

ALABAMA SECURITIES COMMISSION

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Arizona Man Pleads Guilty to Alabama Securities Act Violations

MONTGOMERY, ALABAMA (January 28, 2010) Steven Giddens, District Attorney for the 29th Judicial Circuit, Talladega County, Alabama; and, Joseph Borg, Director of the Alabama Securities Commission (ASC), announce that Gene Grobstein, a Scottsdale, Arizona resident, pled guilty on Jan. 25, 2010 in Talladega County Circuit Court to a single count of Criminal Conspiracy to Sell an Unregistered Security, a Class A Misdemeanor under Alabama law. Grobstein remains free on bail pending sentencing. A hearing will be held March 10, 2010 in Talladega County Circuit Court to determine sentencing and victim restitution issues.

Grobstein was arrested by Talladega County sheriff's deputies after turning himself in to ASC Enforcement agents and the Talladega County Sheriff on May 6, 2009. As a result of an ASC investigation, an indictment was handed down by the Talladega County Grand Jury in Oct., 2008, alleging that Grobstein, doing business as GG Consulting International and described as a financial consulting firm registered in Arizona, offered and sold promissory notes to an Alabama investor. The notes were issued into Alabama from Arizona through the Meta Company, a Sylacauga, Alabama entity. Gary Allen Mitchell, a Sylacauga resident and president of the Meta Company, aided in locating Alabama investors on behalf of Grobstein. The indictment against Grobstein alleged that he failed to repay the notes and misled the investor by failing to disclose that neither he, his company, nor the promissory notes he offered and sold were registered and licensed with the Alabama Securities Commission, as required by law. Mitchell was subsequently found guilty in August, 2009 in Talladega County Circuit Court of Fraud in Connection with the Sale of a Security and Securities Fraud from his position as an Investment Adviser. He was sentenced to seven years imprisonment on each count, to run concurrently and ordered to pay victim restitution.

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.

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

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