

ALABAMA SECURITIES COMMISSION
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Etowah County, Alabama Man Indicted for Alleged Securities Violations

MONTGOMERY, ALABAMA (May 20, 2015) Jimmie Harp, District Attorney for the 16th Judicial Circuit, Etowah County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on May 14, 2015, Pelham, Alabama resident Derek Neal York, 30, formerly of Rainbow City, Alabama was arrested for alleged violations of the Alabama Securities Act. York turned himself in to Etowah County law enforcement officials based on an arrest warrant issued after a May, 2015 Etowah County Grand Jury returned a seven-count indictment. York was released on \$105,000 bond with arraignment scheduled for May 27, 2015.

The indictment charged York with one count each of Sale of Unregistered Securities, Sale of Securities by an Unregistered Agent, and Acting as an Unregistered Investment Adviser for Compensation. These securities charges are Class C felonies, punishable by from one year and one day to 10 years' imprisonment and a \$15,000 fine per charge, upon conviction. Additionally, the indictment charged York with three counts of Fraud in Connection with the Sale of Securities (making an untrue statement of material fact, omitting to state a material fact, and engaging in an act, practice or course of business which operates as a fraud or deceit); and Financial Exploitation of an Elderly Person in the First Degree. The fraud and exploitation charges are Class B felonies, carrying a punishment of from two to 20 years' incarceration and a \$30,000 fine per charge, upon conviction.

The indictment alleged that after his employment with a securities firm was terminated, York continued to offer and sell securities and also acted as an investment adviser, receiving compensation for advising individuals on securities purchases in violation of registration provisions of the Alabama Securities Act. Allegedly, York failed to disclose to investors that he had been terminated from a securities firm and was not properly registered to conduct securities business in Alabama. The indictment alleges that York converted approximately \$620,000 of an Alabama victim's money to be used for the promotion of a movie production company located in California, instead of investing the money according to the victim's wishes. York also allegedly sold securities valued at approximately \$312,000 to a Texas victim to be invested in a Canadian energy company and in York's Alabama business, the Messier Corporation. None of the investment offerings sold were registered as securities with the ASC, as required by law. It is also alleged that York received \$87,000 in commission payments from the victims' investment funds. These commission payments were not disclosed to the victims.

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

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(NOTE: An arrest or indictment is not evidence that the defendant committed the crime(s) charged. The defendant is presumed innocent until the government meets its burden of proving guilt beyond reasonable doubt in court).

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