

ALABAMA SECURITIES COMMISSION
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Hoover Man Gets Ten Years for Securities Fraud Scheme

MONTGOMERY, ALABAMA (Jan. 23, 2013) Brandon K. Falls, District Attorney for the 10th Judicial Circuit, Jefferson County, Alabama, and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on Jan. 17, 2013, before Jefferson County Circuit Court Judge Tommy Nail, Spero X. Vourliotis of Birmingham was sentenced to serve 10 years in prison and ordered to pay \$5,335,576 in restitution to 26 victims who lost money related to the offering and sale of investments through self-described investment clubs identified as The Cornerstone Investment Group, The Capstone Group and the Tri-Stone Group. The sentence was handed down after Vourliotis pled guilty in September 2012 to one felony count of Securities Fraud, more specifically described as Employing a Device, Scheme or Artifice to Defraud. Probation was denied and Vourliotis was remanded into custody to begin serving his prison sentence.

An investigation by the ASC's Enforcement Division led to a February 2012 indictment against Vourliotis by a Jefferson County Grand Jury, charging that he operated a Ponzi scheme, wherein initial investors, many of whom were from Hoover, AL, were paid from capital derived from subsequent investors rather than from actual earned profits. The indictment charged that Vourliotis, acting in a management capacity, formed the Cornerstone Investment Group to pool investor capital to facilitate investments. Vourliotis hid investment losses and produced fraudulent account statements to conceal investor losses. ASC records indicated that neither Vourliotis nor the companies he represented were registered with the Commission to conduct securities business in Alabama, as required by the Alabama Securities Act.

ASC Director, Joseph Borg said, "This case is a classic example of "affinity fraud," where the victims are often friends or members of a close knit community. In addition to the serious loss of money, the resulting betrayal in a community is painful and damaging to the individuals, their families and the community as a whole. The penalty for this betrayal of community trust in this case was just and will send a strong message to other scam artists, con men and criminals tempted to cheat citizens out of their hard earned money. We commend and thank the expertise, hard work and cooperation of the Office of District Attorney Brandon Falls and our own ASC Enforcement Division for bringing some measure of justice for those citizens so seriously injured ."

Co-defendant Carey Michael Billingsley of Rockford, Alabama, a former associate of Vourliotis, pled guilty to one felony count of Sale of Unregistered Securities in Jefferson County Circuit Court. On Nov. 5, 2012, Judge Nail sentenced Billingsley to two years in prison but suspended the sentence and placed Billingsley under three years probation. The Court ordered Billingsley to pay \$350,000 in restitution to 8 investors he helped recruit into the scheme. At sentencing, Billingsley paid \$50,000 of the total and will be required to pay the remaining \$300,000 by June 1, 2013. Additionally, ruling on an ASC motion, the Court permanently barred Billingsley from engaging in the sale of securities. Vourliotis has also been permanently barred from engaging in the sale of securities.

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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