

ALABAMA SECURITIES COMMISSION  
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### **Florida, Utah Men Enter Guilty Pleas to Securities Violations in Choctaw County, Alabama**

MONTGOMERY, ALABAMA (Dec. 14, 2012) Spencer B. Walker, District Attorney for the 1st Judicial Circuit, Choctaw County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC), announce that Patrick Michael Daleiden, formerly of Satellite Beach, Florida, and Bruce J. Mabey, formerly of Salt Lake City, Utah, each pled guilty to one count of Securities Fraud involving a complex scheme to defraud multiple Alabama investors. On Dec. 10, 2012, Presiding Choctaw County Circuit Court Judge Gaines C. McCorquodale, sentenced each man to a 6-year sentence that will run concurrent with their upcoming federal sentences to be imposed by U.S. District Judge Kristi Dubose of the Southern District of Alabama on December 19, 2012. With the latest sentencing in Choctaw County, and previously in Madison County, Daleiden and Mabey have been ordered to pay \$1,475,000 jointly in restitution to Alabama victims. Once Daleiden and Mabey are sentenced in federal court, each will have three felony convictions. If either commit any additional felony offenses, they would be subject to the Alabama Habitual Offender Act, which would enhance their punishment. After both men's guilty pleas in Choctaw County they were returned to the custody of U.S. Marshals to face their final U.S. District Court sentences.

"Justice has prevailed for the victims of these two men's illegal schemes," said ASC Director Borg. "Daleiden and Mabey cheated hardworking Alabamians and their deserving communities out of millions of dollars based on lies and scams, all the while living lives of luxury while our citizens suffered. To be able to successfully prosecute these individuals is a testimony to the excellent support, cooperation and resource-sharing between state and federal law enforcement officials." Borg added that in addition to recognition of the Alabama Securities Commission's Enforcement Division, special recognition goes to Kenyen Brown, U.S. Attorney for the Southern District of Alabama, and the FBI. "The ASC welcomes and supports continued cooperation with federal, state, and local authorities to help make certain that those who commit financial fraud and exploitation against our citizens are prosecuted to the fullest extent of the law."

In Sept., 2012, Daleiden pled guilty to federal charges of conspiracy and wire fraud in U.S. District Court, Southern District. Mabey also pled guilty to federal charges of wire fraud in the same court for involvement in a Choctaw County investment scam that began in the summer of 2006 when the men solicited money from four Alabama investors by offering an opportunity to invest in a new industrial development on a 3,200 acre tract of land in Choctaw County, Alabama. Investors were told by Daleiden and Mabey that they had been in discussion with a Bermuda Bank about a \$10 million credit loan for Daleiden's company and that the development of the industrial park was expected to begin in the fall of 2006. Investors were told by both defendants that the loan proceeds from the credit loan would be used to purchase land in Choctaw County and for the development of the industrial park. Additionally, Daleiden and Mabey pitched that the supposed collateral for the loan was to be a \$10 million bank guarantee issued by the Union Bank of Switzerland (UBS), which was purportedly issued to Daleiden's corporation. Investors were later told of a lending commitment for the project by a New York-based real estate lending fund to purchase the land. In the end, the Alabama Securities Commission investigation revealed that neither loan ever existed and the bank guarantee from UBS to Starboard Capital was completely fictitious.

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A seven-count indictment returned by a Dec., 2009 session of the Madison County Grand Jury charged Daleiden with two counts of Sale of Unregistered Securities; one count of Sale of Securities by an Unregistered Agent; and, four counts of Securities Fraud involving Material Misrepresentations or Omissions. The charges were the result of an ASC Enforcement Division investigation into the fraudulent industrial park development deal in Choctaw County, in which at least three Alabamians invested in excess of \$400,000 with Daleiden's company, Starboard Capital, Inc., headquartered in Satellite Beach, Florida. Alabama investors were issued worthless promissory notes, investment contracts and other investment instruments by Daleiden in return for their investment in the project. The ASC investigation revealed that investor funds were not used as represented and that Daleiden used investors' money for personal benefit. ASC Registration Division records indicated that neither Daleiden, Starboard Capital, Inc., nor the securities he offered and sold were registered with the ASC as required by law.

Also convicted as a result of the same Madison County Grand Jury indictment was Bruce J. Mabey, of Salt Lake City, Utah, who was arrested on outstanding warrants by U.S. Customs officers in Atlanta, Georgia on Mar. 29, 2010. Mabey was transported to the Clayton County, Georgia Sheriff's Department detention facility and later transported to Madison County, Alabama to face charges.

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 additional information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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