

## **ALABAMA SECURITIES COMMISSION**

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)

### **Terry Harris Sentenced to 25 Years for Violations of the Alabama Securities Act**

MONTGOMERY, ALABAMA (Mar. 22, 2011) Brandon K. Falls, District Attorney for the 10th Judicial Circuit, Jefferson County, Alabama; Joseph P. Borg, Director of the Alabama Securities Commission (ASC); and, J. Randall McNeill, Deputy Director and Chief Prosecutor (ASC) announced today that Terry Harris, a Birmingham, Alabama resident, was sentenced on March 21st by Circuit Judge Laura Petro to 25 years in prison for violating provisions of the Alabama Securities Act and was also ordered to pay \$1,646, 944.08 million in restitution to victims. Harris remains in the Jefferson County Jail and will be remanded to the custody of the Alabama Department of Corrections.

On Feb. 4, 2011, Harris was found guilty by a Jefferson County jury on eight counts for violations of the Alabama Securities Act.

1. Sale of unregistered securities.
2. Acting as an investment advisor without being registered.
3. Fraud in the sale of securities for providing false investment profits (he created fictitious returns).
4. Fraud as an investment advisor for providing false investment profits.
5. Fraud in the sale of securities for claiming that he had a degree in accounting.
6. Fraud as an investment advisor for claiming that he had a degree in accounting.
7. Fraud in the sale of securities for operating a Ponzi scheme.
8. Fraud as an investment advisor for operating a Ponzi scheme.

Joseph Borg, Director, ASC said, "This sentence should send a strong warning to criminals who conduct illegal securities business in Alabama. The credit for closure in this case goes to our exemplary ASC staff and the court officials including Jefferson County District Attorney Brandon Falls for enduring and bringing justice to a crime in action dating back as far as 2001 that involved a criminal who managed to evade the law, threaten this Commission and cheat citizens of Alabama out of their hard earned life savings."

Randy McNeill, Deputy Director, ASC said, "This conviction and the sentencing was the result of hard work and the professional abilities of Special Agents Kim Lewis and Charles Harrison of the Commission, my associate counsels Greg Biggs and Amanda Senn and legal assistant Kim Booher. I also want to thank District Attorney Brandon Falls who opened his office for us and

who provided his paralegal Blanca Taylor for the trial. An extraordinary team effort led to the conviction and sentencing."

Charges against Harris stemmed from a 12-count indictment returned by a Jefferson County Grand Jury in May, 2007 and represented violations of the Alabama Securities Act that occurred between May, 2002 through March, 2003. ASC's Enforcement Division investigation of WBI focused on discrepancies surrounding the licensing and registration of the company and fraud in its operations as well as concocted investment profits. Under provisions of the Alabama Securities Act, it is unlawful for any person or business entity to offer or sell any security within, into or from the state or to offer investment advice unless the person or business is registered, or otherwise exempt from registration, with the ASC. Records indicated that neither Harris nor his companies were registered to conduct securities business in Alabama as required by law. ASC's investigation revealed that Harris and WBI engaged in offering investment advice to others related to the value of, purchasing and selling securities. The ASC investigation also determined that Harris provided false financial statements of profits to investors and did not use investor funds as represented, resulting in substantial losses that were hidden from investors. Further, the investigation revealed that Harris' claims of his educational background and trading expertise were fabricated.

**Timeline of the case leading up to this conviction:** Harris falsely touted an accounting degree among other proclaimed credentials. According to the Birmingham News, Dec. 14, 2004, "Terry Harris describes himself as a champion of black and poor investors traditionally shut out of the stock market. The self taught, self-proclaimed master options trader says he takes pride in teaching regular folks how to invest and strike it rich." In June 2003, the ASC took action to protect citizens from losing money to Harris business called Wealth Builders International, Inc. by taking legal action to shut down the firm and froze \$2.5 million of remaining funds; Harris had taken in about \$4.7 million in funds from approximately 1,767 investors. Harris continually launched a smear campaign against ASC claiming that the freezing of funds resulted in his clients losing investment opportunities and that the ASC had targeted his business due to his race. He posted website articles against the ASC and purchased false advertisements, in support of his business and case. Harris had provided false financial profit statements for investors to convince them that he was making money for them, when in fact, he was using incoming funds of new investors to pay dividends to old investors, and operate a multi-level marketing Ponzi type of scheme. According to records and testimony introduced at court, N2K grew to approximately 38,000 participants. The evidence showed that the driving force in this growth was clearly WBI, due to the fictitious claims of success. In 2005 Harris pled guilty in the circuit court of Montgomery for acting as an investment advisor representative and received a sentence of 5 years probation and was ordered to pay investors \$1.6 million in restitution. In 2007 an Alabama appeals court remanded Harris' 2005 conviction due to a Montgomery County judge not postponing Harris' trial when Harris fired his defense attorney--it is estimated that Harris fired over 15 lawyers since the beginning of this case and also choose to represent himself in this last trial although his counsel was present in court during the trial. On February 4, 2011, Harris

was found guilty on 8 counts of violations of the Alabama Securities Act by a jury in the Jefferson County Circuit Court.

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

For more information contact Dan Lord, Education and Public Affairs manager, 334-353-4858.

**ALABAMA SECURITIES COMMISSION**

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)