

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:

ALAN SCOTT DANIELS

RESPONDENT

**ADMINISTRATIVE ORDER
NO. OB-2015-0002**

ORDER TO BAR

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. ALAN SCOTT DANIELS (DANIELS) is an Alabama resident with a residential address of 1411 Hibiscus Drive, Hoover, AL 35226. DANIELS was represented to be the owner and manager of DANIELS CAPITAL CORPORATION (DCC) with a business address of 516 Mineral Trace, Ste. B, Hoover, AL 35244.

STATEMENT OF FACTS

2. Information available to the Commission indicates that from January 1999 through April 2013, DANIELS owned and managed DCC. During that time, DANIELS solicited and took investments in DCC. DANIELS is no longer affiliated with DCC, which is now owned and operated by others.

3. In documents received during the Commission's investigation, DANIELS described DCC as follows: "As you are aware, the Company is in the business of making cash advances to the legal community for governmental fee claims they have for court-appointed legal cases. This typically occurs by an attorney forwarding his or her fee claim (their bill to the government for legal fees) to the Company after completing a court-appointed legal case and requesting such a cash advance in exchange for certain agreements to pay interest on such advance. All such attorneys are required to sign extensive agreements giving the Company a broad power of attorney in order to sign and deposit the checks sent for them in payment by the government. Also, the Company's business address is required to be forwarded to the government agency as the payment mailing address. This service is generally seen as very beneficial to both the lawyers who receive such cash advance and to the Company by virtue of the favorable interest rate that is earned on such advances."

4. In October 2004, the Commission learned that DANIELS offered unregistered investments on behalf of DCC. A check of the Commission files disclosed that DANIELS and DCC were not registered in Alabama to offer securities. Subsequently, on January 4, 2005, the Commission issued a Cease & Desist (C&D) Order CD-2005-0001 to DANIELS and DCC. On May 31, 2005, the Commission entered into a Consent Order (CO) CO-2005-0001 with DANIELS and DCC after a rescission offer to DCC investors was completed by DANIELS. On May 31, 2005, the Consent Order was signed and the case resolved. CO-2005-0001 stated that "DCC and DANIELS shall, until such time as properly registered in the state of Alabama, refrain from effecting securities transactions into within or from the state of Alabama."

5. In January 2007, while investigating an unrelated complaint, the Commission received an investment offering document for DANIELS and DCC. A check of the Commission files disclosed that DANIELS and DCC were not registered in Alabama to offer or sell securities. The Commission contacted DANIELS and inquired into his and DCC business activities in Alabama. DANIELS informed the Commission he had not solicited any additional investments for DCC since entering into Consent Order, CO-2005-0001 with the Commission in May of 2005. DANIELS stated the proposed investment offering document was never completed or used. DANIELS stated he and DCC were working towards "buying out" the old DCC investors.

DANIELS' attorney also spoke with the Commission and stated DANIELS and DCC were not registered because neither were taking investments. DANIELS' attorney stated DANIELS and DCC would perfect proper registration before any new investments were offered or sold. The Commission closed the inquiry when no new DCC investors were found.

6. On September 27, 2012, an Alabama Resident reported to the Commission, that on January 11, 2012, he invested \$5,000 and \$3,000 with DCC through Daniels. The Alabama Resident received two promissory notes from DANIELS for the investments promising to pay 15% per annum, with a maturity date of January 11, 2014. On September 22, 2012, the Alabama Resident received a letter from DANIELS stating that DCC had accumulated significant bad debt and had become insolvent. Subsequently, the Commission learned of other DCC investors that also received insolvent letters. DANIELS individually contacted several of the investors and attempted to recalculate the investor interest earnings to reflect much lower balances than shown on DCC investor account statements previously issued by DANIELS. DANIELS failed to disclose any problems to investors when taking their investment money. A check of the Commission files disclosed that DANIELS and DCC were not registered in Alabama to offer or sell securities.

CONCLUSIONS OF LAW

7. Pursuant to Section 8-6-2(10), Code of Alabama 1975, any note or other "evidence of indebtedness" is a security. The promissory notes issued by DCC and offered and sold to the Alabama residents by DANIELS constitute an evidence of indebtedness and are securities under the Act.

8. Pursuant to Section 8-6-2(2), Code of Alabama 1975, an Agent is any individual other than a Dealer who represents a Dealer or Issuer in effecting or attempting to effect sales of securities. DANIELS, in effecting sales of securities, to wit: the promissory notes, issued by DCC is an Agent as defined in the Act.

9. Pursuant to §8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or

sell any security in this state unless: the security is registered under the Act; the security is exempt from registration under §8-6-10; or the transaction, in which the security is offered and/or sold, is exempt under §8-6-11. The securities offered and/or sold by DANIELS, to wit: the promissory notes, issued by DCC were neither registered nor subject to a perfected exemption from registration, and were offered and/or sold in violation of the Act.

10. Pursuant to § 8-6-3(a), Code of Alabama 1975, it is unlawful for any person to transact business in this state as an agent or dealer for securities unless such person is registered under the Act. DANIELS, by offering and selling securities, to wit: the promissory notes issued by DCC, acted as an agent of DCC in Alabama without benefit of registration with the Commission in violation of the Act.

11. Pursuant to § 8-6-3(j)(2), Code of Alabama 1975, the Commission may, by rule or order, bar any person from employment with any dealer or investment advisor, or may limit or restrict any person from participation in any activity or function of the securities business for which registration with the Commission is required if such person has willfully violated or willfully failed to comply with any provision of the Act or any Order issued under the Act. DANIELS acted in the capacity of an unregistered agent and sold securities which were neither registered nor subject to a perfected exemption from registration. Additionally, DANIELS conducted all of the aforementioned actions while subject to an administrative order provision requiring DANIELS to comply with the very statutes he subsequently violated. All such activities were conducted by DANIELS and constitute willful violations of the Act and an Order of the Commission.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.


This Order does not prevent the Alabama Securities Commission from seeking such other civil or criminal remedies that are available to it under the Act.

ACCORDINGLY, IT IS HEREBY ORDERED that DANIELS be BARRED from transacting business as a dealer, agent, investment advisor, or investment advisor representative; that DANIELS be BARRED from performing any function or activity of the securities business in Alabama; and that DANIELS is BARRED from engaging in any securities activities into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 3rd day of February, 2015.



ALABAMA SECURITIES COMMISSION
401 Adams Ave., Suite 280
Montgomery, AL 36130-4700
(334) 242-2984



JOSEPH P. BORG
Director