

## **ALABAMA SECURITIES COMMISSION**

770 WASHINGTON AVE, SUITE 570  
MONTGOMERY, ALABAMA 36130-4700

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

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### **FOR IMMEDIATE RELEASE**

MONTGOMERY, ALABAMA (October 20, 2003) - The Honorable Gary Alverson, District Attorney, 31st Judicial Circuit, Colbert County and the Honorable Joseph P. Borg, Director, Alabama Securities Commission announced that Kenneth and Donna Brown of Kentucky entered a plea of guilty for the sale of unregistered securities in Alabama, before the Honorable Judge Jacqueline Hatcher on October 14, 2003. The Browns face up to 4 years each for their participation in an offshore investment program. A hearing for the defendant's request for probation will be scheduled in the near future.

The Bryan County Sheriff's Office in Oklahoma arrested the Browns and notification was received on February 18, 2003.

The Alabama Securities Commission opened an investigation of Memlock Systems based on a complaint from a resident, of Muscle Shoals, Alabama. Kenneth and Donna Brown, the owners of a company called Memlock Systems, induced several Alabama residents to invest a total of \$150,000. The Browns represented that the investment consisted of the purchase of discounted US Treasury Bills and mutual funds. The Brown's company, Memlock Systems was an offshore international business corporation located in the Turks and Caicos Islands. The investment funds from the Alabama residents and several other investors outside of Alabama were wire transferred to the Memlock Systems bank account located offshore. None of the Alabama investors in the program received any returns as represented.

A review of the Commission registration files disclosed no record of the registration or exemption of any securities issued by Kenneth and Donna Brown or Memlock Systems in the State of Alabama. The Commission presented the facts to the Colbert County Grand Jury and Kenneth and Donna Brown were indicted, on 2 counts Sale of an Unregistered Security, 2 counts Sale of a Security by an Unregistered Agent, and 2 counts of Securities Fraud, all of which are felony counts.

Potential investors can contact the Alabama Securities Commission for inquiries regarding securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities, to report suspected fraud, or obtain consumer information:

- more -

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If you have questions or require more information contact:

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