

Sunday Up to \$175 in savings – and \$1,351 this year.



AJC PERSONAL JOURNEYS, E1

'Are you out of your mind?'

A violent run-in with a son of a notorious klansman haunted a filmmaker for 40 years, so he reached out to his attacker and brought along his camera.

Mostly sunny
 High: 53, Low: 34
 10% chance of rain

Monday: Mostly sunny, 54/31
Tuesday: Mostly cloudy, 57/41
Wednesday: Mostly sunny, 60/40

Details on the back of Metro

FEB. 3, 2013

AJC.COM

Embassy bomber in Turkey had terror conviction

The suicide bomber who struck the U.S. Embassy in Ankara, Turkey, on Friday spent several years in prison on terrorism charges but was released on probation after being diagnosed with a hunger strike-related brain disorder, officials said Saturday. **A2**

Truth-O-Meter

The federal government owns 30 percent of the land in the 50 states, or about 650 million acres. – Georgia Tea Party Chairman J.D. Van Brink **B3**

NATION & WORLD

Alabama town grieves for bus driver

A community prepared to bury the beloved bus driver who was shot to death five days ago, the starting point of a standoff with the man accused of the killing. **A3**

» **Smoking gun?** The White House released a photo of President Obama to back his claim to be a skeet shooter. **A3**

BUSINESS

Skilled immigrants are highly desired

Each year the Department of Homeland Security issues thousands of H-1B visas to educated and skilled foreigners deemed crucial by U.S. companies. **D1**

METRO

Delays concern accused educators

18 months after a cheating scandal rocked Atlanta Public Schools, the district and the accused educators are caught in limbo between two investigating agencies. **B1**

» **New Falcons stadium:** With resistance from the public and hesitation among lawmakers, Mayor Kasim Reed has been spurred into action. **B1**

SPORTS

Super Bowl a long journey to the top

Today's Super Bowl is one of comebacks, of firsts and lasts, and – if San Francisco wins – the best. **C1**

The Atlanta Journal-Constitution

Credible. Compelling. Complete.

AJC INVESTIGATION FINANCIAL SAFETY

Georgia investors more vulnerable

Sparse funding hampers state's efforts to stop securities fraud.

By Lois Norder
 lnorder@ajc.com

Georgia is the home base of a rogues' gallery of fraudsters who have plundered hundreds of millions of dollars from investors in recent years. Some were trusted investment advisers lining their pockets at clients' expense. Others were posers touting unregistered securities.

They didn't have to worry much about the state poking into their books. An Atlanta Journal-Constitution investigation found that Georgia all but dismantled securities enforcement in 2010.

The secretary of state's securities investigators, once known for their success in putting swindlers behind bars, were merged into the staff investigating complaints about air-conditioner repairmen, barber shops, cemeteries and elections – and were cross-trained to handle it all.

The legal staff devoted to securities dwindled to a single attorney.

By 2011, the entire securities auditing staff was gone.

No one from the state took notice as an Atlanta investment adviser for years sold sham

Resources continued on A6

THE CONVICTED

Their prey were often elderly, or desperate. As the economy worsened, and Georgians looked for quick money, new schemes and schemers emerged. » **Inside:** The stories of the convicted and accused, **A6-7**



Frank Constantino
20-year sentence



Gregory Bartko
23-year sentence



Rufus Paul Harris
23-year sentence



Charles M. Vaughn
Eight-year sentence



Andrew S. Mackey
27-year sentence



Carlo Joseph
Probation

IN-DEPTH COVERAGE

In the past two years alone, investment fraud nationwide has led to losses of more than \$20 billion, and schemes are on the rise in Georgia and across the country, federal officials say. The Atlanta Journal-Constitution filed open records requests and reviewed dozens of court cases to assess securities fraud in Georgia and find out how the state protects investors.



Jere Morehead is the only finalist for the job as the next University of Georgia president.

UGA PRESIDENT

Finalist called a quiet leader

Colleagues say insider likes to collaborate.

Man likely to lead university to face uncertain finances.

By Laura Diamond
 ldiamond@ajc.com
 and Katie Leslie
 kleslie@ajc.com

The sole finalist to serve as the University of Georgia's next president doesn't bring with him the demonstrative personality of the man who currently leads the state's flagship institution.

Rather, those who know longtime UGA administrator Jere Morehead describe him as a quiet and brilliant academic with an unparalleled understanding of the university's inner workings.

While President Michael Adams has never been shy about ruffling feathers, friends describe Morehead differently. He's a collaborative type more likely to make thoughtful, nuanced changes to the institution as opposed to an overhaul.

And that – friends, colleagues and lawmakers said – is why he is the right person to lead UGA at this time. Morehead, they said, can navigate UGA through a period of financial uncertainty that threatens the trajectory of an institution consistently ranked among the top 25 public colleges in the nation.

UGA continued on A16

A GAME-CHANGING NIGHT

Ray Lewis' Atlanta legacy not so storied



NFL star Ray Lewis (center) pleads guilty in 2000 to a misdemeanor charge of obstruction of justice. KIMBERLY SMITH / AJC

NFL great's life, city's landscape changed in one night 13 years ago.

By Bill Torpy
 btorpy@ajc.com
 and Bill Rankin
 brankin@ajc.com

Ray Lewis ends his teeth-rattling career tonight in the Super Bowl in New Orleans,

one that will likely lead to the Pro Football Hall of Fame.

But that career nearly ended 13 years ago in a deadly knife fight, a fracas that left a bloody trail from a Buckhead street to inside Lewis' limousine and to his suite at the Georgian Terrace. Inside his room, Lewis – then a rising star for the Baltimore Ravens – put his head in his hands as he realized he would be linked to the deaths of two young

men. He wondered aloud if he'd played his last game.

Lewis says his involvement in the deadly brawl the night of Super Bowl XXXIV will not define him. But what happened in Atlanta in the early morning hours of Jan. 31, 2000, still haunts his legacy. The ugly incident also profoundly altered Atlanta's landscape.

Lewis continued on A14

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 Editorial A17
 Homefinder G1

Obits B10
 Puzzles E17
 TV Weekly F1
 The Vent B2

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Football Favorites

Prices effective thru Saturday, February 9, 2013

Totino's Party Pizza
 Select Varieties,
 9.8-10.9 oz
 or Pizza Rolls, 15 ct

Bud, Miller or Coors
 30 pk,
 12 oz Cans

Ruffles Potato Chips
 Select Varieties, 8.25-9.5 oz
 or Tostitos Cantina Tortilla Chips, 9-12 oz

10\$10
for
With Card

21⁹⁹
With Card

2\$5
for
With Card

From Page One

Securities auditing staff is gone

Resources

continued from A1

securities, costing a Lilburn couple their children's college savings. Under the nose of state regulators, a Buford man in 2010 operated an unregistered stock trading program. He ran a full-page newspaper ad and made mass mailings, promising guaranteed returns but diverted investor money for personal expenses, federal officials said.

Securities enforcement is now in a rebuilding mode, said Vincent Russo, who as general counsel for the Secretary of State oversees all of the office's various enforcement activities. The office rewrote securities rules. Two experienced securities attorneys were hired last year. Starting from scratch, securities now has four auditors, and they have begun routine examinations of investment adviser firms — with an immediate success. They flagged federal authorities last year after discovering an Atlanta investment firm had misappropriated \$600,000 in investor funds.

"I think the strides we've made in the course of the securities division have been relatively remarkable, considering the financial strain we're under," Secretary of State Brian Kemp said.

But the AJC examination found that sparse resources are still crippling securities enforcement at a time that investment scams are proliferating and the state's enforcement responsibilities have expanded.

Some jobs on the state securities staff are going unfilled because further budget cuts are anticipated; attorneys and investigators are stretched thin; and the office rarely seeks criminal charges or lawsuits to try to recover investors' money.

Kemp has sought more money for securities enforcement, and recently he warned legislators about the effects of previous budget cuts. Among them, he noted at a Jan. 22 budget hearing, "We were only able to examine 2 percent of the securities providers in the state of Georgia ... This is bad news."

So far, though, his appeals have failed to win the additional funding.

Critics say the bad guys know Georgia has let down its guard.

"Don't think that the scam people don't know it and the securities dealers don't know it," said Andrew Ekonomou, a former assistant commissioner of securities for Georgia and former assistant attorney general. "You can't conceal such an obvious vacuum in securities enforcement."

Atlanta investment fraud lawyer J. Boyd Page said Georgia is

Comparing securities enforcement

GEORGIA

2012 FISCAL YEAR

The secretary of state is designated as the securities commissioner

- **Enforcement powers:** can issue administrative sanctions; apply to superior court for civil sanctions; provide evidence to prosecutors for criminal proceedings
- **Total staff:** 12, including three attorneys, four examiners and four licensure analysts. Securities investigations are handled by a separate division that also handles other types of investigations for the Secretary of State's office.
- **Budget:** \$869,685 appropriated by state
- **Contributions to state general fund:** \$15.7 million
- **Restitution as a result of court orders:** about \$30,000
- **Audit schedule:** every four to five years for Georgia-based investment advisers
- **Administrative orders issued:** 31
- **Fines, assessment from administrative actions:** about \$670,000, plus \$4.6 million from multi-state auction rate securities cases
- **Criminal cases:** one conviction and three suspects referred for criminal prosecution.
- **Notable quote:** "Everyone knows tax revenues have been down. We've had to do a lot more with a lot less." — Jared Thomas, press secretary

Latest years for which complete data is available

ALABAMA

2011 FISCAL YEAR

Independent commission, which chooses its director

- **Enforcement powers:** full law enforcement authority
- **Total staff:** 50, including 6 attorneys in addition to the state securities commissioner; 12 investigators; 11 securities analysts
- **Expenses:** \$5.4 million, self-funded through license fees and fines
- **Contributions to state's general fund:** \$9.8 million
- **Restitution to victims as a result of court orders:** \$6.4 million, not including multi-state auction-rate securities settlements
- **Audit schedule:** at least every three years for investment advisers
- **Administrative orders issued:** 57
- **Fines, assessments:** \$1.9 million
- **Criminal cases:** 15 convictions and 26 arrests, with 43 other people awaiting grand jury action, arrest or trial
- **Notable quote:** "If you lie, you cheat, you steal, you go to jail." — Securities Director Joe Borg

at peril of becoming the "Barbary Coast for securities pirates."

"The risk of state enforcement is virtually nonexistent," he said.

Budget, cases drop

States are supposed to be the tripwire for fraudsters. With tight enforcement, states can fulfill two prime responsibilities.

States can spot and stop schemes involving unregistered stocks, bonds, notes or other securities before they spike to millions of dollars. They can also topple shady registered financial advisers who misappropriate client funds, mislead investors or earn fat commissions by putting the nest eggs of elderly clients into risky, long-term investments.

Quick action is the key to recovering any money for victims, said S. Gregory Hays of Hays Financial Consulting, a court-appointed receiver or bankruptcy trustee for some of the complex scams. "The longer a scheme goes on, the more money is at stake and the harder it is for a receiver to recover," he said.

At one time, up to the mid-1990s, Georgia was reputed to be among the nation's best at snagging the cheats. Former officials say the Secretary of State's Securities and Business Regulation Division had CPAs doing forensic accounting; analysts who could pore over suspect securities offerings; and a dozen investigators who bird-dogged securities cases.

"We had a good crew and put a lot of people in jail," said A. Duane Fry, who worked as an investigator for more than 20 years before retiring in 2006.

The focus, former employees said, was to recover mon-

GEORGIA SECURITIES SPENDING

Spending by the Secretary of State's security division plunged from fiscal 2008 to fiscal 2011, when the division was consolidated with the agency's professional licensing division in Macon.

2008	\$2,635,695
2009	\$1,738,626
2010	\$1,393,245
2011	\$567,733
2012	\$819,124
2013 (budget)	\$883,891

ey for investors — which usually requires a court order. Georgia law doesn't give the secretary of state the power to order restitution or file criminal charges or lawsuits; the office must go to the attorney general or federal agencies or persuade a district attorney to take a criminal case. Prosecutors were willing, Fry said, because the office was systematic in its investigations.

The staff began to dwindle in the late 1990s. Then many enforcement activities came to a halt when the securities division took the brunt of the new state budget cuts Kemp had to make in 2010.

State funds dedicated to securities dropped 18 percent in fiscal 2010 and nearly 30 percent more the next year. From 2008 to 2011, securities appropriations took a 75 percent dive — far more than any other division in the Secretary of State's Office, state records show.

No investment adviser audits were done in fiscal 2010. No criminal cases were announced.

In the past two years, the Attorney General's Office received no referrals for any security

fraud cases, said spokeswoman Lauren Kane. The securities division announced one criminal case in 2011 and was involved in two last year, although Russo said every case is reviewed for potential charges.

"If it looks like something of the magnitude that the criminal action needs to have some repercussion, we will try to get a district attorney to take the case ... or the state," he said. "But their plates are obviously very full."

Since 2009, the state's securities enforcement has largely consisted of issuing administrative orders with token fines. The office has stopped posting the orders online, but documents obtained through an open records request show that most involved investment advisers who let their registration lapse or brokerages that wanted to hire employees with a checkered history. The registration staff red-flagged those after checking an independent regulator's database.

Georgia also issued administrative orders involving brokerages that misled investors about long-term securities where interest rates are frequently reset through auctions. But those auction-rate securities investigations began before 2008, and since then Georgia more or less has just collected its share of the multi-state settlements.

As the state retreated, federal agencies did step in to pick off some Georgia investment fraudsters — mainly the multi-million-dollar ones where Washington focuses its resources. Other states also nabbed Georgia residents and firms illegally selling investments or hoodwinking their investors.

But the damage was done by the time those securities cops

caught up with them. Doctors, NFL players, Alzheimer's patients, businesses, charities and government agencies were out hundreds of millions of dollars. Among the victims was Elizabeth Daugherty, a Dunwoody widow who lost her life savings to convicted Ponzi schemer Robert P. Copeland, at the advice of James Stephen Quay, an ex-con and disbarred attorney who the federal Securities and Exchange Commission says bilked other elderly clients here. The agency told her there was no money left to recover.

"I saved and invested and my life is just a shambles," she said. "I'm 81 and one-half and I can't go back to work."

Investigation triggers

Many of those fraud schemes came to light after the recession struck in 2007 and 2008, as investors started asking for their money. "It's easy to find those about to collapse because people scream like stuck pigs when they don't get paid," said Atlanta attorney Alex Rue, who worked for the Securities and Exchange Commission for 22 years and now is in private practice.

Yet new schemes have proliferated as tough times have tempted more people, particularly the elderly, to pull money out of low-paying CDs and saving accounts, in hopes of higher returns, said Joe Borg, Alabama Securities Director.

Georgia doesn't seek out such schemes. Instead, with its sparse resources, it initiates almost all investigations in response to complaints — and fraud experts say many victims don't know to complain to the Secretary of State or say nothing because they are embarrassed about being fleeced.

The state won't necessarily act even if another state nails a Georgia resident or firm. Georgia depends on other states to send word, and then looks to see if there are complaints from Georgia investors, Russo said.

If there aren't any Georgia investors, he said, the office wouldn't necessarily pursue a case. "If there were Georgia investors, we would expect to have received complaints," he said.

That can give a pass to companies like Atlanta-based Wealth Builders International. Alabama went after founder Terry Harris of Birmingham, accusing him of swindling 1,700 people nationwide through a Ponzi scheme that began a decade or more ago. Convicted of six counts of fraud and two counts involving unregistered securities, in 2011 he was sentenced to 25 years in prison.

Georgia securities division did not pursue Wealth Builders.

Georgia doesn't even seek out investment fraudsters that may be hiding in plain sight.

Some are listed in the Secretary of State's records of Georgia corporations.

Resources continued on A7

Securities fraud cases and convictions

Georgians from ages 20 to 71, ministers and ex-cons, financial advisers and attorneys, a Harvard graduate and a college football star have been accused of investment schemes in recent years. They were touting investments in auto warranties, coal mines, hotel time-shares, TV and film projects, commodities, churches and foreign currency exchanges. Here are some of their stories:

THE CONVICTED



Charles Michael Vaughn of Ellijay

The ruse: Vaughn told investors they could earn 15 to 50 percent returns a year on a purported pooled investment fund for exchange-listed stocks, which he said was insured. Vaughn, who was not registered as a broker or investment adviser, misappropriated the money to finance his private companies and to pay earlier investors and his personal expenses.

The haul: At least \$8.8 million
Outcome: The Securities and Exchange Commission and federal prosecutors took action, and in February 2012, he was sentenced to eight years and four months in prison. Among his victims was a widow who had to return to work at age 69 to pay her bills. "It would have been better if he had stuck a gun in my face and made me give him the money..." she wrote to the court.



Rufus Paul Harris of Adairsville

The ruse: He and two other men pumped up the stock price of their Kennesaw-based Conversion Solutions Holding Corp. with false claims and exaggerated financial statements, including a claim that the company held millions in Venezuelan bonds. Then family members sold the stock at inflated prices.

The haul: Harris and co-defendants were ordered to pay \$44 million in restitution
Outcome: On trial for federal securities fraud counts in 2011, Harris fled and was later captured in Utah hiding in a utility closet. He was sentenced to 23 years in prison.



Gregory Bartko of Berkeley Lake

The ruse: Bartko, an Atlanta securities attorney and registered investment adviser, took part in a scheme involving fraudulent sales of investments. It targeted members of rural Baptist churches and drew in hundreds of investors.

The haul: More than \$3 million
Outcome: Convicted in 2010 in federal court in North Carolina on multiple fraud charges, Bartko was sentenced to 23 years in prison.



Frank Constantino of Marietta

The ruse: Acting as a financial and estate planner, Constantino convinced an elderly woman to give him more than \$2 million to invest in businesses in the country of Belize, telling her the investment was guaranteed. Then he took some of the money for personal use, including a reported \$20,000 collection of cuckoo clocks.

The haul: At least \$2.7 million
Outcome: In 2010 he was found guilty of racketeering and other crimes and was sentenced to 20 years in prison. The victim was trying to provide for her son, who has Down syndrome, and lost her life savings.



Andrew S. Mackey, Inger L. Jensen of New York

The ruse: Mackey, a former pimp, and his common law wife Jensen, who had a string of prostitution arrests, held themselves out as investment advisers through their A.S.M. Financial Funding Corp. They told investors that their money would be placed in confidential offshore business deals. But most of the money was used to pay make-believe profits to some early investors and to pay the couple's personal expenses.

The haul: About \$12 million
Outcome: After an FBI investigation, the two were convicted last July of federal wire and mail fraud charges. Jensen drew a 14-year sentence, while Mackey got 27 years. While they were ordered to pay \$6.6 million in restitution, authorities say the money was spent. More than 150 people were victimized, many of them in Georgia.

From Page One

Resources

continued from A6

With some exceptions, companies that manage money, trade securities or offer investment advice are required to register. But a quick check of the corporation lists reveals scores of unregistered firms with words like "wealth management" or "investment adviser" in their names. They include Perimeter Wealth Estate Services. As it turns out, its agent was Quay, whom the Dunwoody widow turned to for advice. Previously, Quay was involved in a Ponzi scheme in Colorado. In the Atlanta area, he solicited elderly people to attend estate planning seminars, enticing them with a free lunch. Then he bilked them, the SEC said in a lawsuit it settled earlier this year.

Alabama triggers an inquiry every time a new corporation files paperwork indicating it will advise investors or manage money. That scares off some of the charlatans, Borg said. "A lot of the time, they disappear off the radar screen," he said.

The Georgia securities staff also doesn't search out investment schemes promoted on the Internet, which is where fraudsters are turning these days. "Crooks are always on the latest thing," Hays said.

In Alabama, Borg periodically declares a "surf" day, and the staff explores the Internet for suspicious schemes.

Not Georgia.

"Our guys have plenty of cases to work," Russo notes. "If you have a known complaint, it's better than going on a fishing expedition."

Complaints often come with hard evidence, such as contracts and cancelled checks, Tom Zagorsky points out. He joined the staff in 2011 as senior enforcement attorney.

Skill, staff shortages

No doubt, the Georgia securities staff is stretched thin, and its workload increased when Congress, on the heels of the Madoff scandal, made states responsible for scouring records of registered investment advisers with up to \$100 million under management.

That led 300 additional firms to register in Georgia in 2012 — 60 of them Georgia-based. With the current staffing level, every Georgia-based firm will undergo a compliance examination every four to five years, Zagorsky said.

While the securities division added staff in the past year, critics wonder how thorough the watchdogs can be.

None of the four auditors are CPAs, as Borg said Alabama has. Nor are any certified fraud examiners, trained to analyze financial records and spot anomalies.

Job descriptions show the Georgia auditors, aside from the supervisor, are not required to hold a college degree. An investment adviser who spoke on the



Georgia Secretary of State Brian Kemp (left) and his general counsel, Vincent Russo, have overseen efforts to rewrite securities rules. "I think the strides we've made in the course of the securities division have been relatively remarkable," Kemp said. BITA HONARVAR BHONARVAR@AJC.COM

How to avoid fraud

- 1. Ask questions and check out the answers:** Make sure you understand the investment, the risk attached and the company's history.
- 2. Know the salesperson:** Check whether the salesperson is licensed and whether their firm has had any trouble with regulators.
- 3. Don't be rushed into investment decisions:** A fraudster does not want you to think too much about the investment because you might figure out the scam.
- 4. Be wary of unsolicited offers:** Be especially careful if you receive an unsolicited fax or email about a company, but can find no current financial information about it.
- 5. Never be afraid to complain:** If you suspect fraud, don't be embarrassed to contact regulators or the authorities.
- 6. Never judge a person's integrity by how he or she sounds:** Successful con artists know how to sound professional.

Source: The U.S. Securities and Exchange Commission

condition he not be identified said one of the pair of examiners who visited his firm this year was obviously a trainee. "The level of sophistication about financial matters was not at all high," he said.

The Secretary of State hired the four best securities auditors it could find for the money it offers, and they have attended training to sharpen their skills, said Press Secretary Jared Thomas. He pointed out that the auditors during a routine exam last year red-flagged Atlanta investment firm Lighthouse Financial Partners for misappropriating client funds, and the SEC then filed a lawsuit.

Backing the auditors is the legal staff, which can scrutinize records and other evidence both auditors and investigators gather, Zagorsky said. But those three attorneys have a lot else on their backs, including any reviews of the thousands of new securities registered in Georgia since 2010.

Licensure analysts register securities sold in Georgia, receiving the prospectus and other documents about the investment. They also handle the ap-

plications of individuals seeking to be investment advisers in the state. But three of the seven analyst positions are being held open.

"It's a matter of budget resources at the end of the day. You don't have the money to fill these positions," Russo said.

"Obviously, we would like to have more resources ...," Thomas said. "We are confident we are doing the very best we can for Georgia with the resources we have."

Regulation questions

That answer falls flat with critics, who question whether austerity drove the budget cuts.

Georgia could come up with the money to increase enforcement without burdening taxpayers, they say. One way would be to assess firms for the cost of examining them, as Ekonomou said he did when he worked for the securities division. The state could budget accordingly and hire examiners to check firms more regularly.

Increasing the budget to count on such revenue won't work, Thomas said. "State budgets are very complicated

things. That is not a standard budgeting practice for any public entity."

Critics also point out that the securities division is a big money-maker for the state, and Kemp recently made a similar point in the budget hearing.

The multimillion-dollar auction rate securities settlements combined with securities registration fees generated \$11.6 million in revenue in fiscal 2010. About \$1.4 million was parceled back for the securities staff.

The next year, revenues were about \$10.3 million, while the securities budget was cut nearly in half, to about \$737,000. It actually spent less than that: \$567,733, records show.

"Is it philosophical about letting business do what they want without regulation, or is it really a lack of money?..." asked Ekonomou, now of counsel with an Atlanta law firm and an assistant district attorney in Brunswick. "I think it is a philosophical aversion to the regulation and scrutiny of business."

"Even if it is austerity," Page said, "it is short-sighted and doesn't appreciate the big picture. If it is deliberate — that

Resources

- 1. The Securities and Exchange Commission:** 800-732-0330, www.sec.gov.
- 2. The Financial Industry Regulatory Authority (FINRA):** to obtain background information on a broker or brokerage firm, 800-289-9999, www.finra.org/Investors/ToolsCalculators/BrokerCheck.
- 3. The Georgia Secretary of State Office:** information and online complaints, www.sos.ga.gov/securities.

there is no place in Georgia for regulation — I think that is a much graver problem. I prefer to think the changes were made out of the failure to understand the need."

Kemp said he sought the additional funding to help deal with the security division's increased workload. But he doesn't see rejection of his requests as a reflection of anti-regulation fervor. "I don't think it is any sort of philosophy but a reflection of a lack of resources," he said.

Sometimes, however, legislators and other state officials don't understand the devastating impact of financial crimes, Borg said. The ripples are endless, he said. Victims may lose their homes. Families disintegrate as parents blame each other. Kids run into trouble. "It destroys families. It destroys hope. It destroys dreams," he said.

"White collar crime and street crime — the effects are the same," Borg said. "It's crime. One white collar criminal with 300 victims can destroy 300 families with one shot."

Securities fraud cases and convictions

THE CONVICTED



Carlo Joseph of Atlanta

The ruse: On its website, Carlo Joseph Investments says that it raises \$20 billion to \$2 trillion with its cash partners to fund such ventures as oil business deals, commercial real estate portfolios, private jets, private banks and TV stations. "All Carlo Joseph Investments business deals and business transactions are very profitable for all cash partners that partner with Carlo Joseph Investments financially," the site says. In California newspaper ads, the company touted a 100 percent investment return.

The haul: The only criminal conviction the Georgia securities division listed in 2012 resulted in a court order to pay \$30,000 restitution.

Outcome: In 2010, Nevada and California issued cease-and-desist orders against the firm and the related Waterworks Investments for offering unregistered securities. Georgia pursued a criminal case, and in October 2012 in Fulton County, he pleaded guilty to theft by taking and violating the Georgia Uniform Securities Act. Joseph was allowed to serve his sentences on probation, and the court said probation would be suspended after restitution was paid in full to the victim.

INDICTED



Aubrey Lee Price of Lowndes County

The allegation: Federal officials say Price was the mastermind of a plot to sell memberships in unregistered investment funds that purportedly would be kept in a custodial account at Goldman Sachs. After significant losses, Price and others moved the money without telling investors, including using it to buy a failing Georgia bank. To conceal his deception, Price created fictitious account statements for investors.

The haul: \$40 million

Outcome: In 2012, the SEC sued Price and his companies. But he disappeared after sending a confession to some investors. His family later received letters saying he planned to commit suicide, but investors believe he is in hiding and the FBI has on its most wanted list after his indictment for embezzling bank funds. After the Georgia securities division saw news accounts about the SEC allegations, in August it issued an administrative order revoking registration of Price and his Montgomery Asset Management.

SUED



Michael L. Rothenberg of Decatur

The allegation: In a civil action, the SEC in 2011 accused Rothenberg, an attorney, of telling investors they could participate in a secret and supposedly risk-free trading platform involving transactions among international banks, while their funds would remain safely in his trust account. Within days of getting money, though, the agency alleges that Rothenberg began transferring money to his election campaign.

The haul: At least \$800,000 in investor funds were misappropriated, the SEC alleged.

Outcome: The SEC in 2011 accepted Rothenberg's settlement offer suspending him from appearing or practicing before the commission as an attorney. He did not admit or deny the allegations. Rothenberg, a former judge in DeKalb County Recorder's Court, then ran in 2012 for a DeKalb Superior Court judgeship when a DeKalb grand jury charged him with six felony counts of theft stemming from \$440,000 collected by his company. Among the allegations are that he spent investor money at various restaurants, newspaper advertisements and a massage parlor. The case is pending.

SUED



Angelo A. Alleca of Atlanta

The allegation: His Summit Wealth Management was accused of misleading investors about where their money was going. To cover up substantial losses, the SEC alleged, he misappropriated client money and issued false statements to clients.

The haul: About \$17 million in investor losses

Outcome: The SEC filed a civil suit accusing him of fraud and in November 2012 agreed to his offer to settle the case without his admitting or denying the accusations. The settlement bars him from association with any broker, dealer or investment adviser and from participating in any penny stock offering. After the SEC action, Georgia revoked Alleca's registration.

SUED



Ephren W. Taylor II

The allegation: The SEC alleges he ran a Ponzi scheme that targeted church members, including those at New Birth Missionary Baptist Church in Lithonia. He and his shell companies got money in two ways, the agency alleges. Some investors were told their money would support small businesses. Other investors purchased so-called sweepstakes machines. The agency accuses him of secretly diverting hundreds of thousands of dollars for personal expenses and to fund his wife's singing career.

The haul: More than \$11 million

Outcome: The SEC civil case is pending against Taylor, who had been featured on national television programs as a self-made millionaire by age 16. A class-action lawsuit says that more than 1,000 investors may have been victimized by Taylor. "These are good, Christian, hard-working people who saved their whole lives," said attorney Cathy Lerman, who represents the victims. Taylor has never been criminally charged.

By Lois Norder, lnorder@ajc.com