

ALABAMA SECURITIES COMMISSION
Post Office Box 304700
Montgomery, Alabama 36130-4700
Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240
Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Judy Morehead Sentenced to 5 Years for Securities Scheme that Victimized an Elderly Woman

MONTGOMERY, ALABAMA (April 16, 2019) Judy Kay Morehead, 61, of Headland, Alabama, was sentenced to 5 years' incarceration for securities fraud, announced Patrick B. Jones III, District Attorney for the 20th Judicial Circuit, Henry County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission. The charges stem from a scheme in which Morehead solicited and accepted over \$300,000 from an act, practice, or course of business intended to defraud two victims of their investment funds.

Morehead's sentence was a result of a plea to one count of securities fraud, a Class B felony, on February 11, 2019, with remaining charges dismissed. Along with a sentence of 5 years' incarceration, Morehead is ordered to pay a fine of \$3,000, a victim compensation assessment of \$1,000, and restitution of \$250,000.

Between February 2012 through August 2015, Morehead founded and managed a company called Southern Investment Group, Inc., based in Henry County, Alabama. Through Southern Investment Group, Morehead advertised financial services. Morehead had a relationship with one of the victims, Hazel Luksa, 84, acting as Hazel's financial adviser and in that capacity she helped Hazel create a Revocable Trust. The trust was established to receive \$250,000 left to Hazel by her late sister, and which Hazel intended to leave to charity. Judy Morehead convinced Hazel to name Morehead's husband, Stan Morehead, as trustee of the trust and Judy Morehead named herself as the alternate trustee. Stan then moved to Florida to work, but Morehead continued to be Hazel's only contact. Over the course of a few months, Morehead stole the \$250,000 from the trust to pay Morehead's personal mortgage loans and debts. Furthermore, Morehead prepared, delivered and explained to Hazel fraudulent quarterly reports as to the nature of the investments made with trust money. Morehead falsely represented to Hazel that the money had been invested in arm's length commercial transactions and never told her it had been used to pay off Morehead's personal debts.

William and Kim Nichols also invested with Judy Morehead and believed they were investing with Morehead's family-owned company, Southern Investment Group, Inc., for the purpose of "flipping houses." In exchange for \$59,000, Southern Investment Group issued a promissory note that Judy Morehead stated she directed her son, Ben Morehead, to sign. Rather than investing the money in real estate, as represented by Judy Morehead, the money was used by Judy Morehead to pay personal expenses. Judy Morehead concealed her activities by paying the interest rates according to the note and ultimately repaid the note in full in accord with its terms and after the indictments were returned in this case.

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Joseph P. Borg, Director of the Alabama Securities Commission said, “This Commission will utilize every available resource to prosecute those who victimize the elderly in Alabama. A special thanks to the District Attorney’s Office of Patrick B. Jones III and Special Agent Charles Traywick of the Alabama Securities Commission for his contributions to the investigation of this case; and Deputy Attorney General Amanda W. Senn and Assistant Attorney General L. Michelle Ray for the successful prosecution of this case.”

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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