and Public Affairs Division

Nick L. Vonderau, Communications and Public Relations Manager  
Faith D. Feaga, Public Relations Specialist, Senior

## Aides

Josie A. Blanks, Clerical Aide  
Lora C. Bishop, Student Aide  
Mia R. Johnston, Clerical Aide  
Mary C. Sanders, Clerical Aide

## 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  
Jeffrey E. Ioimo, Special Agent  
Nicole M. Martelli, Securities Analyst  
Mark L. Mitchell, Special Agent  
Michael D. Moseley, 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  
Kimberly L. Hardy, ASA II  
Kasey C. Hartzog, Victims' Service Officer\*

## Registration Division (Licensing & Registration)

Tina M. Tell, Licensing and 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, Senior  
April F. Dunaway, ASA III  
Patricia J. Wilson, ASA III

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



Above ASC Staff Participate in a training.

# REGULATORY SERVICES PROGRAM

**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 their 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 crowdfunding 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 which may be 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 (some may require notice filing with the Commission) 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 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 greater than or equal to \$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  |
|                             | (2) License Fee  | \$500  | §8-7a-6c  |
|                             | (3) Renewal Fee  | \$500  | § 8-7a-9b   |
|                             | Late renewal fee - up to 20 days from expiration date  | \$100 per day  | § 8-7a-9e   |
|                             | 4) Interpretive opinion or no action letter  | \$500  | §8-7a-27b   |
| 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<br>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<br>(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<br>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   |

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# Statistical summary

103 Educational seminars on  
safe and wise investing.

Total revenue  
contributed to  
General Fund  
\$15,714,116

214,381 Licenses, Registrations and Exemptions Issued

54 Examinations/Audits

175 Complaints and Corporate Inquiries Received

\$65,750,000 Industrial Revenue Bonds Issued

12 Indictments

6 Convictions

36 Years sentenced

25 Individuals awaiting grand jury action  
arrest or trial

27 Administrative Orders Issued

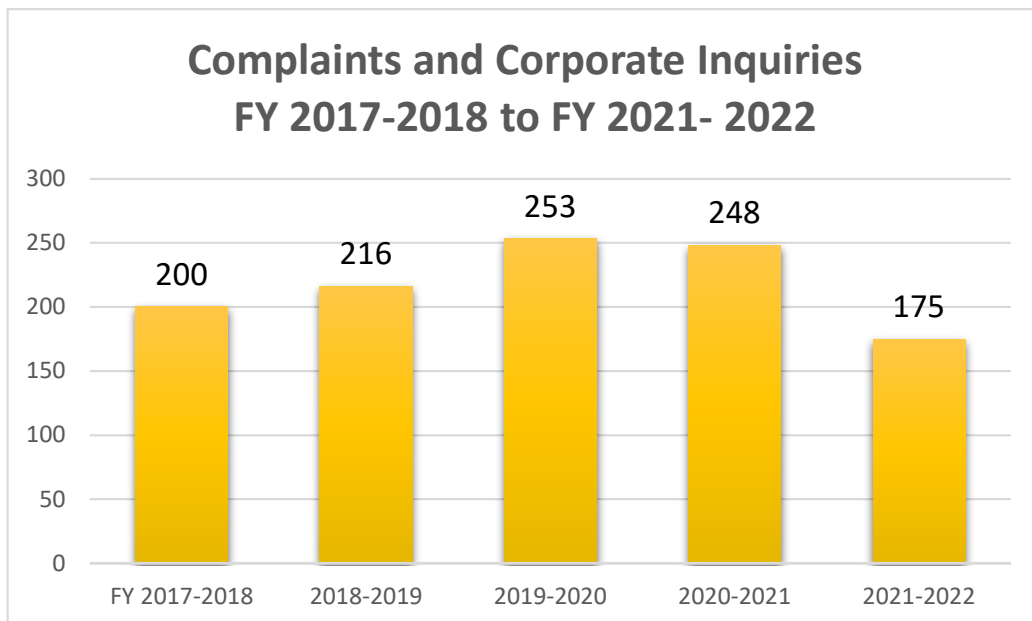
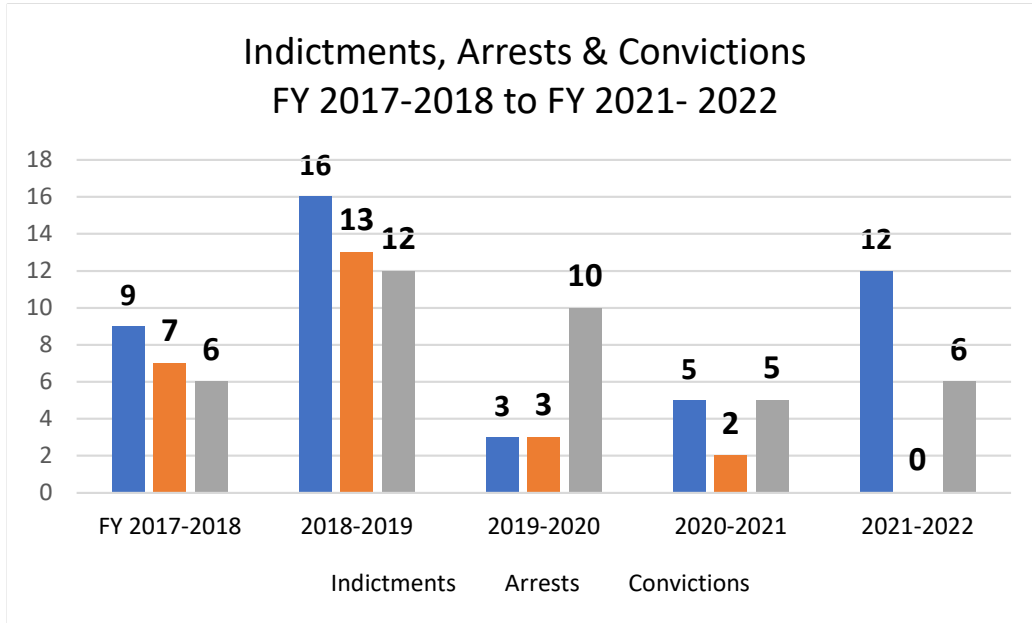
919 Administrative Order Respondents

\$1,276,740 Restitution Ordered to Victims

6 Public Warnings Issued

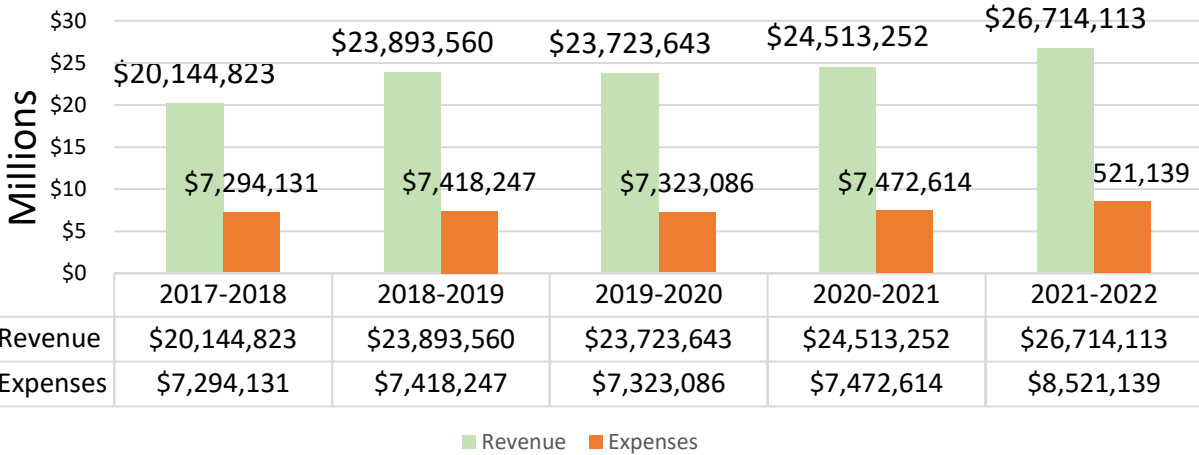


# Statistics



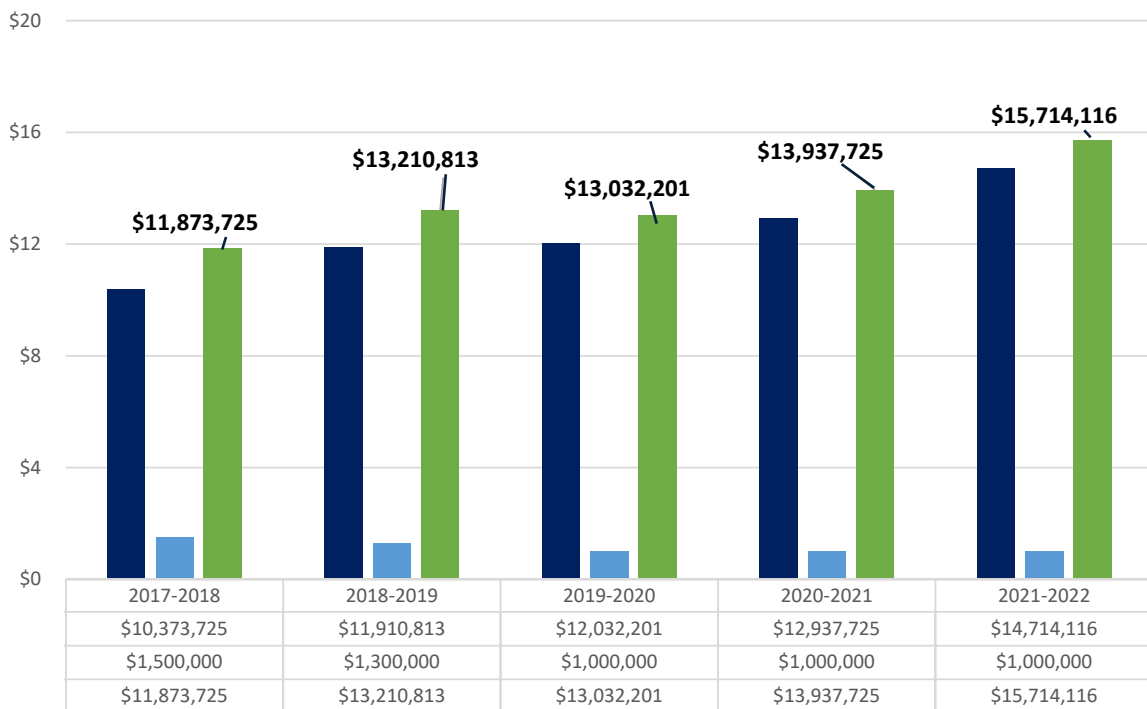


Combined Revenue & Expenses in Millions  
FY 2017-2018 to FY 2021 - 2022



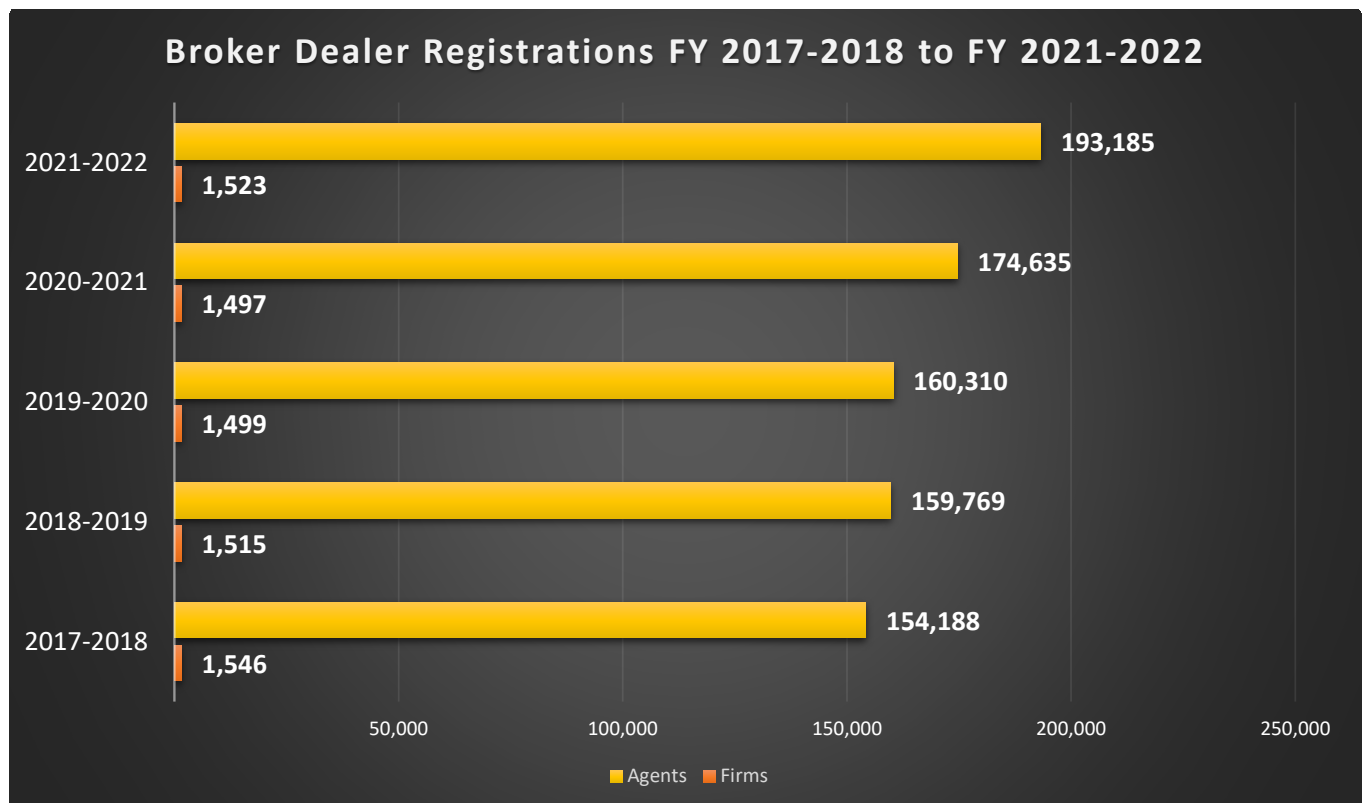
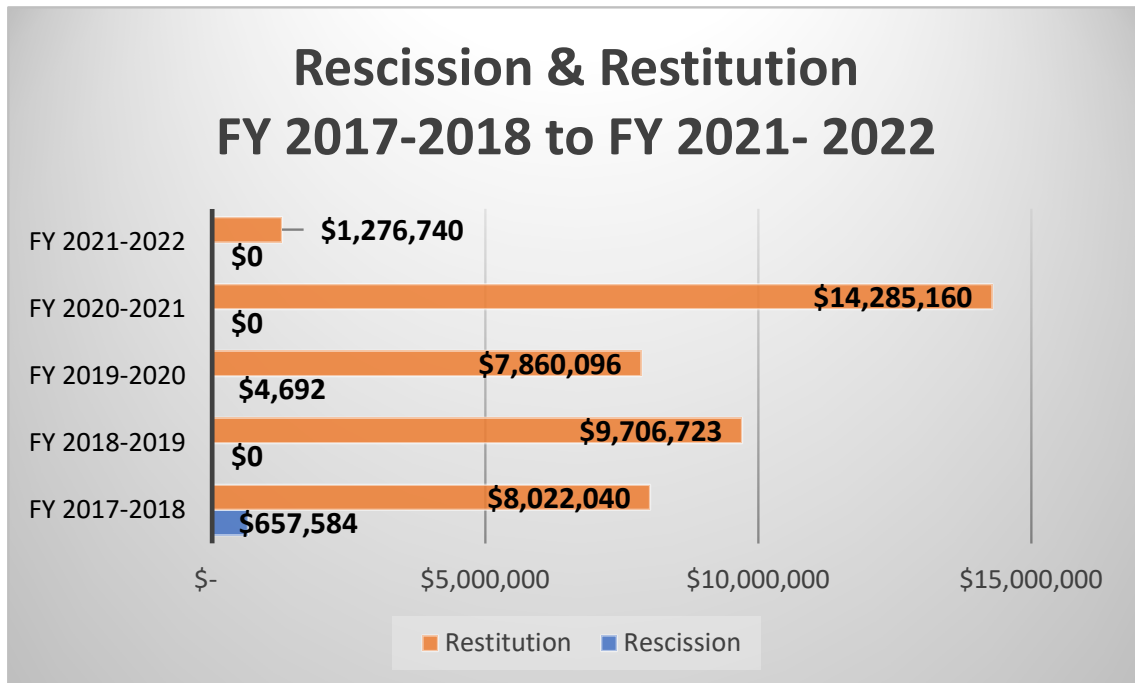
Total Revenue to General Fund in Millions  
FY 2017 - 2018 to FY 2021 - 2022

|  |
|--|
| ■ Direct Deposit to General Fund           |
| ■ Additional Fund Transfer to General Fund |
| ■ Total to General Fund                    |



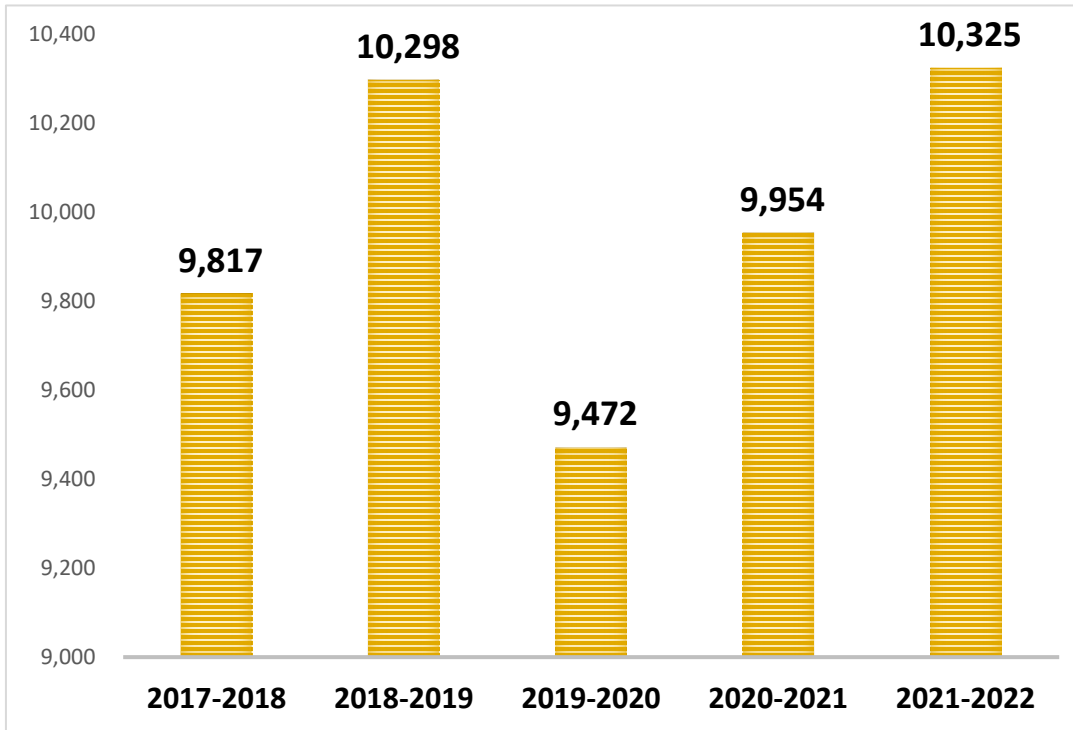


# Statistics

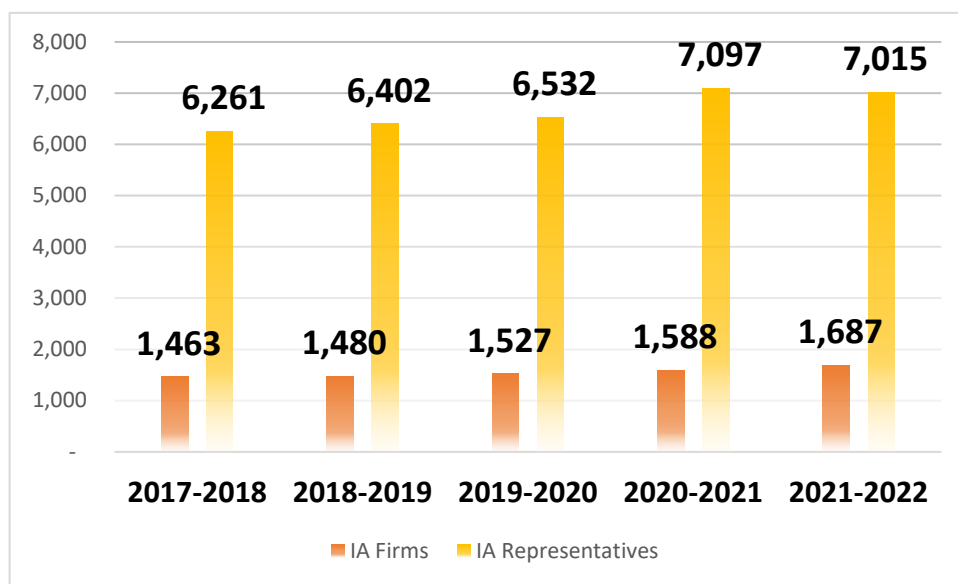




## Mutual Fund Filings and Exemptions for FY 2017-2018 through 2021-2022



## Investment Adviser Firms and Investment Adviser Representatives FY 2017-2018 to FY 2021-2022



# Financial Statement

## Agency Revenues for FY 2021-2022

|                  |   |              |
|------------------|---|--------------|
| Authority        |   |              |
| § 8-6-3(h)       | Investment Advisers & Representatives/<br>Broker-Dealers & Representatives..... | \$14,883,515 |
| § 8-6-8          | Securities Registration.....  | \$145,219    |
| § 8-6-11         | Exemptions.....   | \$639,600    |
| § 8-6-19         | Administrative Assessments/Investigative Executions.....                        | \$662,830    |
| § 8-6-10(11)a.2. | Mutual Fund Exemptions.....   | \$10,188,620 |
| § 8-6-29         | Opinions.....   | \$1,150      |
| § 8-6-115        | Industrial Revenue Bonds.....   | \$5,175      |
| § 8-7A-6;8-7A-9  | Monetary Transmission Act.....  | \$157,250    |
|                  | Miscellaneous Revenues.....   | \$30,754     |
|                  | <b>Total Revenues</b> .....   | \$26,714,013 |
|                  | To General Fund.....  | \$14,714,116 |
|                  | To Securities Commission Fund.....  | \$11,994,822 |
|                  | To Industrial Revenue Fund.....   | \$5,175      |
|                  | <b>Total</b> .....  | \$26,714,113 |

## Expenditures for FY 2021-2022

|  |             |
|--|-------------|
| Personnel Costs.....                           | \$4,296,611 |
| Employee Benefits.....                         | \$1,490,002 |
| Travel (In-State).....                         | \$30,941    |
| Travel (Out of State).....                     | \$35,496    |
| Repairs and Maintenance.....                   | \$679       |
| Rentals & Leases.....                          | \$842,129   |
| Utilities & Communications.....                | \$118,459   |
| Professional Services.....                     | \$325,889   |
| Supplies, Materials & Operating Expenses.....  | \$246,277   |
| Transportation Equipment Operations.....       | \$49,173    |
| Grants and Benefits.....                       | \$38        |
| Transportation Equipment Purchases.....        | \$0         |
| Other Equipment Purchases.....                 | \$85,445    |
| <b>TOTAL</b> .....                             | \$7,521,139 |
| Additional Transfer to State General Fund..... | \$1,000,000 |
| <b>Total Expenditures</b> .....                | \$8,521,139 |

**Total to General Fund for Fiscal Year 2021-2022** .....\$15,714,116

# Enforcement Division

## Enforcement Activity FY 2021-2022

| Activity                                       | number |
|--|--------|
| Corporate Inquiries Opened                     | 72     |
| Corporate Inquires Closed                      | 82     |
| Investigations Opened - "I"                    | 38     |
| Investigations Closed - "I"                    | 50     |
| Investigations Opened - "S"                    | 65     |
| Investigations Closed - "S"                    | 51     |
| Administrative Actions                         | 27     |
| Administrative Action Respondents              | 919    |
| Indictments/Warrants Obtained                  | 12     |
| Arrest Made                                    | 0      |
| Convictions Obtained                           | 6      |
| Public Warnings Issued                         | 6      |
| Referrals to Other Agencies                    | 55     |
| Search and Seizure<br>Warrants/TRO/Conservator | 6      |

## Administrative Orders Issued FY 2021 - 2022

| Type of Order Issues | Respondents | Orders |
|----------------------|-------------|--------|
| Order to Bar         | 5           | 4      |
| Order to Vacate      | 1           | 1      |
| Cease and Desist     | 903         | 15     |
| Consent              | 5           | 5      |
| Show Cause           | 5           | 2      |
| Consent Agreement    | 0           | 0      |
| Totals               | 919         | 27     |

# Registrations & Exemptions

| Total Number of Registrations and Exemptions Issued in FY 2021-2022 |                   |                      |                   |                       |                        |
|---|-------------------|----------------------|-------------------|-----------------------|------------------------|
| Type  | Application Filed | Application Approved | Renewal Processed | Application Withdrawn | Application Terminated |
| Broker/Dealer   | 104               | 88                   | 1,435             | 8                     | 52                     |
| Broker/Dealer Agent   | -                 | 45,128               | 148,057           | 609                   | 30,662                 |
| Eleemosynary Exemption  | 11                | 13                   | -                 | 1                     | 5                      |
| Exempt Consent  | -                 | -                    | -                 | -                     | -                      |
| Expansion Order   | 2                 | 2                    | -                 | -                     | -                      |
| Industrial Revenue Bond   | 6                 | 6                    | -                 | -                     | -                      |
| Investment Adviser- Federal   | 182               | 176                  | 1,323             | 2                     | 85                     |
| Investment Adviser- State Registered                                | 30                | 26                   | 162               | 7                     | 20                     |
| Investment Adviser Representative                                   | -                 | 1,224                | 5,791             | 32                    | 1,145                  |
| Limited Offerings   | 2,202             | 2,067                | -                 | 20                    | 96                     |
| Mutual Fund Exemptions  | 1,679             | 1,689                | 6,560             | 1                     | 1,492                  |
| Registration by Coordination  | 90                | 65                   | -                 | 11                    | 36                     |
| Registration by Qualification                                       | -                 | -                    | -                 | -                     | -                      |
| Registration of Face Amount Certificate Company                     | -                 | -                    | 4                 | -                     | -                      |
| Restricted Agent  | 52                | 56                   | 266               | -                     | 49                     |
| Money Transmitter   | 49                | 38                   | 211               | 3                     | 7                      |

| Industrial Revenue Bonds Filed in FY 2021-2022   |             |            |                       |
|--|-------------|------------|-----------------------|
| Leesee   | Fee Charged | Date Filed | Total Amount of Issue |
| Springhill Area Leasing, Inc. (The Medical Clinic Board of the City of Mobile, Alabama- Spring Hill)                   | \$1,000     | 11/18/2021 | \$7,100,000           |
| Inland Fresh Seafood Coporation of America, Inc. (The Industrial Development Board of the City of Birmingham, Alabama) | \$1,000     | 3/15/2022  | \$2,000,000           |
| Springhill Medical Complex, LLC (The Medical Clinic Board of the City of Mobile, Alabama- Spring Hill)                 | \$1,000     | 3/25/2022  | \$4,300,000           |
| Jackson Pellets, LLC (The Industrial Development Board of the City of Jackson- Jackson City Hall)                      | \$750       | 5/9/2022   | \$1,500,000           |
| Golden Boy Nut Corporation (The Industrial Development Board of the City of Troy, Alabama)                             | \$425       | 6/8/2022   | \$850,000             |
| International Paper Company (The Industrial Development Board of the City of Selma, Alabama)                           | \$1,000     | 8/30/2022  | \$50,000,000          |
| Total  | \$5,175     |            | \$65,750,000          |

# Director's Report

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.

In February, the ASC announced that digital asset financial services company, BlockFi Lending LLC (BlockFi), agreed to settlement terms regarding past unregistered offers and sales of securities to Alabama residents. The securities were in the form of interest-bearing digital asset deposit accounts called BlockFi Interest Accounts (BIAs). BlockFi represented it intends to register future products with the states and the SEC called "BlockFi Yield." BlockFi further agreed to pay a settlement of \$943,396.22, subject to executing a consent order with ASC.

The 53 NASAA member jurisdictions will share equally in a \$50 million settlement, each receiving \$943,396.22 after executing the appropriate consent orders. Approximately 3,200 Alabamians were known BlockFi investors with an estimated invested value of \$36 million as of December 2021.

## **Precious Metals; A Top Threat to Alabama Investors**

The ASC has joined the Commodity Futures Trading Commission (CFTC) and 26 state securities regulators in filing a complaint in the United States District Court for the Central District of California alleging Safeguard Metals, LLC and Jeffrey Santulan, AKA Jeffrey Hill solicited investors nationwide by touting precious metals at grossly inflated prices that were not disclosed.

The defendants are accused of failing to disclose the markup charge for their precious metals bullion products and that investors could lose the majority of their funds once a transaction was completed. In many cases, the market value of the precious metals sold to investors was substantially lower than the value of the securities and other retirement savings investors had liquidated to fund their purchase. In Alabama, 16 investors were defrauded out of \$2,275,738.82 in the execution of this national scheme. Many Alabama investors liquidated their existing retirement accounts, which contained securities, to obtain funds to purchase the metals.

# Director's Report

## **Accomplishments and Office/Division Functions**

In FY 2021-2022 ASC generated \$15,714,116 for the General Fund. This fiscal year, the demand for services increased as fluctuating stock markets continued to surge in trading volume and fluctuations. 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.

The strong efforts and expertise of the Enforcement Division, during the past five years, resulted in an average of 9 criminal indictments each year for the violation of laws regulating the securities industry. This fiscal year, the Division's hard work resulted in \$1,276,740 ordered in restitution for victims from prosecuted cases and 6 convictions; and helped secure 36 years of incarceration for defendants found in violation of laws regulating the securities industry.

**The Registration Division** is charged with the initial and ongoing licensing registration process for individuals and firms that market and sell securities and financial services to Alabama 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 2021-2022, the registration division issued 214,381 registrations, licenses and exemptions. The Registration Division is also responsible for the processing of fees associated with applications and renewals.

# Director's Report

**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 2021-2022, the Auditing and Examinations Division conducted 54 audits, with 10 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 re-scheduled next year.

During Fiscal Year 2021-2022, the Education and Public Affairs Division supported 103 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 Investor Education and Fraud Prevention programs are described on pages 25 through 37.

COVID-19 continues to impact events, ASC staff continually adapt and ensure investor education is available for residents of Alabama. ASC Public Affairs division collaborates with great partners such as AARP, BBB, Jump\$tart, and the Alabama Cooperative Extension System to orchestrate outreach events. ASC also participated in multiple AARP/WSFA fraud hotlines and many other events.

**The Legal Division** is comprised of highly skilled and dedicated attorneys whom are assisted by 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



# Director's Report

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 the greatest benefit to Alabama citizens.

**The Information Technology (IT) Division** provides technology services to support the Commission's daily operations. IT Division personnel work diligently to provide efficient support, infrastructure, technology solutions, and services to ASC personnel to facilitate the Commission's mission. The IT Division also works to strengthen compliance and information security through standardization, documentation, and implementation of best practices while maintaining the agency's computer hardware and software systems.



Joseph P. Borg  
Director



# EDUCATION

## & Public Affairs

### MEET THE TEAM

● *Nick Vonderau*  
Manager



● *Faith Feaga*  
Communications and Public Relations Specialist, Senior





# Director Borg Being Interviewed on Troy Public Radio

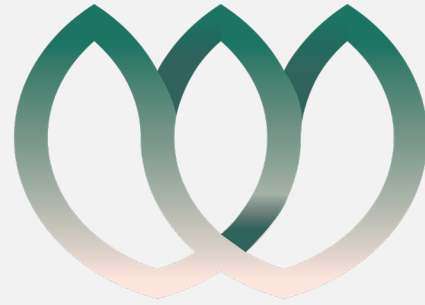


The ASC was proud to join Carolyn Hutcheson on Troy Public Radio to discuss a variety of topics focused on providing valuable information to Alabama's investors. Pictured above Director Borg participated in an interview.

### Topics Included:

- 1/24/2022 - Top 3 Investment Scams for 2022
- 2/21/2022 - Research a Financial Professional
- 3/7/2022 - IRS Tax Scams
- 4/18/2022 - Ukraine and the Markets
- 6/6/2022 - Fraud in the Metaverse
- 6/14/2022 - World Elder Abuse Awareness Week
- 7/18/2022 - She Can Financial Program for Women
- 8/15/2022 - Use Caution with Digital Assets
- 8/22/2022 - Investors Offered Tips on NFT's
- 9/19/2022 - Cybersecurity Tips
- 9/29/2022 - Joe Borg on Malta

# *She* **Can**



Pictured from left to right Senior Public Information Specialist Faith Feaga and Chief Deputy Director Amanda Senn speak at the Empowering Women in Industry Conference in Tuscaloosa, AL hosted by Charli K. Matthews of Empowering Brands.



She Can is a women's financial empowerment program that the ASC launched in 2020. The program provides women in Alabama with financial information that will help them make wise financial decisions. Program offerings include multiple written resources and free financial education seminars offered in-person or virtually.

# INVESTOR EDUCATION

## *outreach events*

This year, the ASC partnered with the Alabama Cooperative Extension System to bring investor education to seniors across the state. The photo on the top showcases an event that took place outdoors in Mobile, Alabama.

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ASC Education and Public Affairs Manager Nick Vonderau is speaking to a group of senior adults in Bay Minette. Nick discussed the importance of protecting your personal information and being on guard against fraud. Many of the attendees had questions about robo calls. Nick reminded the audience that their best protection from scams that take place over the phone is to ignore calls from unknown numbers.



# Facebook Live



The Education and Public Affairs team participated in two Facebook Live events for seniors who were unable to gather in-person. The topics discussed included scams that target senior adults such as romance scams, grandparent scams and government imposter scams. One piece of advice the team gave to protect seniors was to think with your head and not your heart.



Nick Vonderau



Faith Feaga



# Senior Outreach

Pictured above Faith Feaga participates in the United Way Area Agency on Aging of Jefferson County fraud summit.

It is estimated that fraudsters stole nearly \$1 Billion from seniors during 2021. The ASC is committed to providing financial education to seniors in Alabama and helping end the financial exploitation of older adults.

## Scams to watchout for:

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

For additional information on the scams listed above, visit the education section of the ASC website or browse through news publications at [www.asc.alabama.gov](http://www.asc.alabama.gov).



## **Presenting to the Alabama Institute for Deaf and Blind Foundation Montgomery Regional Center**

Nick and Faith are in agreement that this was a lively group who actively participated in the presentation and made it so much fun! The team used an interpreter during the presentation and close captioned the videos for the audience. Nick and Faith learned a lot from this group and hope they feel the same. We cannot wait to get together again.



# Events with the Better Business Bureaus

Incredible things can happen when partnerships between public and private entities take place. That's why the ASC is so grateful for our partners at the Better Business Bureaus. Multiple times per year we work together to provide investor education and fraud prevention outreach programs to residents of our state. The photos feature Director Borg speaking at such events.



# Student Investor Education...

beginning when students still have their most powerful asset- time!



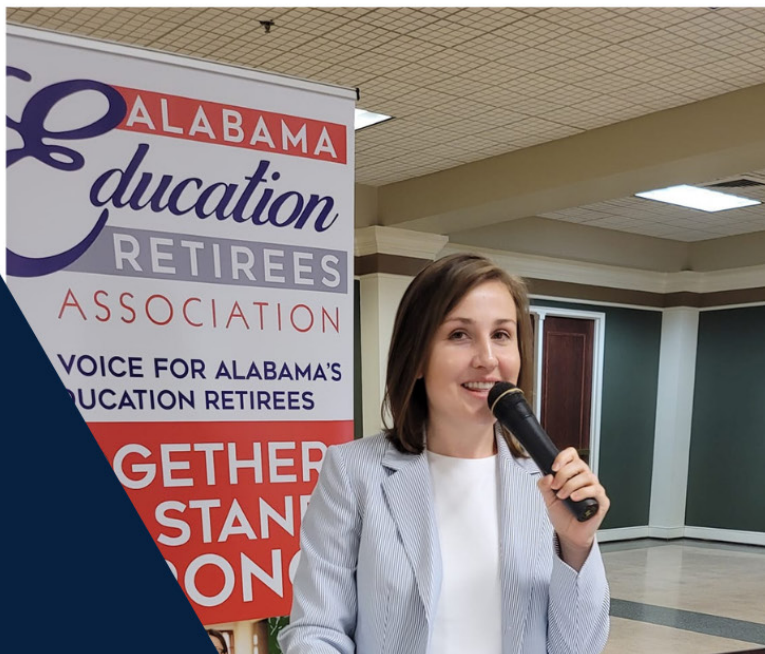
Left: Faith Feaga speaking to a group of FBLA students  
Right: FBLA student officers pose for a photo

The ASC firmly believes that there is no such thing at “too early” to begin a student’s financial education. The ASC strives to provide financial education resources to student groups of all ages. The ASC also hosts field trips to the office and is happy to make classroom visits. Interested? Contact Public Affairs at 1-800-222-1253.

# \*Teacher's Corner\*

Pictured to the right Nick Vonderau and Faith Feaga (below) participated in multiple Alabama Education Retirees Association District Meetings to discuss scams and frauds. The ASC speaks to retired teacher associations to bring awareness about common frauds and how teachers can protect their retirement funds. In addition to providing fraud prevention to retired teachers, the ASC conducts regular teacher trainings to career-tech teachers in Alabama through Jump\$tart. 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](http://www.asc.alabama.gov)



# Attendance Totals for Outreach events

| <u>Date</u> | <u>Place</u>                                  | <u>#</u> | <u>Audience</u>                  |
|-------------|---|----------|----------------------------------|
| 9/29/2022   | Abingdon by the River Community               | 50       | Residents                        |
| 9/29/2022   | Troy Public Radio Interview                   | U*       | Listeners                        |
| 9/28/2022   | Cobblestone Village Apartments in Clanton     | 8        | Seniors                          |
| 9/27/2022   | West Regional Library in Mobile               | 15       | SARPC* Seniors                   |
| 9/23/2022   | Redstone Federal Credit Union in Huntsville   | 20       | Women's group in Huntsville      |
| 9/22/2022   | Florence-Lauderdale Coliseum                  | U        | ACES Hybrid Outreach Event       |
| 9/21-22/22  | RSA Marriott Conference Center in Prattville  | 200      | ARSEA*/APEAL Convention          |
| 9/19/2022   | Troy Public Radio Interview                   | U        | Listeners                        |
| 9/16/2022   | ACES Bay Minette Office                       | 30       | ACES* Seniors                    |
| 9/15/2022   | Trussville Civic Center                       | U        | InfraGard 2022 Fraud Summit      |
| 9/15/2022   | Stone Bridge Farms in Cullman, AL             | 30       | AERA* Outreach Event             |
| 9/15/2022   | Gadsden Regional Medical Center               | 35       | Caregivers Etowah County         |
| 9/15/2022   | Indian Springs Village Town Hall              | 30       | Kiwanis Club                     |
| 9/15/2022   | SARCOA Office in Dothan                       | 25       | SARCOA Caregiver College         |
| 9/9/2022    | James Seals Jr, Park in Mobile                | 60       | ACES Senior Outreach             |
| 9/6/2022    | Auburn Marriott at Grand National             | 80       | ASHRM* Annual Meeting            |
| 8/31/2022   | Gadsden Museum of Art                         | 30       | Gadsen Kiwanis Club              |
| 8/27/2022   | Memorial Park and Rec Complex in Birmingham   | 25       | Jefferson County Youth           |
| 8/26/2022   | CACC* in Thomasville                          | 60       | AERA Outreach Event              |
| 8/25/2022   | Five Points Baptist Church in Northport       | 100      | AERA Outreach Event              |
| 8/25/2022   | Montgomery City Hall                          | 100      | BBB*                             |
| 8/24/2022   | Televised Event at ASC                        | U        | AARP WSEFA Virtual Fraud Summit  |
| 8/23/2022   | Troy Public Radio Interview                   | U        | Listeners                        |
| 8/19/2022   | Carmichael Executive Suites in Montgomery     | 75       | Beauty By Fire Widows group      |
| 8/19/2022   | Auburn University in Montgomery               | 60       | ASCPA Annual Meeting             |
| 8/19/2022   | Decatur Highway Church of Christ              | 125      | AERA Outreach Event              |
| 8/18/2022   | CACC in Alexander City                        | 55       | AERA Outreach Event              |
| 8/17/2022   | Webinar Presentation                          | 8        | ACEE Outreach Event for Teachers |
| 8/16/2022   | Webinar Presentation                          | 20       | AERA Virtual Outreach Event      |
| 8/15/2022   | Webinar Presentation                          | 4        | ACEE Outreach Event for Teachers |
| 8/15/2022   | Troy Public Radio Interview                   | U        | Listeners                        |
| 8/10/2022   | Downtown Civic Center in Gadsden              | 50       | AERA Outreach Event              |
| 8/9/2022    | First United Methodist Church in Russellville | 70       | AERA Outreach Event              |
| 8/9/2022    | NASAA* SE Zone Meeting at the ASC             | 50       | NASAA members                    |
| 8/2/2022    | Moe's Original BBQ in Downtown Mobile         | 75       | Mobile Chapter of ASCPA*         |
| 7/27/2022   | Spring Hill Suites in Millbrook               | 20       | BBB & Chamber event              |
| 7/27/2022   | Coastal Alabama Community College             | 25       | AERA Outreach Event              |
| 7/26/2022   | Enterprise City Schools Service Center        | 25       | AERA Outreach Event              |
| 7/21-22/22  | Mobile Convention Center                      | 300      | ALCTE* Annual Conference         |
| 7/20/2022   | Alabama Securities Commission                 | 45       | State of Alabama Intern Outreach |

# Attendance Totals for Outreach events

| <u>Date</u> | <u>Place</u>                            | <u>#</u> | <u>Audience</u>               |
|-------------|---|----------|-------------------------------|
| 7/18/2022   | Troy Public Radio Interview             | U        | Listeners                     |
| 7/14/2022   | SAIL Center in Atmore                   | 40       | Poarch Creek Indians Senior   |
| 7/14/2022   | Vaughn Park Church of Christ            | 45       | Outreach Event                |
| 7/14/2022   | Wetumpka Civic Center                   | 85       | AERA Outreach Event           |
| 7/11/2022   | Community Action Building in Decatur    | 70       | CAAC* Conference              |
| 6/29/2022   | First Baptist Church in Huntsville      | 65       | BBB Cargiver Outreach         |
| 6/17/2022   | Jimmy Harris VFW* Building in Boaz      | 80       | TARCOG* Training Seminar      |
| 6/16/2022   | The Venue at Coosa Landing in Gadsden   | 120      | Marshall County DHR           |
| 6/15/2022   | Downtown Civic Center in Gadsden        | 160      | Family Savings Credit Union   |
| 6/15/2022   | Haven Memory Care in Montgomery         | U        | COAEC* Seniors                |
| 6/14/2022   | Troy Public Radio Interview             | U        | CAAC Seniors                  |
| 6/10/2022   | Saugahatchee Opelika County Club        | 50       | Listeners                     |
| 6/9/2022    | Carillon Oaks Assisted Living in Heflin | 63       | Lee County Residents          |
| 6/6/2022    | Troy Public Radio Interview             | U        | EARPDC* Seniors               |
| 5/31/2022   | Opelika Sportsplex                      | 65       | Listeners                     |
| 5/25/2022   | Warrior Senior Center                   | 25       | LRCOG* Seniors                |
| 5/20/2022   | Florence-Lauderdale Coliseum            | 1100     | Jefferson County Seniors      |
| 5/18/2022   | Cherokee Co. Health and Rehab. Center   | 60       | NACOLG* Seniors               |
| 5/17/2022   | Hoover Senior Center                    | 150      | EARPDC Seniors                |
| 5/12/2022   | Saraland Civic Center                   | 60       | BBB Senior Outreach Event     |
| 5/10/2022   | Monroeville Nutrition Center            | 40       | ATRC* Senior Outreach         |
| 5/9/2022    | Truist Building in Birmingham           | 6        | ACEE* Board Members           |
| 5/3/2022    | Jaycee Community Building               | 500      | TARCOG Senior Outreach        |
| 4/29/2022   | Church of the Highlands in Tuscaloosa   | 125      | AAAWA* Senior Outreach        |
| 4/27/2022   | Memorial Park and Rec Complex           | 60       | Jefferson County Seniors      |
| 4/27/2022   | Virtual Outreach Event                  | U        | AARP* Virtual Scam Jam        |
| 4/23/2022   | Florence-Lauderdale Coliseum            | 150      | ACES* Event                   |
| 4/20/2022   | Mobile Convention Center                | 500      | FBLA* Annual Conference       |
| 4/19/2022   | Facebook Live Presentation              | U        | ATRC Facebook Live            |
| 4/18/2022   | Juliette H Morgan Memorial Library      | 12       | AL Inst. for the Deaf & Blind |
| 4/18/2022   | Troy Public Radio Interview             | U        | Listeners                     |
| 4/5/2022    | Von Braun Center in Huntsville          | 100      | Huntsville Rotary Club        |
| 3/25/2022   | Etowah Baptist Missions Center Meeting  | 35       | Volunteers                    |
| 3/16/2022   | NARCOG Meeting in Moulton               | 18       | Senior Outreach Event         |
| 3/15/2022   | Students at Huntingdon College          | 60       | College Students              |
| 3/15/2022   | M4A Conference at Jasper Civic Center   | 100      | Senior Outreach Event         |
| 3/14/2022   | WSFA Interview at ASC                   | U        | Viewers of WSFA News          |
| 3/11/2022   | Jr. League Conference                   | 350      | Womens Investor Education     |
| 3/10/2022   | Presentation used in Dothan, AL         | U        | Senior outreach event         |
| 3/8/2022    | RSA PLAZA                               | 50       | NAIFA                         |
| 3/7/2022    | Troy Public Radio Interview             | U        | Listeners                     |
| 3/3/2022    | Bryant Conference Center in Tuscaloosa  | 50       | Womens Investor Education     |

# Attendance Totals for Outreach events

| <u>Date</u> | <u>Place</u>                       | <u>#</u> | <u>Audience</u>                                |
|-------------|------------------------------------|----------|--|
| 2/21/2022   | Troy Public Radio Interview        | U        | Listeners                                      |
| 2/17/2022   | Virtual                            | 250      | ASBA Presentation                              |
| 2/16-17/22  | DECA* Annual Leadership Conference | 500      | High School DECA members                       |
| 2/14/2022   | SARCOA* and ASC Facebook Live      | U        | Facebook Live Sweetheart Scam                  |
| 2/2/2022    | AARB* Annual Conference            | 75       | Members of AARB                                |
| 1/25/2022   | Junior Leage of Mobile             | 35       | Members of Junior League Mobile                |
| 1/23-24/22  | ADISA*/State Regulators Conference | 40       | Securities Regulators and Alt.Investment Prof. |
| 1/24/2022   | Troy Public Radio Interview        | U        | Listeners                                      |
| 1/21/2022   | NASAA Talks Podcast Interview      | U        | Listeners                                      |
| 1/14/2022   | Virtual                            | 250      | ASBA Presentation                              |
| 1/7/2022    | Plan Stronger TV Inverview         | U        | PBS Networks Viewers                           |
| 12/3/2021   | WSFA Interview at ASC              | U        | Viewers of WSFA News                           |
| 12/1/2021   | Interivew with Northport Gazette   | U        | Northport Gazette Readers                      |
| 11/19/2021  | WSFA Interview at ASC              | U        | Viewers of WSFA News                           |
| 11/17/2021  | Virtual Conference                 | U        | Infragrad Law Enforcement Training             |
| 11/9/2022   | Monarch Esates in Auburn, AL       | 25       | Senior Outreach Event                          |
| 10/22/2021  | Vitruual Interview                 | U        | PBS Books and IPT* Facebook Live               |
| 10/19/2021  | Gadsden Public Library             | 25       | CAEC* Caretaker Outreach                       |
| 10/14/2021  | Virtual Conference                 | U        | NASAA Broker Dealer Training                   |
| 10/12/2021  | Autauga County Extension Office    | 8        | Cordinators that work with Seniors             |

## Explanation of asterisked items:

AAAWA = Area Agency on Aging of West Alabama  
 AARB = Alabama Association of Regulatory Boards  
 AARP = The American Association of Retired Persons  
 ACEE = Alabama Council on Economic Education  
 ACES = Alabama Cooperative Extension System  
 ADISA = The Alternative & Direct Investment Securities Association  
 AERA = Alabama Education Retirees Association  
 ALCTE = Alabama Association for Career and Technical Education  
 APEAL = Alabama Public Employees' Advocacy League  
 ARSEA = Alabama Retired State Employees' Assoc.  
 ASBA = Alabama State Bar Association  
 ASCPA = Alabama Society Certified Public Accountants  
 ASHRM = Alabama Society for Human Resource Management  
 ATRC = Alabama Tombigbee Regional Commission  
 BBB = Better Business Bureau  
 CAAC = Central Alabama Aging Consortium  
 CACC = Central Alabama Community College  
 CAEC = The Council on Aging of Etowah County  
 EARPDC = East Alabama Regional Planning and Development Commission  
 FBLA- Future Business Leaders of America  
 FPA = Financial Planning Association  
 IPT = Investor Protection Trust, Washington, DC  
 LRCOG = Lee-Russell Council of Governments  
 NACOLG = Northwest Alabama Council of Local Governments  
 NAIFA= National Association of Insurance and Financial Advisors

NASAA = North American Securities Administrators Association  
 SARCOA = Southern Alabama Regional Council on Aging  
 SARPC = South Alabama Regional Planning Commission  
 TARCOG = Top of Alabama Regional Council of Governments  
 U = Unknown  
 VFW= The Veterans of Foreign Wars

# 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:

- Timothy Adams** - Finance and Audit Working Group & Electronic Filing Depository Steering Committee
- Joseph Borg** - Chair Enforcement Section Committee for 2022
- Sonya Daniels** - Broker-Dealer Training Committee
- Mike Gantt** - Enforcement Training Project Group
- Ashlee Gould** - CRD/IARD Forms & Process Committee
- Miles Faggert** - Enforcement Commodities and Derivatives Project Group
- Lauren Hitt** - Investment Adviser Training Project Group
- Carrie Holmes** - Co-Chair of Broker-Dealer Training Project Group
- Ricky Locklar** - Enforcement Section Committee
- Elizabeth Planer** - Enforcement Commodities and Derivatives Project Group
- Amanda Senn** - Co-Chair Enforcement Section Committee
- Bobby Sharp** - Broker-Dealer Training Committee
- Michelle Turner** - Co-Chair Investment Adviser Cyber Security and Technology Project Group
- Nick Vonderau** - Vice-Chair of Life Stages Project Group
- Leslie Worrell** - Professional Development Committee and Senior Issues Committee



# VICTIMS' SERVICE OFFICER

This year the Commission received 91 reports of possible financial exploitation. Of the reports, 31 were investigated by the Enforcement Division. There were 8 reports that did not need to be referred or investigated. The remaining 52 reports were reviewed and referred to local authorities. Approximately, 90 reports were received directly via the adult protect email provided to financial firms. One report was received via phone call. We presented four financial abuse of the elderly charges to grand juries and received indictments for the suspects in each case.

Kasey Hartzog, the ASC's Victim's Service 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](http://www.asc.alabama.gov).



# **ANNOUNCEMENTS, INVESTOR ALERTS, & ENFORCEMENT ACTIONS**



# Announcements

## ALABAMA SECURITIES COMMISSION (ASC)

Regarding the ongoing developments related to the Coronavirus disease (COVID-19), the Alabama Securities Commission is taking the following precautions to keep staff and stakeholders as safe as possible.

As of October 1, 2021:

- The offices of the ASC remain open, staff and in-person visitors are encouraged to follow all CDC guidelines.
- Audit field examiners are conducting streamlined, on-site examinations at this time.
- Licensing staff are continuing to process licensing/registration applications through the CRD/IARD, EFD, NMLS and BlueExpress systems. Paper filings will continue to be processed on a daily basis. Requests for supplemental information may be submitted via email.
- Enforcement staff are performing assignments in-person with witnesses and regulatory partners. When necessary, investigators may meet with witnesses via phone, email, and other forms of telecommunications technology to complete work. Complaints of fraud or financial exploitation continue to be reviewed as received and actions taken as appropriate.
- We are sensitive to the challenges that the crisis has created for our registered community and the public. Please know that our staff will be responsive and receptive to reasonable requests for extensions and other appropriate forms of regulatory relief arising from service and staff disruptions occasioned by COVID-19.

We are following the directives and guidance issued by Governor Kay Ivey and Alabama State Public Health Officials, related to COVID-19, including those related to travel and public gatherings.

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

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

Please keep yourself informed and stay safe.

Joseph P. Borg  
Director

Amanda Senn  
Chief Deputy Director

## **ALABAMA SECURITIES DIRECTOR JOSEPH BORG ELECTED TO SERVE AS NW3C TREASURER**

(November 19, 2021) The National White Collar Crime Center (NW3C) announced on November 16, 2021, that Alabama Securities Commission (ASC) Director Joseph Borg was elected to serve as Treasurer of the NW3C Board of Directors. Director Borg has been associated with NW3C for many years and has served on the NW3C Board since 2012.

NW3C was established over 40 years ago. NW3C began its existence in 1978 as the Leviticus Project, where they conducted a formally structured and centrally coordinated multi-state investigation of a variety of crimes affecting the nation's coal industry. Including Alabama, this project grew throughout 20 states. The Leviticus Project became the National White Collar Crime Center (NW3C) in 1992 to link traditional law enforcement agencies across all 50 states. Since then, NW3C has continued to evolve and expand services to meet the needs of state and local law enforcement and regulatory agencies nationwide in the prevention, investigation, and prosecution of economic and high-tech crime.

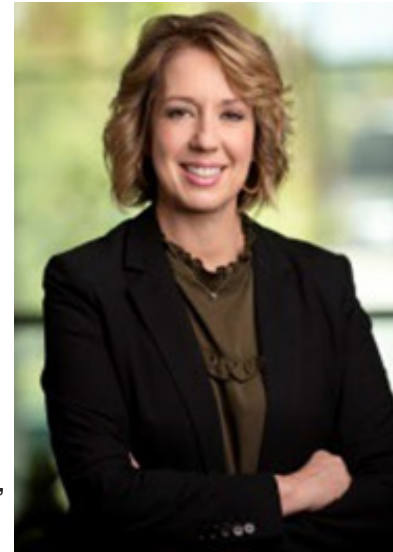
"It is a distinct honor to serve as Treasurer for NW3C. NW3C offers training for law enforcement agencies from the state, county, and local levels," said Director Borg. "Fraudsters still use the same deceptive tactics from 50 years ago, but methods they use to deceive victims are ever evolving. Fraudsters use cutting-edge technology to make their promises appear legitimate. NW3C's 1st class training can help law enforcement agencies across the globe identify and combat the new tactics that white-collar criminals are using in their communities."

Since 1996, NW3C has trained students from more than 40,000 agencies across the U.S. and abroad. NW3C now has 6,228 member agencies in the United States

and its territories, as well as 15 countries throughout the world. NW3C currently offers 30 in-person classroom and live online courses in the areas of cyber investigation, digital forensics, financial crime, intelligence, intellectual property theft, and legal courses for judges and prosecutors.

## **ALABAMA SECURITIES COMMISSION WELCOMES CRISTY ANDREWS AS NEW COMMISSIONER**

(April 11, 2022) - Joseph P. Borg, Director of the Alabama Securities Commission (ASC) is pleased to announce the appointment of Cristy Andrews as a Commissioner of the ASC. Andrews is a member of Warren Averett CPAs and Advisors office located in Montgomery, Alabama.



“We welcome Commissioner Andrews to the ASC and look forward to working with her in the coming years. Her knowledge and experience will be an asset to the ASC as we work to preserve legitimate capital markets in our state and protect investors from securities fraud,” said Director Joseph Borg.

Andrews was selected for appointment by Governor Ivey after being recommended by the Alabama Society of Certified Public Accountants. Her appointment was confirmed by the Alabama Senate, and her four-year term begins immediately.

Commissioner Andrews serves in the Tax Division of Warren Averett CPAs and Advisors. She has specialties in providing tax and business consulting services for small businesses, and clients in the real estate and construction industries. Andrews leads the firm’s Employee Retention Tax Credit task force. She is also a leader within the Firm’s Real Estate Client Practice Group. She primarily focuses on planning and managing client engagements and researching industry-specific audit and tax issues to provide clients with the right solutions for their unique needs.

Commissioner Andrews serves as a member of the Montgomery Sunrise Rotary Club and on the Auburn Montgomery Accounting Advisory Board. She was Leadership Montgomery, Class XXXVI, Class Champion. She has held executive level positions for the Prattville Chamber of Commerce, the Prattville-Millbrook Sunrise Rotary Club and Habitat for Humanity of Autauga and Chilton Counties.

“We extend a special thanks to outgoing Chairwoman Marlene McCain. She fully committed her experience to furthering the mission of the ASC, and her passion and enthusiasm for serving the public is extraordinary. We are incredibly grateful for the work she has done on behalf of the State of Alabama,” said Chief Deputy Director, Amanda Senn.

## COMMISSIONER ROWE ELECTED TO SERVE AS CHAIRMAN OF THE ALABAMA SECURITIES COMMISSION

(June 24, 2022) – Alabama Securities Commissioner, S. Dagnal Rowe, has been elected Chairman of the Alabama Securities Commission (ASC) by a unanimous vote of his fellow commissioners.

Rowe has previously served on the Commission and is now in his third full term. He was appointed by Governors Riley, Bentley and Ivy.

“With his extensive legal background, savvy business sense and outgoing personality, having Dag serve as a Commissioner has helped ensure the continued success of the ASC, which is recognized throughout the state and nationwide,” said ASC Director Joseph P. Borg. “His leadership and selfless service will continue to ensure our agency can protect investors from securities fraud and preserve legitimate markets in our state.”



“Dag’s legal experience, commitment to community service, and leadership record make him an excellent candidate for Chairman,” said ASC Chief Deputy Director Amanda Senn.

In accepting the appointment, Rowe said, “It has been an honor to serve on the Commission and I look forward to assuming this leadership role. I will continue to work towards the Commission’s success in keeping rogue actors from taking advantage of Alabama’s residents, pursuing justice for victims, and ensuring that the registration process of legitimate financial professionals remains efficient.”

Rowe is a shareholder in the law firm of Wilmer & Lee in Huntsville and specializes in general business law, commercial law, and estate planning and probate. Rowe is a Past President of the Alabama State Bar with more than 18,000 members. Rowe also served four years as a Judge of the Alabama Court of the Judiciary, and he is Chairman of the Board of Trustees of the University of Alabama in Huntsville Foundation.

The ASC regulates the securities industry in Alabama. ASC is committed to protecting 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 Alabama Securities Act provides for the licensing and regulation of securities broker-dealers, agents, investment advisers, and investment adviser representatives, and financial planners.

# Investor Alerts

## Three Spooky Scams to Watch Out for This Halloween

(October 28, 2021) – In conjunction with National Cyber Security Awareness Month, the Alabama Securities Commission (ASC) is issuing this alert to inform investors of current scams targeting residents. Fraudsters operate with the intent to cheat and their tactics can be convincing. Don't be fooled. When fraudsters come knocking, they only want to trick you.

Con artists are masters of disguise. They can create legitimate-looking emails, artistic websites and promise astronomical returns to convince you to part with your hard-earned money. Once hooked, it can be difficult, often impossible, to secure the lost funds.

“Fraudsters will use any method available to cheat investors out of thousands of dollars,” said ASC Director Joseph Borg. “We are seeing an increase of scams where fraudsters seek access to a person’s cellphone or computer. From there, they could install malware or drain investment and bank accounts.”

Below are three spooky scams to watch out for and tips to better protect yourself from them.

Phishing emails are becoming a popular tool for scamsters. This happens when a phony company sends an email that appears to be real. Often, there is a fraudulent “charge” and individuals can dial the number on the e-bill to dispute it. When consumers call, the operator will appear to be helpful, but will ask for your credit card information to cancel the charges. Uninformed residents may provide the information and fall victim to this type of scam.

Protect yourself and spread the word to others to avoid emails from unknown or suspicious-looking senders. Always contact your credit card company directly, by looking for their phone number on your most recent statement, to dispute charges. Don't forget to regularly update your software settings and be suspicious of email links.

“In this digital age, the tools con artists use have changed significantly, but their tactics have not evolved much. They are still using fear and other strong emotions to try and take advantage of investors,” said ASC Chief Deputy Director Amanda Senn. “Slow down and be cautious when clicking on any links or download buttons.”

Online shopping scams are another scam to be on the lookout for. These cons typically trick you with ‘bait and switch’ techniques. Fake vendors advertise a popular

item for much cheaper than other legitimate retailers.

Elated by their good fortune at finding such a deal, shoppers will become unusually compliant as “sales representatives” direct them to download apps and click links from text messages. After a few quick clicks, the would-be seller ends up installing malware on the shopper’s device. Not to mention, the consumer will never receive their purchase.

To protect yourself from the online shopping scam, never install apps at the direction of a random text or a “sales representative.” Remember, downloading files and visiting websites sent to you via email, social media or text message is dangerous. If you install malware, fraudsters can run up credit cards and drain financial accounts. If the deal sounds too much like a steal, lookout, you might be the one getting robbed.

Phony Crypto Companies are soliciting investors with the promise of high returns and little to no risk. With Bitcoin trading the highest in its history during October, con artists are on the lookout for investors on the hunt for the next big thing in cryptocurrency. Fraudulent companies are trying to deceive investors by cloaking themselves as the real deal. Their websites typically feature fake testimonials, stock photos of their cybersecurity equipment, and offer huge, guaranteed returns that claim to be risk-free.

ASC has issued 28 cease and desist orders to fraudulent crypto firms soliciting Alabama investors since 2019. To protect your money, call the ASC and make sure the investment is registered. Don’t forget all investing involves the risk that you may lose part or all the money you invest.

## **The Alabama Securities Commission Issues Decentralized Finance Advisory**

(December 7, 2021) — As part of its ongoing effort to raise investor awareness, the Alabama Securities Commission (ASC) issued an investor advisory discussing Decentralized Finance (DeFi), a relatively new blockchain-based set of financial services gaining popularity and acceptance. The advisory explains what DeFi is, the technology behind it, how DeFi lending works, and potential risks for investors, and how consumers can avoid becoming a victim to a scam.

The growing popularity of cryptocurrencies is one of the main drivers behind the development of alternative banking and business opportunities that may rely on DeFi models.

“Decentralized Finance is an emerging technology and it’s important for investors to understand how DeFi works compared to traditional lending platforms,” ASC Director Joseph P. Borg said. “These alternative financial service providers distinguish themselves from mainstream companies by offering lending, banking and invest-

ing options that are decentralized or not dependent on traditional financial markets. Because DeFi is an emerging technology, the risks differ from those in traditional markets.”

Before making any financial decisions, the ASC urges consumers to ask questions, do their homework and contact the ASC at 1-800-222-1253 for more information.





# Are You An Informed Investor?

## Bank to the Future: Decentralized Finance (DeFi) Defined

*Decentralized finance, or DeFi, is a relatively new blockchain-based set of financial services gaining popularity and acceptance. This alert discusses DeFi, the technology behind it, and how you can protect yourself from falling victim to a scam.*

### How might DeFi impact the financial services market?

The growing popularity of cryptocurrencies is one of the main drivers behind the development of alternative banking and business opportunities that may rely on DeFi models.

Companies entering this space are now offering banking and investing services that rely on cryptocurrencies instead of conventional fiat currencies, such as the U.S. or Canadian dollar or Mexican peso.

These alternative financial services providers distinguish themselves from mainstream companies by offering lending, banking and investing options that are decentralized or not dependent on traditional financial markets.

These alternatives tend to be unregulated or operate illegally in a regulated space. As a result, DeFi markets lack many of the protections offered by regulated service providers. Investors should use caution any time they consider investing in unregulated investment products on unregulated platforms. Even billionaires can lose out in the wild west that is the DeFi marketplace.

### What is DeFi?

First, it is important to understand our current centralized financial infrastructure.

Financial services markets are traditionally overseen by different regulators. To gain access to money, one must work with financial intermediaries for auto loans, mortgages, brokerage accounts, investment accounts, stocks and bonds. Regulators set the guidelines and rules that consumers must meet to get a bank account, access loans and invest.

As users of these services, we must comply with these laws and rules to access money.

DeFi refers to financial services provided by an algorithm on a blockchain, without a financial services company. It is an alternative approach, based on the belief that the centralized approach is inefficient and that current banking systems are especially vulnerable to cyber-attack because of the centralized nature of the system and the use of outdated technology.

Unlike traditional banks and investment firms, DeFi financial services firms use digital assets, instead of fiat currency, to provide

banking and financial services such as depository services, lending, investing and management services. Some of these services may be operated outside current regulatory frameworks.

### How does DeFi lending work?

In the current centralized system, a customer opens a savings account and earns interest on the deposit. The bank lends the money you and other customers have deposited to another customer or business at a higher interest rate and takes a profit on the difference.

Using DeFi, a borrower can get a loan based entirely on an algorithm that matches peer-to-peer borrowers and lenders. Lenders may find this appealing because they expect to earn the full amount of interest paid by the borrower instead of some lesser amount set by the bank. Currently, this credit risk is managed by overcollateralizing loans.

### What is the technology behind DeFi?

If you're familiar with cryptocurrencies, you've probably heard of Bitcoin, Ethereum, and blockchain. Bitcoin and Ethereum are

More

Issued: December 2021

To learn more, contact the Alabama Securities Commission

P.O. Box 304700 Montgomery, AL 36130-4700 | Toll Free Call: 1-800-222-1253 |

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov)



two of the most popular cryptocurrencies in an ever-growing and vast marketplace.

Bitcoin and Ether are cryptocurrencies built on blockchain technology, a decentralized digital ledger that reflects all transactions made on that blockchain. Blockchain technology allows users to — among other things — obtain, sell and invest in digital assets, like cryptocurrencies.

DeFi uses the blockchain to allow users to engage in financial activities to handle finances on a peer-to-peer level.

The DeFi blockchain technology is run using apps called dApps and “protocols”, which are programs used to handle financial transactions using Bitcoin and Ethereum, and that allow users to access the applications from anywhere in the world.

## Who sets the rules and governs how DeFi works?

A decentralized autonomous organization (DAO), sometimes called a decentralized autonomous corporation (DAC), is an organization represented by rules encoded as a computer program that is controlled by the organization’s members.

A DAO's financial transaction record and program rules are maintained on a blockchain and it uses blockchain technology to provide a digital ledger. A blockchain digital ledger is a computer file where monetary and financial transactions are recorded — typically, digital ledgers are used to track all transactions that take place between cryptocurrency users to track financial interactions across the internet.

Smart contracts, a self-executing contract with the terms of the agreement between buyer and seller being directly written into lines of code, are used to handle DeFi transactions. The code and the agreements contained therein exist across a distributed, decentralized blockchain network. The code controls the execution, and transactions are trackable and irreversible.

Decentralized exchanges (DEXs), meanwhile, facilitate peer-to-peer transactions without the need for an intermediary that holds custody of the funds.

## How can I protect myself from DeFi scams?

DeFi is an emerging technology and as such, its risks differ from those in traditional markets:

1. Most jurisdictions do not regulate these types of

depository accounts or products under banking laws because they are predicated on cryptocurrencies and not fiat currencies. Don't invest more than you can afford to lose.

2. There are no restrictions or guidelines on who can use DeFi, so anyone can have a crypto wallet or use a smart contract. Do your homework and understand the technology. Although it may be accessible to everyone, it may not be right for everyone.
3. Be wary of representations of full transparency and security and understand what the actual risks are. While a blockchain may be nearly impossible to alter, most of DeFi's potential use cases rely on software systems that are vulnerable to hackers.
4. There are no DeFi consumer protections in place. Users may have little recourse should a transaction go wrong, and the parties involved in the transaction could literally be located anywhere in the world.
5. Is DeFi really accessible to everyone? The collateral required to use DeFi lending is typically equal to at least 100% percent of the value of the loan, greatly limiting who is eligible.
6. Understand DeFi technology. DeFi requires you to have a private key to secure your wallet that houses your cryptocurrency assets. A private key is a long, unique code known only to the owner of the wallet. If you lose your private key, you lose access to your funds—there is no way to recover a lost private key.
7. Too good to be true? Given the complexity of the various lending and borrowing mechanisms at play with DeFi, an average investor may find it hard to distinguish between DeFi opportunities that have real value and those that are scams.
8. Should it be regulated? If it looks like an investment, lending, or banking opportunity, there is a good chance the service and the people selling it should be registered. Use caution before you put your money at risk in an unregulated marketplace that may be operating illegally.

## Bottom Line

As with any new technology an investor can expect to see many opportunities for investment. Always check with your state or provincial securities regulator before risking

your money.

## **The Grinch Isn't the Only One Looking to Spoil Your Holiday Cheer 5 Tips to Protect Yourself from Sneaky Scamsters**

(December 10, 2021) –While the Grinch's heart grew three sizes causing him to return the items he stole, don't expect the same from a fraudster. Once they stake a claim on your money, it won't be returned. To keep your money safe from holiday season swindlers, the Alabama Securities Commission (ASC) is issuing these five tips:

Tip No. 1: Do not answer strange phone numbers. If you do not know who is calling, send it to voicemail. This is your best protection. Scamsters can fake their phone number and make it look like it is from your area code. If the caller leaves a message instructing you to call them back, **DO NOT CALL** the number they provide.

Instead, look the number up and call the number provided either by your last billing statement, website, or phone directory.

Tip No. 2: Never give out personal 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 the real number to call by going to the 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, so be on the lookout for "too good to be true" opportunities. 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. 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, but it will not stop scammers.

Tip No. 5: Do not give control of your electronic device to a stranger. Never install apps at the direction of a random text or a "sales representative." Remember, downloading files and visiting websites sent to you via email, social media or text message is dangerous. If you install malware, fraudsters can run up credit cards and drain financial accounts. If the deal sounds too much like a steal, look out, you might be the one getting robbed. Stay vigilant this season when engaging with technology.

Keep the holiday spirit, but drop the holiday thieves. The ASC wishes you safe and happy holidays!

## **Alabama Securities Commission Announces Top Investor Threats for 2022**

(January 10, 2022) – The Alabama Securities Commission (ASC) today released an annual list of top investor threats and urged caution before purchasing popular and volatile unregulated investments – especially those involving cryptocurrency and digital assets. The ASC also announced guidance for investors, including steps to take to protect from fraud in the new year.

“The ASC revealed that investments related to cryptocurrencies and digital assets is our top investor threat,” said ASC Director Joseph Borg. “Stories of ‘crypto millionaires’ attracted some investors to try their hand at investing in cryptocurrencies or crypto-related investments this year, and with them, many stories of those who bet big and lost big began appearing, and they will continue to appear in 2022.”

The top 2022 threats were determined by a survey of securities regulators conducted by the North American Securities Administrators Association (NASAA). The annual survey is designed to identify the most problematic products, practices or schemes facing investors. The following were cited most often by state and provincial securities regulators:

1. Investments tied to cryptocurrencies and digital assets,
2. Fraud offerings related to promissory notes,
3. Money scams offered through social media and internet investment offers and,
4. Financial schemes connected to Self-Directed Individual Retirement Accounts.

“Many of the fraud threats facing investors today involve private offerings, as federal law exempts these securities from registration requirements and preempts states from enforcing important investor protection laws,” said ASC Chief Deputy Director Amanda Senn. “Unregistered private offerings generally are high-risk investments and don’t have the same investor protection requirements as those sold through public markets.”

Investors are urged to practice the following tips to identify and avoid investment scams:

1. Anyone can use the internet to scam you. Scammers are spoofing websites and using fake social media accounts to obscure their identities. Investors should always take steps to identify phony accounts by looking closely at content, analyzing dates of inception and considering the quality of engagement. To ensure investors do not accidentally deal with an imposter firm, pay careful attention to domain names and learn more about how to protect your online accounts.

2. Beware of fake client reviews. Scammers often reference or publish positive, yet bogus testimonials purportedly drafted by satisfied customers. These testimonials create the appearance the promoter is reliable – he or she has already earned significant profits in the past, and new investors can reap the same financial benefits as prior investors. In many cases, though, the reviews are drafted not by a satisfied customer but by the scammer. Learn how to protect yourself with NASAA's Informed Investor Advisory on social media, online trading and investing.

3. If it sounds too good to be true, it probably is. Bad actors often entice new investors by promising the payment of safe, lucrative, guaranteed returns over relatively short terms – sometimes measured in hours or days instead of months or years. These representations are often a red flag for fraud, as all investments carry some degree of risk, and the potential profits are typically correlated with the degree of risk. Learn more about the warning signs of investment fraud

The ASC recommends investors independently research registration of investment firms. They should not use hyperlinks provided by the parties and instead contact their state securities regulator, search the SEC's Investment Adviser Public Disclosure website or FINRA's BrokerCheck platform. Investors should be aware that scammers may misappropriate the CRD numbers of registered firms and individuals. Investors should contact their regulator if they suspect the firm is engaging in this type of tactic.

Individuals offering investments are obligated to truthfully disclose all material facts, and they must disclose the risks associated with each product. On the other hand, bad actors will often minimize or conceal risks, and use hyperbole to tout profits and payouts. Investors should pay attention to these details, as they can provide clues about the potential illegitimacy of a scam.

Bad actors may be impersonating licensed parties by using phony websites that place viruses or malicious software on victim's computers. Investors should continue to observe best practices for cybersecurity. The FDIC has issued guidance to assist consumers in protecting themselves from cyber-attacks.

## **Alabama Securities Commission Cautions Residents About Looking for Love in All the Wrong Places**

(February 10, 2022) – Scorned lover? Unlucky in love? Lonely? These days finding a rebound or new arm candy is as simple as downloading an app and answering a few questions. We won't judge your "meet-cute" or lack thereof, but if you go online to find "the one" this Valentine's Day, make sure you do your homework before getting too attached.

"Finding a significant other online is becoming more and more commonplace. The issue is that scammers flock to these platforms to tug on the heart and purse strings of individuals looking for love," said Alabama Securities Commission (ASC) Director Joseph P. Borg.

The FBI reported that in the first six months of 2021 consumers lost more than \$133,400,000 to romance scams. Romance scams occur when a fraudster creates a fake profile on a dating or social media website and initiates a romantic relationship with another user. Once they have gained the user's trust, they will ask for money claiming to have had a medical or another emergency. The fraudster will continue the relationship so long as the victim keeps sending them money. This scam can occur hours after the first conversation or even months, maybe years.

"Let's face it, the pandemic has made traditional dating and opportunities to meet others difficult at best. Many people can find 'the one' on a dating site, but our concern is for those who let their guard down too quickly in the name of love," said ASC Chief Deputy Director Amanda Senn. "Being optimistically cautious and getting a second opinion can go a long way in terms of fraud prevention."

To protect your heart and your wallet, the ASC is offering these additional tips to help you avoid looking for love in all the wrong places.

1) Never give out personal financial information over the phone, on social media or by email.

2) The red flags that someone is a potential romance scammer include: numerous spelling errors, someone who quickly professes their love, someone who claims to be a U.S. citizen working in a foreign country needing money for an emergency, and someone eager to move your conversation off the platform.

3) If you are considering a potential new love interest, investigate their digital footprint. If they are using stock photos, it's likely a con artist.

4) If someone wants you to send them payment via gift card, green dot card or any other way using instantly transferable funds, it is seldom legitimate. Plus, most online dating platforms have strict rules about user-to-user money transfers.

5) Always get a second opinion about a love interest. Family and friends are best at seeing our blind spots, particularly where romance is concerned.

6) Never send money to someone you haven't met in person. Even if they claim to need the money for travel expenses to visit you.

The ASC hopes you find the one you're looking for this Valentine's Day. If you're not looking or have given up the search entirely, enjoy the next day candy sales. Happy Valentine's Day Alabama.

## **Alabama Securities Commission Highlights Consumer Protection Week Urging Consumers to Stay Safe Online**

(March 8, 2022) – Americans lost approximately \$5.9 billion dollars to fraud last year according to the 5.7 million reports filed with the Federal Trade Commission’s Consumer Sentinel Network, a database available to all law enforcement. According to the annual Sentinel Network report, \$44.7 million dollars was attributed to losses in Alabama, primarily due to identity theft and imposter scams. Credit card fraud, government documents and benefits fraud, loan or lease fraud, and employment or tax-related fraud are among the top reported categories of identity theft in Alabama. “The reported scams are certainly reflective of the types of reports we receive here at the ASC,” said Chief Deputy Director Amanda Senn, “and we continue to see millions of dollars lost to internet imposter scams including shopping scams, where online scammers create a phony website that appears to be legitimate or run fake ads on a legitimate retail website; fraudulent business opportunities; and cryptocurrency-related scams.” The most reported contact method continues to be through the telephone, but the greatest losses are suffered through the internet.

Those purchasing goods online, opening an investment or bank account, or even booking a vacation are urged to pay close attention to the website to be sure it is legitimate. When verifying a website, check to see whether it is secure. A web address that starts with “https://” and has a padlock symbol in the address bar, or URL field, is an indication of authenticity. Additional steps include reviewing the website for grammatical errors, checking the company’s social media presence, reading reviews, and searching the domain. Fake websites usually have a short life span and likely zero positive internet presence beyond the scam site. Finally, if it sounds too good to be true, it probably is.

Concerned about whether you have exposed personal information to a fraudster? If so, notify the credit or debit card company immediately while continuing to keep a close watch on your accounts to ensure no further suspicious activity is occurring. Review credit reports for unusual activity. To monitor credit activity, consumers can receive one free credit report per year from the three nationwide credit reporting companies, Equifax, Experian, and TransUnion. You may want to consider adding a fraud alert or freezing your credit temporarily- both of these services are free of charge. Finally, contact the appropriate authority to file a report of fraud. Below is a short list of numbers to contact to report fraud:

Alabama Securities Commission for investment fraud at 1-800-222-1253

Federal Trade Commission for phone, email, computer support, imposter, fake checks, student loan or scholarship, and sweepstake scams at 1-877-438-4338

Alabama Attorney General for I.D. theft at 1-800-392-5658

Social Security for scams involving the Social Security by clicking [here](#) IRS for scams involving the IRS by calling 1-800-366-4484

Local Police Department if a crime has been committed.

Stay vigilant when conducting business online. The fraudsters are getting smarter, and technology is enabling them to target individuals with sophistication and specificity. If you are suspicious about an online investment or financial opportunity, do your research before providing money and personal information. The best way to research an investment opportunity is to ensure that the product is registered and that the individual is licensed to sell investment products in Alabama. You can call the ASC at 1-800-222-1253 and request a background check on the individual making the offer. Always check before giving your personal information and before sending your hard-earned money.

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

(April 8, 2022) -- Who will have the biggest impact on your financial future? YOU! Governor Ivey declared April 'Facts on Saving and Investing Campaign' month in Alabama. The Alabama Securities Commission (ASC), 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](http://www.asc.alabama.gov).

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 pitfalls for most Americans. The cure is to create a monthly budget and stick to it.

"Budgeting can provide assurance and freedom; it shouldn't feel restrictive. 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 down debt. Paying off debt requires cutting expenses where you can and allocating the money saved to make payments.

"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 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: shopping at less expensive stores- especially grocery stores, passing on dining out, finding roommates, and avoiding “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 definitions and tax advantages of these retirement accounts or are confused by these typos that somehow 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, regular investing 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 compound interest calculator 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.” You can access the guide electronically by clicking [here](#).

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, check out the registration (required by law) of anyone making you an offer, charging a fee for investment advice, and the product being offered by calling the ASC at 1-800-222-1253.

# Are You An Informed Investor?

## Don't Get Swept Away by a Romance Scam

*Dating apps and social media platforms may be good ways to meet new people but be cautious if someone turns a burgeoning online romance into an opportunity to solicit an investment or ask to borrow money. Scammers are increasingly posing as potential romantic partners to lure people into fraudulent investment schemes. This alert discusses some common tactics fraudsters use in investment-related romance scams and points out things you can do to protect yourself from these schemes.*

Issued: May 2022

### Romance Scams on the Rise

Government agencies across North America are seeing an increase in investment-focused romance scams. In September 2021, the Federal Bureau of Investigation (FBI) issued a warning that its Internet Crime Complaint Center (IC3) had received more than 1,800 complaints related to online romance scams with losses of over \$133.4 million. In a similar report, the Federal Trade Commission (FTC) stated, "In the past five years, people have reported losing a staggering \$1.3 billion to romance scams, more than any other FTC fraud category."

Investments tied to cryptocurrencies and digital assets topped the North American Securities Administrators Association's (NASAA) 2022 list of investor threats. Some of these threats may be tied to romance scams. Finally, the Canadian Securities Administrators (CSA) recently warned of fraudsters using social media, messaging apps, and online dating sites to lure people into investment scams.

### Romance Scams Are Real; Know the Warning Signs

Romance scammers set online traps and use technology and social media platforms to profile targets. They also spend time getting to know people before asking for money or introducing an investment opportunity. Here are some common tactics and warning signs to look out for:

- Reluctance to meet in-person or by video: Most scammers avoid meeting face-to-face because often times they aren't who they say there are. They pretend to be anyone they think you would be attracted to. They will make excuses not to meet, like being too busy with work, or not being able to get away from family or community obligations. "In-person" may include refusing a video chat with the victim while they groom them for the scam.
- Wanting a long-distance relationship: Once you enter into a "relationship" with an

online romance scammer, they might tell you that they live far away, travel a lot for work, or have a job outside the country or area you live. They won't offer to visit you and may discourage you from trying to visit them.

- Discussing wealth or business success: In order to interest you in investing, romance scammers may brag about how successful they are. They may flaunt their supposed wealth, using photos of luxury items, real estate, expensive cars, etc. They may offer to help you make money or become wealthy, often offering access to supposed inside information or trading secrets for trendy or complex investments, like cryptocurrencies or non-fungible tokens (NFTs).
- Pressuring you to give them money: At some point, the romance scammer will likely ask you point blank to provide them with a sum of money. They will likely try to show you that your investment has grown quickly

Continued

To learn more, contact the ALABAMA SECURITIES COMMISSION

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and substantially in order to hook you into giving larger and larger amounts. If you show reluctance, they may put pressure on you by saying manipulative things, such as that they are considering breaking off the relationship or they are offended that you can't trust them.

- Introducing an app or website: When you show a willingness to invest, a romance scammer may steer you to an investing app that they say they are using or a website that offers investments. The website or app may be controlled by the scammer or a criminal organization they are associated with. The scammer may also offer to teach you how to invest or trade, and then ask for remote access to your computer or request your online banking information.

### How to Protect Yourself Against Romance Scams

When we're smitten with someone, we tend to lead with our heart instead of our head. A romance scammer depends on this, encouraging you not to look too deeply into their background or the type of scheme they are promoting. Protect yourself by following these steps:

- Keep your guard up. If a new romantic interest suddenly starts asking for money or encourages you to start investing, be cautious. A potential partner should be focused on your developing relationship, not your money or investing interests.
- Run a background check. Do online searches to get a better idea of who the person you are dealing with is and what they do. Most people have an online presence these days, which includes personal and professional information. Fake online profiles tend to lack information about an individual, and the images used in an activity feed may feel impersonal or staged. Scammers often use stolen images from real people or stock images, so it's good to do online image searches to check the origin and use of the image.
- Check registration. Firms that provide investment advisory services in the U.S. are typically registered with the U.S. Securities and Exchange Commission (SEC) or one or more state securities regulators. In Canada, firms and individuals must be registered with the securities regulators in the provinces they operate in. Check

the SEC's Investment Adviser Public Disclosure database or FINRA's BrokerCheck to verify registered individuals or firms. In Canada, use the CSA's National Registration Search.

- Suggest meeting in-person or by a clear video feed: To determine if a person is who they say they are, you can try and meet in-person in a public place. Make sure to meet in a safe, busy, and public place. Bring a friend or family member too – your wingmate doesn't need to stick around if things go well, but it will give you a witness and an easy excuse to leave if you feel uncomfortable.
- Research websites and apps: Scammers create a custom online platform and direct you to it in order to take your money and hide from authorities. Building a custom app or website that can accept money or crypto assets is surprisingly easy. If a person encourages you to invest and recommends an investing website or app, make sure it is registered to do business in your state or province before investing. When dealing with registered investing platforms, do business directly with the platform, don't allow someone to act as an intermediary.
- Look for red flags: Scammers might attempt to make the investment look safe by convincing you that they are investing and taking risks too. Alternatively, they may say the investment is low risk or no risk, while offering guarantees that your money will be safe. This is a red flag of investment fraud. Review [NASAA's Warning Signs of Fraud](#) to better understand common tactics fraudsters use to scam people.

### The Bottom Line

Be careful when you meet new people online, especially when you are looking for romance. Seeking a romantic partner is a complex and emotional experience at the best of times – so it's a good idea not to mix business with romance. Don't get swept away – make sure you are in a relationship with a real person who cares about you before even considering sharing financial information, making an investment, or loaning a person money. Also, reach out to your local state or provincial securities regulator before making any investment or if you ever suspect fraud may be involved.

To learn more, contact the ALABAMA SECURITIES COMMISSION

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## **Together We Can End Elder Financial Abuse**

(June 15, 2022) – In recognition of World Elder Abuse Awareness Day, the ASC shares this recent financial exploitation report of an Alabama woman as a reminder to Alabamians to be watchful for signs of financial exploitation.

In October of 2021, Ms. Smith\* withdrew \$50,000 from her investment account for “home repairs” and “a new lawnmower.” When she returned three short months later to withdraw another \$35,000, her financial advisor knew something was amiss. The financial advisor contacted the Alabama Securities Commission (ASC) to report suspected financial exploitation of the client. The ASC investigation revealed Ms. Smith spent a total of \$150,000 in an advance fee scam. She was initially contacted through Facebook and sent cash and gift cards through the mail as “fees” for a small business loan. To help protect Ms. Smith from further financial exploitation, her son was granted conservatorship in order to help manage her finances.

“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. Smith’s 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, and has prevented millions of dollars from being lost to fraud. Reports from the financial community and the public can be obtained by visiting the ASC website or calling the ASC for the form.

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

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?
- 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 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 Alabama Securities Commission Issues Advisory Concerning Investment Scams in the Metaverse**

(August 31, 2022) – The Alabama Securities Commission (ASC) is issuing an advisory concerning investment scams in the “METAVERSE”. With advances in technology including more enhanced digital experiences that blur the line between the physical and digital worlds, the future has arrived in the form of the metaverse. A series of virtual worlds, the metaverse is the latest technology that for some people offers new ways to interact and collaborate, while others see it as new means to perpetrate financial scams and investment fraud. This alert highlights some current metaverse investment scams and discusses ways that investors can protect themselves.

“The metaverse provides brands with new commercial opportunities, and investors are now being exposed to the latest high-tech products,” said ASC Director Joseph Borg. “However, bad actors are now leveraging interest in these opportunities and products. Virtual reality can leave you virtually broke.”

The metaverse offers the opportunity to experience fully immersive virtual worlds that may seem very much like the physical world we wake up to everyday, as well as fantastical worlds built on alternate realities. Nevertheless, people should know that the rules that apply to investments in the physical world also apply to investments in virtual worlds.

# Enforcement Actions

## **ALABAMA SECURITIES COMMISSION SEEKS JUSTICE FOR CAST OF VICTIMS IN MOVIE INVESTMENT SCAM**

(November 8, 2021) – David Matthew Raney pleaded guilty to one count of securities fraud in Shelby County for defrauding seven Alabama investors out of over \$1.4 million. The offense is a Class B felony, punishable by up to 20 years in prison and up to a \$30,000 fine. Raney is scheduled to be sentenced on December 6, 2021 by Circuit Judge Lara Alvis. As part of his plea agreement, Raney was ordered to pay \$1,028,194.82 in restitution.

Raney's plea is the result of a November 2016 indictment by the Shelby County Grand Jury. After indictment, Raney fled and was finally apprehended in May 2019. As part of his scheme, Raney told investors their funds would be used to produce movies, but instead, most of the invested funds were used by Raney to pay personal and unrelated expenses, and to make payments to co-conspirators and payments to other investors. In his pitch, investors were told large sums of additional funding had been committed to filming movies, when no such funding had been acquired, and Raney misrepresented the anticipated production dates of the films and the dates of repayment. Raney failed to tell investors that he had unsuccessfully attempted to produce the films for many years and that his previous film company was forced into involuntary bankruptcy. Raney also omitted to tell investors that he was in default on a prior loan and that a previous investor was now claiming ownership of the movie rights due to the default. Neither Raney, nor the investments he offered and sold to Alabama investors, were registered with the ASC, as required by the Alabama Securities Act.

The ASC expresses their gratitude to District Attorney Jill Lee of the 18th Judicial Circuit of Shelby County Alabama and her staff for their exceptional work on this case and their dedication to protecting Alabama residents from fraud.

## **ALABAMA SECURITIES COMMISSION ISSUES CEASE AND DESIST ORDER AGAINST 97 TRADING WEBSITES**

(November 18, 2021) – The Alabama Securities Commission (ASC) issued a cease and desist order against Sir Philip Zuka owner of Acoin Trading and 96 other fraudulent crypto trading platforms\*. The order is a result of Zuka's failure to register his investment products and failure to register as an investment adviser. Additionally, Zuka is in violation of Alabama securities laws for promising excessive returns, reporting

fictitious account values and imposing undisclosed fees to an Alabama investor. All of Zuka's trading platforms use the business addresses of Melbourne, HS2 9QE, UK and their domain registrar is NAMECHEAP INC located at 4600 East Washington Street, Suite 305, Phoenix, AZ, 85034 via legalatnamecheap.com.

"An investor's best protection against a scam is contacting the ASC to ensure financial professionals and their products are registered," said ASC Director Joseph P. Borg. "We are issuing this release to alert the public that doing further business with Zuka, Acoin Trading or his other websites will result in lost funds."

After discovering Acoin Trading online, an Alabama investor was intrigued about a process that Zuka alleged could make investors eight times the original investment in only a week. Consequently, the investor participated in a demo and invested approximately \$10,000 of Bitcoin, which was deposited into a wallet provided on the Acoin Trading website. Zuka demanded additional payment before any funds could be withdrawn. Realizing the investment was a scam, the Alabama resident filed a complaint with the ASC and stopped all communication with Zuka/Acoin Trading. The Alabama resident lost the entire investment.

"Due to the pandemic and inflation, many Alabamians are facing dire financial circumstances. Unfortunately, fraudsters will capitalize on these hard times and con investors out of much-needed funds," said ASC Chief Deputy Director Amanda Senn. "The ASC is hard at work to protect residents and we will do all we can to seek justice and restitution for victims."

According to the order, the owner of Acoin Trading was a Namecheap Inc user called "sirzuka" with Namecheap Inc subscriber name of Sir Philip Zuka. "Sirzuka" created 281 websites through Namecheap Inc. Of the 281 websites, 127 of them function and 96 of them operate in the same manner as Acoin Trading. The IP addresses originated from Nigeria, Europe or the United States.

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](http://www.asc.alabama.gov).

\* To view all 96 websites by name, see the order available on the ASC website here <https://asc.alabama.gov/2021.aspx>

## **FORMER SHERIFF DEPUTY FROM LIMESTONE COUNTY GUILTY OF FINANCIAL EXPLOITATION OF THE ELDERLY**

(December 17, 2021) – Limestone County District Attorney Brian C.T. Jones and Alabama Securities Commission (ASC) Director Joseph Borg announced that William Rodney Jackson of Athens, Alabama pled guilty before 39th Judicial Circuit Court Judge B. Chadwick Wise to Financial Exploitation of the Elderly, a Class B felony. Jackson was sentenced to five years in the penitentiary and will begin his sentence by serving three years of probation. As part of the plea agreement, Jackson was ordered to pay \$13,500 in restitution. Jackson paid \$6,500 at the time of sentencing and must pay the remaining balance by December 2023. Jackson is barred from the securities industry. If Jackson violates the terms of his sentence, he will then serve the remainder in jail.

Jackson violated Alabama's Financial Exploitation of the Elderly Act when he intentionally deceived four individuals, aged 60 or older, and obtained their money.

"Alabamians are fortunate that we have laws that allow the prosecution of those who look to exploit the elderly financially," said ASC Director Joseph P. Borg. "We want the message to be clear, that if you financially exploit anyone, especially an individual over the age of 60, there will be serious consequences."

"We appreciate the cooperation of District Attorney Jones and his hard work with the ASC in resolving this case," said Chief Deputy Director Amanda Senn. "Our elderly are particularly vulnerable to grifters and conmen and our office places a strong emphasis on this criminal activity."

## **PROMISES, PROMISES ... HOOVER RESIDENT PROMISES BIG RETURNS ON BANK INVESTMENT BUT LEAVES INVESTOR EMPTY HANDED**

(January 7, 2022) – The Alabama Securities Commission (ASC) issued a cease and desist order against Hoover resident Demarcus Leon Hill for unlawfully acting as a securities agent and selling unregistered securities. The complete cease and desist order is available on the ASC website here at <https://asc.alabama.gov/Orders/2021/CD-2021-0007.pdf>

"The ASC is issuing this order to alert Alabama residents considering investment opportunities with Hill," said ASC Director Joseph Borg. "To safeguard your hard-earned money, contact the ASC before you invest to check the registration of the person offering the security and the registration of the investment."

Hill was offering an unregistered investment opportunity of \$100,000 for the expansion of Alamerica Bank. Unbeknownst to the Texas based investor, Hill is not affiliated in anyway with Alamerica Bank. Alamerica Bank was shocked to learn Hill



was trying to sell investments in their bank. Hill promised the investor significant and quick returns on the invested funds, 1,000 non-voting shares of stock, and a position as Owner/Director of a bank branch located in Texas. Based on the representations made by Hill, the investor decided to invest \$45,000. Upon learning that Hill is not affiliated with Alamerica Bank, and having never received any of the benefits promised by Hill, the investor demanded Hill return the money and discovered they had been defrauded. To date, no funds have been returned.

“Investors should be wary of individuals who promise returns and pitch ‘get rich quick’ opportunities,” said ASC Chief Deputy Director Amanda Senn. “All investing involves the risk that you may lose some, or all of your investment, and if it sounds too good to be true... it probably is.”

The ASC would like to thank Alamerica Bank for its cooperation in the ASC’s inquiry and investigation in this matter regarding Hill.

### **THE ALABAMA SECURITIES COMMISSION ORDERS BITMINER PRO AND JOEL WILLIAMS TO CEASE INVESTMENT ACTIVITY IN ALABAMA**

(February 16, 2022) – The Alabama Securities Commission (ASC) issued a cease and desist order to Bitminer Pro and Joel Williams for multiple securities law violations. The infractions include failing to register as an issuer, failing to register securities and employing an unlicensed agent. The order and this press release are intended to alert the public and protect the interest of investors. Alabamians should avoid doing business with Bitminer Pro and Joel Williams.

Williams is utilizing LinkedIn to offer unregistered investments with Bitminer Pro a purported cryptocurrency trading platform and data mining operation. Williams advertises the investments as secure and lucrative, stating that a minimum \$3,100 investment can get a \$1,034 daily return. To execute the transaction investors are told to fund a crypto wallet on bit-mpro.com and provide their account information to Williams. The website’s domain registrar WHOGOHOSTLIMITED has an address in Lagos, Nigeria.

“If it looks like a duck and quacks like a duck, it’s probably a duck. The Bitminer Pro and Williams operation has the hallmarks of a scam,” said ASC Deputy Director Amanda Senn. “When it comes to investing, promises of “too good to be true” returns are a big red flag.”

Individuals interested in reading the full order can access it here <https://asc.alabama.gov/Orders/2022/CD-2022-0001.pdf>.

## **HINSON PLEADS GUILTY TO SECURITIES FRAUD ORDERED TO PAY \$1,248,740 IN RESTITUTION TO VICTIMS**

(March 24, 2022) – Jesse Morgan Hinson plead guilty to securities fraud, a Class B felony, in Lee County today before the Honorable Judge Christopher Hughes. The court sentenced him to 15 years split to serve 3 years in the state penitentiary followed by 5 years of supervised probation. The court ordered Hinson to pay full restitution in the amount of \$1,248,740. Additionally, Hinson is barred from transacting business as a dealer, agent, investment adviser and investment adviser representative in the State of Alabama.

As part of Hinson’s plea agreement with the State of Alabama, he will enter pleas of guilt to other securities frauds perpetrated by him in both Montgomery and Bullock Counties. At the time of his sentencing in those cases, the respective courts will be informed that the \$1,248,740 in restitution encompasses the total amount of restitution for his offenses in all three counties.

“We want Alabamians to know that the Commission will aggressively pursue action against anyone who seeks to cheat Alabama investors out of their hard-earned cash,” said ASC Chief Deputy Director Amanda Senn.

Hinson’s plea is the result of a 2019 indictment. Hinson represented to Alabama investors that he was the heir to a multi-billion-dollar fortune and promoted investment opportunities related to the buying and selling of real estate. Between January 2016 and July 2019, Hinson solicited investments in land deals and represented to the investors that the investments would return a profit in a short amount of time. The investment funds were not used in accordance with the representations made by Hinson. Hinson was not registered with the ASC as a dealer or agent of securities in Alabama, nor were the securities he offered and sold registered with the ASC as required by state law.

Today in open court, and in front of his victims, Hinson admitted that he lied to them about being an executive with Harrah’s Casinos, a former employee of Harrah’s and the heir to the Harrah’s Casino billion-dollar fortune. He admitted that he did this in order to fool them into believing that he could take their investments and build a parking deck for the Harrah’s Casino in New Orleans, LA. Which would return a substantial profit on their investment and would provide guaranteed returns.



## **ALABAMA SECURITIES COMMISSION ISSUES SHOW CAUSE ORDER TO CRYPTO CURRENCY COMPANY VOYAGER AND AFFILIATES**

(March 29, 2022) – Alabama Securities Commission (ASC) Director Joseph Borg announced today that the ASC issued a show cause order to cryptocurrency company Voyager Digital LTD., Voyager Digital Holdings, Inc. and Voyager Digital, LLC<sup>1</sup>. The order gives the companies 28 days to show cause why they should not be directed to cease and desist from selling unregistered securities in Alabama. Securities issued by Voyager are interest-earning cryptocurrency accounts referred to as Voyager Rewards Program or Voyager Earn Program. The Voyager programs hold more than \$5 billion as of March 1, 2022, with over \$26 million from more than 21,000 Alabamians.

“This is the third firm ASC has issued an order against that offers interest-bearing financial products that look like traditional financial platforms. However, they lack a protective scheme and offer absolutely no regulatory oversight. This subjects investors to substantial risks of which they may be totally unaware,” said Borg.

The Alabama show cause order alleges that Voyager Digital has been funding its cryptocurrency lending operations and proprietary trading, at least in part, through the sale of unregistered securities in violation of Alabama securities law.

Voyager allows investors to enter a “Rewards” or “Earn” program by depositing certain eligible cryptocurrencies into accounts with Voyager. Voyager then pulls these cryptocurrency deposits together to fund its cryptocurrency lending operations and proprietary trading. In exchange for investing in the program, investors are promised an attractive interest rate that is paid monthly in cryptocurrencies. Voyager fails to disclose to investors that its “Rewards” and “Earn” program are not registered by the ASC or any other securities regulator.

“The ASC supports new technology and new developments in the decentralized finance and cryptocurrencies space, but of utmost importance is ensuring that proper disclosures of risk and full protections under the law are in place,” said ASC Chief Deputy Director Amanda Senn.

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

<sup>1</sup> Voyager Digital LTD. is incorporated in British Columbia, Canada; its mailing address is 33 Irving Plaza Suite 3060 New York, NY 10003. Voyager Digital Holdings, INC. is incorporated in Delaware; its mailing address is 33 Irving Plaza, Suite 3060 New York, NY 10003. Voyager Digital, LLC. is also incorporated in Delaware; its mailing address is 185 Hudson Street, Suite 2500, Jersey City, NJ 07311..

brokerages for digital asset investors. Unlike traditionally regulated banks and brokerage firms, investor's losses are not insured against or protected by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC).

Previous coordinated multi-state investigations have resulted in actions by the ASC to bring unregistered firms into compliance. In July 2021, ASC issued an order against Block-Fi and in September 2021 an order was issued against Celsius Network LLC. On February 14, 2022, Block- FI entered into a \$50 million settlement with the ASC and other state regulators, and also a \$50 million settlement with the United States Securities and Exchange Commission (SEC). The consent order requires Block-Fi to cease any further offers or sales until properly registered with state and federal securities regulators.

## **NEW JERSEY FINANCIAL ADVISER BARRED FROM THE SECURITIES INDUSTRY IN ALABAMA**

(March 30, 2022) – Alabama Securities Commission (ASC) Director Joseph Borg announced that Mario E. Rivero, Jr., an investment advisor from Red Bank, New Jersey, is barred from engaging in securities activity in Alabama. Rivero was registered as a broker-dealer agent with the State of Alabama.

In August 2021, the ASC received information from Wells Fargo Advisors that Rivero had diverted client funds to an outside account. An internal investigation conducted by Wells Fargo Advisors confirmed that Rivero had made multiple misrepresentations to several elderly clients concerning their investment funds and had in fact transferred the clients' funds from the advisory account to One Prime Financial Solutions LLC, an account controlled by Rivero.

The New Jersey Bureau of Securities revoked Rivero's registration in March 2022 asserting that from 2018 to November 2020, Rivero engaged in dishonest and unethical practices and defrauded at least four clients out of \$529,780. One of the clients was an Alabama investor over the age of 65 that transferred over \$151,000 to Rivero, who used the clients' funds for personal expenses, including gambling at casinos, restaurant meals, and car payments.

"Investor and investment adviser relationships are built off of trust. Financial advisers must always put the clients' best interests first. Rivero did just the opposite, and he took advantage of trusting relationships built on trust for his personal gain," said Director Borg. "This one bad egg, and his selfish actions do not reflect the entire industry. The large majority of advisers genuinely care about the financial wellbeing of their clients and partner with them on their journey to achieve their financial goals. Further, financial firms have strict rules and policies in place to ensure that laws and industry ethical standards are upheld."

"It is always in your best interest to research any investment offers, particularly when

considering transferring funds out of an established account,” said ASC Chief Deputy Director Amanda Senn. “Rivero was licensed with the ASC. However, One Prime Financial Solutions, LLC. was not. If a financial professional is not properly licensed or their products are not properly registered, this should be a red flag that something is wrong.”

The U.S. Securities and Exchange Commission charged Rivero with misappropriating at least \$680,000 from his advisory and brokerage clients in March of 2022. In March 2022, a criminal complaint was filed in the United States District Court, District of New Jersey. The complaint alleged two counts of wire fraud, one count of investment advisor fraud, and one count of securities fraud.

### **FAKE BILLIONAIRE PLEADS GUILTY TO SECURITIES FRAUD IN TWO MORE COUNTIES, CONCLUDING A MULTI-COUNTY FRAUD PROSECUTION**

(April 12, 2022) – Jesse Morgan Hinson, a 35-year-old Troy resident, pleaded guilty to 2 counts of securities fraud, a Class B felony, yesterday before the Honorable Judge James Anderson for crimes committed in Montgomery County and Bullock County. The court sentenced him to a 15-year split sentence, which will require him to serve 3 years in the state penitentiary followed by 5 years of supervised probation. If Hinson violates his probation, he may be ordered to serve the remainder of the sentence in the custody of the Department of Corrections. Hinson’s sentences will be served concurrently with a previous sentence issued in Lee County pursuant to the plea agreement. The Lee County plea involved a plea of guilt to securities fraud perpetrated by him in Lee County and an agreement to pay full restitution in the amount of \$1,248,740 for all three counties. Additionally, Hinson is barred from transacting business as a dealer, agent, investment adviser, or investment adviser representative in the State of Alabama.

“The Commission has aggressively pursued Jesse Morgan Hinson because of his continued fraud against Alabama investors, especially the elderly. He pleaded guilty to securities fraud in Houston County in 2015. He is a repeat offender of securities fraud” said ASC Chief Deputy Director Amanda Senn. “We are pleased the court agreed with our recommendation that this repeat offender be locked away behind bars.”

Hinson was indicted in 2019 in both Montgomery County and Bullock County for soliciting fake investments. The indictments alleged 2 counts of Securities Fraud, 1 count of acting as an unregistered dealer or agent, and 1 count of offering and selling unregistered securities. Similar allegations were made against Hinson in a 2019 Lee County indictment. The investment funds were not used in accordance with the representations made by Hinson. Hinson was not registered with the ASC as a dealer or agent of securities in Alabama, nor were the securities he offered and sold registered with the ASC as required by state law.

Before Judge Anderson, Hinson admitted that he lied to investors about being the heir to a billion-dollar Harrah's Casino fortune and admitted to taking money from his victims for sham investments while he was really blowing their money on personal expenses. He has been making these phony claims, including facility construction for Harrah's Casino, land flips involving famous country musicians, and construction of trucking depots since at least 2016. Hinson made similar misrepresentations to the victims in Lee County. He went so far as to provide to victims a fake financial statement showing he was worth over \$2.5 billion. He falsely claimed to victims to have business relationships with Harrah's Casino and Cargill, an international food, agriculture, financial and industrial company. All of these claims were false, and Hinson told the lies to deceive investors and convince them to give him money.

### **SAND VEGAS CASINO CLUB LOCATED IN THE METAVERSE IS SOLICITING INVESTORS TO INVEST REAL MONEY IN UN-REGISTERED INVESTMENTS**

(April 13, 2022) – Alabama Securities Commission (ASC) and Texas State Securities Board entered Cease and Desist Orders to stop a fraudulent investment scheme tied to the metaverse. The orders name Sand Vegas Casino Club, Martin Schwarzbarger and Finn Ruben Warnke and accuses them of illegally offering securities in the form of non-fungible tokens (NFTs) to fund the development of a virtual casino in the metaverse.

Sand Vegas Casino Club, not to be confused with Las Vegas Sands Corporation, is currently under construction (in the metaverse). According to Sand Vegas Casino Club's YouTube channel, the casino will have bright lights, slot machines, card games, fancy drinks and will offer patrons a chance to win a fortune. Sand Vegas Casino Club is seeking early investors who will share in future profits. We expect that this type of offering to investors is just the beginning because other developers are purchasing land to develop other business ventures. This venture, and others just like it, is different because the land, construction, and gaming is happening in the Metaverse.

The term metaverse generally refers to a single or series of interconnected virtual worlds that can promote interactivity, entertainment, and commerce. Users access these virtual worlds through digital representations of themselves, often referred to as avatars, and socialize, play, shop or even work in digital environments.

Metaverses have been generating considerable interest as large corporations continue to invest in augmented realities and new technologies increasingly intersect with popular culture such as television shows, movies, and video games.

The metaverse casinos reportedly act as real casinos except they operate in virtual worlds. Gamblers, acting through avatars, can enter the metaverse casinos and play

poker and other games using cryptocurrencies.

Purchasers of the NFTs are told they will profit from these operations. Not only do they become owners of the metaverse casino, but they also purportedly share in half of the profits generated from the metaverse casino – including profits from gambling and profits from the sale of digital assets representing drinks and cigarettes.

“The metaverse provides brands with new commercial opportunities, and investors are now being exposed to the latest high-tech products,” said ASC Director Joseph Borg. “However, bad actors are now leveraging interest in these opportunities and products. Virtual reality can leave you virtually broke.”

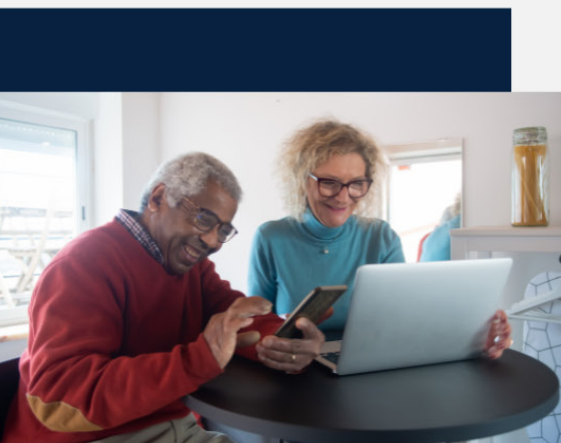
Owners acquire NFTs through ‘minting’, a term that refers to the publication of a digital asset on a blockchain or purchase them from listings on an online marketplace. The NFTs are purchased via the cryptocurrency Ether. The crypto market is volatile, and the NFT price could fluctuate dramatically. On April 9, 2022, the listing price for a Sand Vegas Casino Club NFT ranged from 0.23 Ether (valued approximately \$744.38) to 777.77 Ether (valued approximately \$2.5 million). Respondents are representing that that Sand Vegas Casino Club NFT owners will earn between \$102 and \$6,750 per NFT per month or \$1,224 and \$81,000 per NFT per year.

“Gambling is always risky and investing bears some risk as well, but a successful long-term investment plan requires some work” said Chief Deputy Director Amanda Senn. “Sure, some people get lucky when gambling or playing the lottery, but the odds of winning are not in your favor.”

Cybersecurity is typically a key threat to online investment programs, and this case proves no different. For example, respondents claimed their social media was hacked in January 2022. The hacker allegedly used a bot to spoof a platform for minting NFTs and misappropriated 50 Ether, valued at around \$154,000 on the incident date, from the social media followers.

According to the order, the respondents are also advising followers the NFTs are not regulated as securities, falsely claiming the securities laws do not regulate any NFTs. The respondents are also devising a scheme to obstruct any attempt to regulate the NFTs.

They are falsely telling purchasers they can avoid securities regulation by implementing illusory features or use different terminology. The respondents are not registered to sell securities in Alabama, and the NFTs are not registered or permitted for sale in Alabama. You can view the order by [clicking here](#).



# Joint Enforcement Actions

## **ALABAMA SECURITIES COMMISSION PARTNERS WITH CFTC AND 26 STATE SECURITIES REGULATORS TO STOP \$68 MILLION PRECIOUS METALS SCHEME**

MONTGOMERY, ALABAMA (February 1, 2022) – The Alabama Securities Commission (ASC) announced today that it is participating in a consolidated enforcement action to stop a fraudulent precious metals scheme that resulted in solicitations exceeding \$68 million from at least 450 investors nationwide.

The ASC has joined the Commodity Futures Trading Commission (CFTC) and 26 state securities regulators in filing a complaint in the United States District Court for the Central District of California alleging Safeguard Metals, LLC and Jeffrey Santulan, AKA Jeffrey Hill solicited investors nationwide by touting precious metals at grossly inflated prices that were not disclosed.

“This is one of many large-scale precious metals investment schemes we’ve endeavored to stop since the pandemic began and we are investigating numerous more precious metals investment companies on similar allegations. To prevent any further damages, investors are advised to be particularly cautious when purchasing precious metals and to check for outrageously high commissions, spreads or mark-ups as high as 30 to 70 percent,” said ASC Director Joseph P. Borg. “As the market continues to fluctuate, we anticipate seeing more fraudsters capitalize on investor’s uncertainty and use fear to manipulate good people out of their hard-earned money.” “In expectation of additional precious metals investment schemes, investors are advised to check the registration of all investment products and professionals, diligently research investments, ask tough questions about the fees, markups or spreads, risks, and potential returns,” said ASC Chief Deputy Director Amanda Senn. “If the answers seem too good to be true or don’t make sense, protect your wallet by just walking away.”

The investors in this case were advised to liquidate their holdings at registered investment firms to fund investments in precious metals, bullion, and bullion coins through self-directed individual retirement accounts. Self-directed IRAs should not be confused with traditional IRAs or other retirement vehicles.

The defendants are accused of failing to disclose the markup charge for their precious metals bullion products and that investors could lose the majority of their funds once a transaction was completed. In many cases, the market value of the precious metals sold to investors was substantially lower than the value of the securities and



other retirement savings investors had liquidated to fund their purchase. In Alabama, 16 investors were defrauded out of \$2,275,738.82 in the execution of this national scheme. Many Alabama investors liquidated their existing retirement accounts, which contained securities, to obtain funds to purchase the metals.

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

## **ASC JOINS WITH OTHER STATE REGULATORS TO SETTLE WITH DIGITAL ASSET LENDING PLATFORM BLOCKFI FOR \$50 MILLION FOR SALES OF UNREGISTERED SECURITIES**

MONTGOMERY, ALABAMA (February 14, 2022) – The Alabama Securities Commission (ASC) announced that a digital asset financial services company, BlockFi Lending LLC (BlockFi), agreed to settlement terms regarding past unregistered offers and sales of securities to Alabama residents. The securities were in the form of interest-bearing digital asset deposit accounts called BlockFi Interest Accounts (BIAs). BlockFi represented it intends to register future products with the states and the SEC called "BlockFi Yield." BlockFi further agreed to pay a settlement of \$943,396.22, subject to executing a consent order with ASC. BlockFi will refrain from soliciting new investors until its securities are registered, qualified, or permitted in Alabama.

The 53 NASAA member jurisdictions<sup>1</sup> will share equally in the \$50 million settlement, each receiving \$943,396.22 after executing the appropriate consent orders. The ASC is one of 32 NASAA member agencies that have already agreed to work with BlockFi to sign a settlement. More jurisdictions are expected to follow. Approximately 3,200 Alabamians were known BlockFi investors with an estimated invested value of \$36 million as of December 2021.

Beginning January 2021, a NASAA multi-state working group contacted BlockFi and provided notice that the company may have offered and sold securities not in compliance with state securities laws. On July 22, 2021, Alabama filed a show cause order against BlockFi and its parent and affiliate, BlockFi Inc. and BlockFi Trading LLC. The order alleges BlockFi, BlockFi Inc., and BlockFi Trading LLC were offering and selling unregistered securities in the form of BIAs. In addition to Alabama, other states also filed similar orders including New Jersey, Texas, Vermont, Kentucky, and Washington.

BlockFi's agreement to enter into a settlement with the ASC comes amidst rising concerns over the proliferation of "decentralized" and digital asset-based financial products and services targeting retail investors. Many of these products and ser-

VICES are analogous to traditional financial services offered by banks and brokerages, but without any of the regulatory safeguards provided by registered firms and products. For example, registered firms must truthfully disclose all known material facts and explain the risks associated with their investments, while the Federal Deposit Insurance Corporation, National Credit Union Administration, and the Securities Investor Protection Corporation insure depositors and investors against certain kinds of losses. Financial service firms operating in innovative fintech markets may not be complying with important laws that protect retail clients, and investors may not have access to the information necessary to conduct due diligence and make fully informed decisions.

“State securities regulators recognize the potential value of new technology for the benefit of Main Street investors, but this new technology needs to be balanced with appropriate laws and regulations,” said Joseph P. Borg, NASAA Enforcement Section Committee Chair and Alabama Securities Commission.

Director. “This settlement recognizes the important work of state securities regulators and the SEC in making sure that those who are investing their hard-earned money understand the risks and rewards of their decisions.”

Effective immediately, BlockFi will stop offering its BIAs to the public. BlockFi’s parent company, BlockFi Inc., represented it intends to file with state and federal regulators to offer and sell a new product called BlockFi Yield so it can provide its services to investors in the future. As part of the settlement terms, although BlockFi will cease allowing new investments until its securities are properly registered, BlockFi may continue to deploy digital assets for existing BIA investors and may continue to pay interest. Between February 14th and the date BlockFi Inc.’s securities are registered and qualified or permitted for sale with the states and SEC, current investors may keep their existing investments with BlockFi and will continue to earn interest under their initial agreement with the company. This measure is designed to protect the interests of existing investors while allowing BlockFi time to comply with state and federal law.

The ASC will continue to consider enforcement actions against firms that fail to comply with state law. Firms that need to register and deal with past unregistered activity should contact their state and federal regulators. The ASC can be contacted at 1-800-222-1253.

The ASC would like to thank its fellow NASAA members especially the multi-state jurisdiction working group for its coordinated efforts and the SEC for their collaboration and assistance.

<sup>1</sup> The 50 States, Washington D.C., Puerto Rico, and the U.S. Virgin Islands



## **FIVE STATES FILE ENFORCEMENT ACTIONS TO STOP RUSSIAN SCAMMERS PERPETRATING METAVERSE INVESTMENT FRAUD**

MONTGOMERY, ALABAMA (May 11, 2022) – Five state securities regulators simultaneously filed enforcement actions against a Russian organization allegedly promoting fraudulent metaverse investments to residents of the United States. The actions accuse Flamingo Casino Club of perpetrating the scam through the offer of nonfungible tokens, commonly referred to as NFTs, purportedly tied to a metaverse casino. The actions were filed by the Alabama Securities Commission, Kentucky Department of Financial Institutions, New Jersey Bureau of Securities, Texas State Securities Board, and Wisconsin Department of Financial Institutions.

The scheme is rooted in the metaverse – a term that generally refers to one or more interconnected virtual worlds that promote interactivity, entertainment and commerce. Recent advances in technology permit users to access these virtual worlds through digital representations of themselves, often referred to as avatars, and socialize, play, shop or even work. Metaverses are becoming increasingly popular as corporations continue to invest in augmented and virtual realities that increasingly intersect with movies, video games and popular culture.

Although metaverses are generating widespread public interest, bad actors are now leveraging the widespread public interest to perpetrate fraudulent investment schemes. Alabama, Kentucky, New Jersey, Wisconsin and Texas filed today's actions to proactively stop this type of fraud and protect the public from irreparable harm.

The five state regulators are unanimous in strongly cautioning the public, "Although advances in technologies create exciting new opportunities for many businesses, scammers are already attempting to capitalize on the hype associated with metaverses and NFTs. They're developing high-tech ploys to create a facade of legitimacy and deceive victims – while playing on their emotions by falsely promising lucrative profitability, guaranteed income, financial security and the once-in-a-lifetime opportunity to become metaverse millionaires. We're uncovering an increasing number of suspect solicitations for unregistered securities tied to the metaverse. Today's action is just the tip of the iceberg."

The five state actions against Flamingo Casino Club highlight the pitfalls associated with these virtual promotions. For example, Flamingo Casino Club allegedly started

operating from Russia in March 2022. It has since been fraudulently soliciting NFTs that purportedly convey ownership of a metaverse casino and the right to share in the profits of the metaverse casino. Investors purportedly profit when patrons, acting as avatars, pay to play virtual craps, blackjack, roulette and other games.

Flamingo Casino Club allegedly touted the validity of its operation by claiming to develop its metaverse casino through a partnership with the Flamingo Las Vegas, an established casino operating in Nevada. According to the orders, however, this representation is simply false - Flamingo Casino Club simply has no relationship or affiliation with Flamingo Las Vegas. The state actions also accused Flamingo Casino Club of deception and fraud in claiming to be partnering with Yahoo and MarketWatch.

State regulators also recognize that online scammers often take steps to remain anonymous and hide their true identities – which often enables them to “go dark” and disappear when their schemes collapse. Today’s orders accuse Flamingo Casino Club of implementing similar tactics. Not only is it allegedly concealing its connection to Russia, but Flamingo Casino Club is also allegedly using a phony office address, providing a telephone number that is not in service, concealing its actual physical location and hiding material information about its principals. Flamingo Casino Club is also accused of concealing other important information, such as its use of funds and material information about its negotiations for the purchase of land – which it claims to be buying from Snoop Dogg.

Instead of engaging financial professionals to market its NFTs, Flamingo Casino Club is allegedly soliciting investors through its website and various social media platforms, including a Twitter handle, a Telegram channel, an Instagram page and a Discord server. It is also allegedly relying on anonymous social media influencers to recruit potential investors. For example, the order alleges an anonymous influencer known as Tommy published a video in YouTube touting the profitability of the metaverse investment scheme. According to the order, Tommy is not a financial advisor and not licensed to act as an agent for Flamingo Casino Club – yet his video covering the securitized NFTs has been viewed almost 40,000 times. Another unregistered anonymous influencer known as Flozin published a video in YouTube touting the securitized NFTs – and his video has already been viewed more than 41,000 times.

The five state regulators provided guidance for investors considering securities issued by online promotions of metaverse investments, “The same rules that apply to investments in the physical world continue to apply to investments in virtual worlds. Screen names are not a substitute for real names. Qualifications and experience matter. There are no virtual risks, just real risks of losing real money in a real scam. The best defense isn’t rooted in technical knowledge but traditional due diligence. Investors should put aside emotion, investigate red flags of fraud and objectively consider all material information before purchasing securities.”

Joseph Borg is the Director of the Alabama Securities Commission, Marni Gibson is the Director Division of Securities of the Kentucky Department of Financial Institutions, Attorney General Matthew J. Platkin administers the New Jersey Bureau of Securities, Travis Iles is the Commissioner of the Texas State Securities Board and Leslie M. Van Buskirk is the Division of Securities Administrator of the Wisconsin Department of Financial Institutions. The agencies can be contacted through the following means:

Alabama Securities Commission: (Website: [www.asc.alabama.gov](http://www.asc.alabama.gov), Contact Nick Vonderau by phone at 334-353-7697 or by email at [nick.vonderau@asc.alabama.gov](mailto:nick.vonderau@asc.alabama.gov))

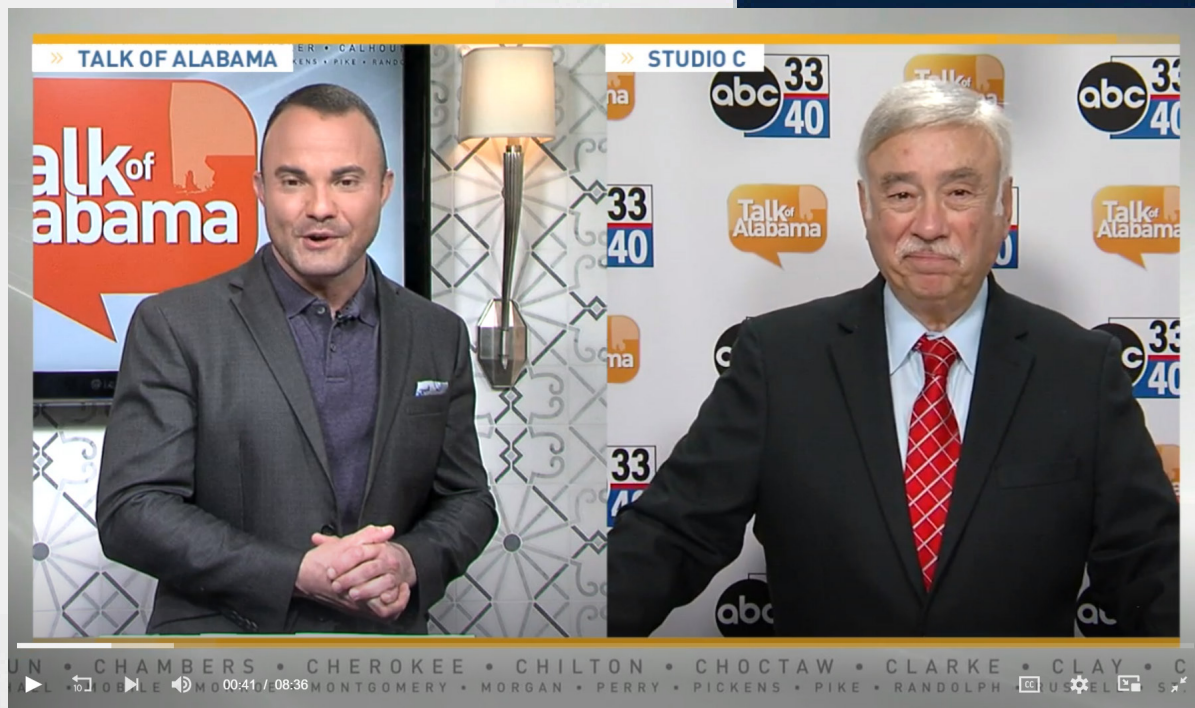
Kentucky Department of Financial Institutions: (Website: [kfi.ky.gov](http://kfi.ky.gov), Contact Marni Gibson by phone at 502-573-3390 or by email at [KFI@ky.gov](mailto:KFI@ky.gov))

New Jersey Bureau of Securities: (Website: [www.njsecurities.gov](http://www.njsecurities.gov), Contact Gema de las Heras by phone at 609-292-4791 or by email at [dcapress@dca.njoag.gov](mailto:dcapress@dca.njoag.gov))

Texas State Securities Board: (Website: [www.ssb.texas.gov](http://www.ssb.texas.gov), Contact Joseph Rotunda by phone at 512-689-4623 or by email at [jrotunda@ssb.texas.gov](mailto:jrotunda@ssb.texas.gov))

Wisconsin Department of Financial Institutions: (Website: [www.wdfi.org](http://www.wdfi.org), Contact Robin Jacobs or Mike Gavigan by phone at 608-266-2139 or by email at [DFIDLSecuritiesEnforcement@wisconsin.gov](mailto:DFIDLSecuritiesEnforcement@wisconsin.gov))

# News Interviews



By: Erin Davis

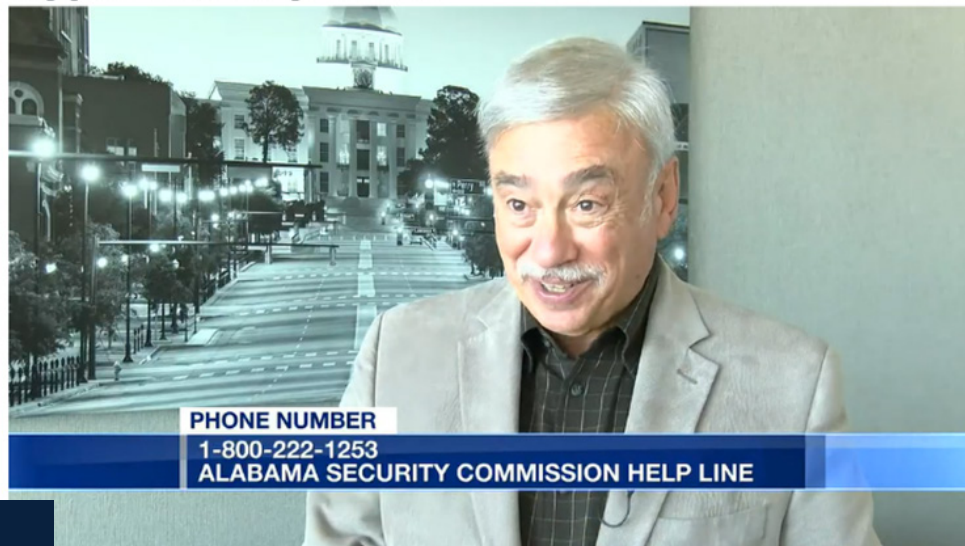
# News Interviews



## Facts on Saving and Investing Campaign Month



## crypto currency scams



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**THE WALL STREET JOURNAL**

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**BLOOMBERG**

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**WAAY 31 ABC**

**WEALTH MANAGEMENT.COM**

**CRYPTO NEWS**

**WAFF 48**

# MINUTES





## ALABAMA SECURITIES COMMISSION

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Director

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Chief Deputy Director

EDWIN L. REED  
Deputy Director  
Administration

LOUIS V. FRANKLIN, SR.  
Deputy Director  
Enforcement

STEPHEN P. FEAGA  
Chief of Litigation

### COMMISSIONERS

CHAIR  
MARLENE M. McCAIN  
Certified Public Accountant

STEVEN T. MARSHALL  
Attorney General

MIKE HILL  
Superintendent of Banks

JIM L. RIDLING  
Commissioner of Insurance

S. DAGNAL ROWE  
Attorney at Law

W. ALLEN CARROLL, JR.  
Certified Public Accountant

HOPE S. MARSHALL  
Attorney at Law

### ALABAMA SECURITIES COMMISSION MEETING December 8, 2021

The Alabama Securities Commission conducted its scheduled quarterly meeting on December 8, 2021, at 10:00 a.m. in the main conference room of the Alabama Securities Commission offices, 12<sup>th</sup> 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. Hope Marshall, Attorney at Law  
Hon. Reyn Norman (for Insurance Commissioner)  
Hon. Allen Carroll, Jr., CPA  
Hon. Clay Crenshaw (Dep. Attorney General)

#### **Commission Members Absent:**

Hon. Steven Marshall (Attorney General)  
Hon. Mike Hill (Banking Commissioner)  
Hon. Dag Rowe, Attorney at Law

#### **Staff Members Present:**

Hon. Joseph Borg, Director  
Hon. Amanda Senn, Chief Deputy Director  
Hon. Ed Reed, Deputy Director  
Hon. Steve Feaga, Chief of Litigation  
Mr. Bryan Selix, IT Manager  
Mr. Andrew Loudermilk, IT Systems Specialist  
Ms. Renee Sanders, Acct. Manager  
Mr. Nick Vonderau, Communications and PR Manager

#### **Public Attendees/Guests:**

None Present

The meeting was called to order at 10:00 a.m. by Chair McCain and she noted that there was a quorum present. Chair McCain then asked for a motion to approve the current agenda and the minutes from the September 9, 2021, meeting. Said motion was made by Commissioner Carroll and was seconded by Commissioner Marshall. The motion carried unanimously.

Next, Chair McCain asked Director Borg to cover the items under New Business included in the agenda. Director Borg welcomed the Commission and asked Bryan Selix, IT Manager, to introduce Andrew Loudermilk, our new IT Systems Specialist.

Director Borg then announced the promotion of Nick Vonderau as the new Communications and Public Relations Manager, replacing Dan Lord. Mr. Vonderau then proceeded to discuss how various programs and social media are being used by ASC, such as podcasts, Twitter, LinkedIn.

Director Borg then discussed briefly the retirement of former Executive Assistant Chris Rhodes and the departure of attorney Beau Brown before introducing Accounting Manager Renee Sanders to discuss Alabama's new purchasing system Alabama Buys. A brief discussion was held regarding how the system is used regarding purchasing supplies and professional services.

Next, Chief Dep. Director Senn discussed ASC's appointments to NASAA committees.

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. Director Borg estimated the Executive Session would last approximately ten (10) minutes. At that time, Commissioner Carroll moved to go into Executive Session. Said motion was seconded by Commissioner Marshall, and the meeting went into Executive Session at 10:51 a.m. after a unanimous vote of all Commissioners present. The Executive Session ended by motion of Commissioner Carroll and seconded by Commissioner Marshall, and a unanimous vote by all present Commissioners. The following Commissioners were present at the beginning of the Executive Session and were present when the Executive Session ended: Hon. Marlene M. McCain, Hon. Hope Marshall, Hon. Reyn Norman (for Insurance


Commissioner), Hon. Allen Carroll, Jr., and Hon. Clay Crenshaw (Dep. Attorney General). At 11:09 a.m., the open meeting was reconvened.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Crenshaw 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 Carroll made the motion, and Commissioner Marshall seconded, and the motion to adjourn was unanimously approved. The meeting adjourned at 11:10 a.m.



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MARLENE McCAIN  
CHAIR



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JOSEPH BORG  
DIRECTOR



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Attorney at Law

W. ALLEN CARROLL, JR.  
Certified Public Accountant

HOPE S. MARSHALL  
Attorney at Law

CRISTY ANDREWS  
Certified Public Accountant

## ALABAMA SECURITIES COMMISSION MEETING March 1, 2022

The Alabama Securities Commission conducted its scheduled quarterly meeting on March 1, 2022, at 10:00 a.m. in the main conference room of the Alabama Securities Commission offices, 12<sup>th</sup> 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. Hope Marshall, Attorney at Law  
Hon. Jim Ridling  
Hon. Allen Carroll, Jr., CPA  
Hon. Clay Crenshaw (Dep. Attorney General)  
Hon. Mike Hill

### Commission Members Absent:

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

### Staff Members Present:

Hon. Joseph Borg, Director  
Hon. Amanda Senn, Chief Deputy Director  
Hon. Ed Reed, Deputy Director

### Public Attendees/Guests:

Cristy Andrews

The meeting was called to order at 10:05 a.m. by Chair McCain and she noted that there was a quorum present. Chair McCain then asked for a motion to approve the current agenda and

the minutes from the December 8, 2021, meeting. Said motion was made by Commissioner Carroll and was seconded by Commissioner Marshall. The motion carried unanimously.

Next, Chair McCain asked Director Borg to cover the items under New Business included in the agenda.

Director Borg discussed the BlockFi consent order and the results thereof. He discussed the team effort with other states and the SEC in accomplishing the result.

Next, Director Borg moved onto the Safeguard case filed in California by multiple states and the CFTC. Director Borg briefly described his work with the CFTC Board.

Director briefly discussed an expungement case involving a broker dealer and his Tennessee client. He further stated that the Attorney General has deputized two attorneys to handle the matter for the Commission.

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. Director Borg estimated the Executive Session would last approximately fifteen (15) minutes. At that time, Commissioner Hill moved to go into Executive Session. Said motion was seconded by Commissioner Carroll, and the meeting went into Executive Session at 10:50 a.m. after a unanimous vote of all Commissioners present. Cristy Andrews left the meeting. The Executive Session ended by motion of Commissioner Carroll and seconded by Commissioner Marshall, 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 11:22 a.m., the open meeting was reconvened, and Ms. Andrews rejoined the meeting.

Chair McCain asked for a motion to pay the appropriate Commissioner expenses. Commissioner Ridling made the motion, and Commissioner Hill 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 11:22 a.m.



*S Dagnal Rose*

CHAIR

*Joseph Borg*

JOSEPH BORG  
DIRECTOR



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MARK FOWLER  
Acting Commissioner of Insurance

W. ALLEN CARROLL, JR.  
Certified Public Accountant

HOPE S. MARSHALL  
Attorney at Law

CRISTY ANDREWS  
Certified Public Accountant

## ALABAMA SECURITIES COMMISSION MEETING

June 8, 2022

The Alabama Securities Commission conducted its scheduled quarterly meeting on June 8, 2022, at 10:00 a.m. in the main conference room of the Alabama Securities Commission offices, 12<sup>th</sup> 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. Hope Marshall, Attorney at Law  
Hon. Jim Ridling  
Hon. Allen Carroll, Jr., CPA  
Hon. Clay Crenshaw (Dep. Attorney General)  
Hon. Mike Hill  
Hon. Cristy Andrews  
Hon. Dagnal Rowe (via telephone)

### 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

### Public Attendees/Guests:

Mr. Will Fuller representing Capital Resources of Alabama

The meeting was called to order at 10:00 a.m. by Director Borg and he noted that there was a quorum present. Director Borg then asked for a motion to approve the current agenda and the minutes from the March 1, 2022, meeting. Said motion was made by Commissioner Carroll and

was seconded by Hon. Clay Crenshaw. The motion to approve the agenda was made by the Hon. Clay Crenshaw and seconded by Commissioner Marshall. The motion carried unanimously.

Next, Director Borg welcomed the visitor present to the meeting: Will Fuller with Capital Resources of Alabama on behalf of the Alabama Block Chain Alliance.

Director Borg welcomed new Commissioner Cristy Andrews.

Director Borg discussed the BlockFi, Celsius, and Voyager cases and then briefly discussed cryptocurrency and money transmitters. Director Borg informed the Commissioners that ASC hosted the National White Collar Crime Center Board meeting at the Alabama Gulf State Lodge and discussed hosting again in the future as well as conducting future training.

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.

Director Borg announced the addition of Andrew Schiff to the ASC Legal Department. He announced the retirement of Gwen Lover, Chuck James, and Randy Jones.

Then, there was discussion about the Chair position with Commissioner Hill making a motion to elect Commissioner Rowe as Chair. The motion was seconded by Commissioner Marshall. The motion carried unanimously.

Director Borg 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. Director Borg estimated the Executive Session would last approximately ten (10) minutes. At that time, Commissioner Carroll moved to go into Executive Session. Said motion was seconded by Commissioner Ridling, and the meeting went into Executive Session at 11:08 a.m. after a unanimous vote of all Commissioners present. Will Fuller left the meeting. The Executive Session ended by motion of Commissioner Marshall and seconded by Commissioner Carroll, 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 11:19 a.m., the open meeting was reconvened.


Director Borg asked for a motion to pay the appropriate Commissioner expenses. Commissioner Hill made the motion, and Commissioner Carroll seconded it; the motion was approved by all present in a unanimous vote. Chair Rowe then asked for a motion to adjourn.

Commissioner Hill made the motion, and  
adjourn and motion was unanimously approved.

Commissioner Carroll seconded, and the motion to  
The meeting adjourned at 11:25 a.m.



S. DANAHY  
CHAIR



JOSEPH P.  
DIRECTOR





# ALABAMA SECURITIES COMMISSION

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JOSEPH P. BORG  
Director

AMANDA L. SENN  
Chief Deputy Director

EDWIN L. REED  
Deputy Director  
Administration

LOUIS V. FRANKLIN, SR.  
Deputy Director  
Enforcement

STEPHEN P. FEAGA  
Chief of Litigation

## COMMISSIONERS

S. DAGNAL ROWE  
CHAIRMAN  
Attorney at Law

STEVEN T. MARSHALL  
Attorney General

MIKE HILL  
Superintendent of Banks

MARK FOWLER  
Acting Commissioner of Insurance

W. ALLEN CARROLL, JR.  
Certified Public Accountant

HOPE S. MARSHALL  
Attorney at Law

CRISTY ANDREWS  
Certified Public Accountant

## ALABAMA SECURITIES COMMISSION MEETING September 13, 2022

The Alabama Securities Commission conducted its scheduled quarterly meeting on September 13, 2022, at 10:00 a.m. in the main conference room of the Alabama Securities Commission offices, 12<sup>th</sup> 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. Dagnal Rowe  
Hon. Hope Marshall  
Hon. Clay Crenshaw (Dep. Attorney General)  
Hon. Cristy Andrews  
Hon. Reyn Norman (Dept. of Insurance)

### Commission Members Absent:

Hon. Steven Marshall (Attorney General)  
Hon. W. Allen Carroll

### 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, Director of Enforcement  
Hon. Andy Schiff, Attorney

The meeting was called to order at 10:00 a.m. by Chairman Rowe and he noted that there was a quorum present. He then asked for a motion to approve the current agenda and the minutes from the June 8, 2022, meeting. Said motion was made by Commissioner Marshall and was

seconded by Hon. Clay Crenshaw. The motion to approve the agenda was made by Commissioner Marshall and seconded by Hon. Clay Crenshaw. The motions were carried unanimously.

Next, Director Borg introduced new ASC staff members: Attorney Andy Schiff, Special Agents Michael Moseley and Jeffrey Ioimo, ASA Kimberly Hardy, Securities Analyst Nicole Martelli, and Senior Accountant Courtney McCrackin. Each staff member gave a brief statement about themselves and then left the meeting with the exception of Mr. Schiff who remained in the meeting.

Chairman Rowe then asked Director Borg to discuss the crypto market collapse. Director Borg discussed the BlockFi, Celsius, and Voyager cases and then briefly discussed cryptocurrency and money transmitters.


Chief Deputy Director Senn discussed the fact that the ASC recently hosted (through NASAA) representatives from the SEC and CFTC and NASAA's Southeast region.

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 Rowe 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. Director Borg estimated the Executive Session would last approximately twenty (20) minutes. At that time, Commissioner Marshall moved to go into Executive Session. Said motion was seconded by Commissioner Andrews, and the meeting went into Executive Session at 10:33 a.m. after a unanimous vote of all Commissioners present. The Executive Session ended by motion of Hon. Clay Crenshaw and seconded by Commissioner Marshall, 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 11:14 a.m., the open meeting was reconvened.

Chairman Rowe asked for a motion to pay the appropriate Commissioner expenses. Commissioner Marshall made the motion, and Commissioner Andrews seconded it; the motion was approved by all present in a unanimous vote. Chairman Rowe then asked for a motion to adjourn. Commissioner Marshall made the motion, and Commissioner Andrews seconded, and

the motion to adjourn and motion was unanimously approved. The meeting adjourned at 11:15 a.m.



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S. DAGNAL ROWE  
CHAIR



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JOSEPH P. BORG  
DIRECTOR

# ALABAMA SECURITIES COMMISSION



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Joseph P. Borg, Director  
Amanda Senn, Chief Deputy Director



## COMMISSIONERS

S. Dagnal Rowe, Chairman | Steven T. Marshall, Attorney General | Mike Hill, Superintendent of Banks  
Mark Fowler, Acting Commissioner of Insurance | W. Allen Carroll, JR., CPA  
Hope S. Marshall, Attorney at Law | Cristy Andrews, CPA