

ALABAMA SECURITIES COMMISSION

770 WASHINGTON AVE, SUITE 570

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.state.al.us

FOR IMMEDIATE RELEASE

**Frank Ray Johnson and Milton Vaughn of Montgomery,
Alabama Arrested for Alleged Participation in a Prime Bank
Scheme**

MONTGOMERY, ALABAMA (February 2, 2005) Joseph P. Borg, Director, Alabama Securities Commission announced today the arrest of Frank Ray Johnson and Milton Vaughn, on January 27, 2005, both of Montgomery, Alabama for alleged participation in a Prime Bank Scheme. Johnson and Vaughn turned themselves in to the Montgomery County Sheriff's department and later released on \$50,000 bond each.

Both men were arrested as a result of an indictments returned by a Montgomery County Grand Jury that convened in January 2005. Alleged violations of the Alabama Securities Act include: 1 count for the offer of securities not registered in the state of Alabama; 1 count for acting as an agent without being registered to sell securities to investors in the state of Alabama; 26 counts for engaging in a scheme to obtain investors' money through a fraudulent offering of high yield offshore trading programs involving "world trading banks." The violation of each associated securities count is considered a Class C felony, punishable by one year and one day to 10 years in prison, and/or a fine of up to \$10,000.00, or any amount double the pecuniary gain to the defendant. It is further alleged that Johnson and Vaughn defrauded investors of approximately \$900,000.

In connection with this case, Carlos Fernandez Alfaro, alias, Carlos Fernandez from Costa Rica was arrested on December 29, 2004, by Deputies of the Montgomery County Sheriff Department. Three warrants were issued by Montgomery County District Court for the arrest of Carlos Fernandez for the offer of securities not registered in the state of Alabama; for acting as an agent without being registered to sell securities to investors in the state of Alabama; for engaging in a scheme to obtain investors' money through a fraudulent offering of high yield offshore trading programs involving "world trading banks."

Joseph Borg, Director of the Alabama Securities Commission said, "Our alliance and continued cooperation with law enforcement authorities like the Montgomery County District Attorney's office, Montgomery County Sheriff's Department, FBI, and other

Federal and State agencies will continue to have significant impact in protecting the citizens of Alabama from securities fraud.”

The Director of the Alabama Securities Commission (ASC) cautions potential investors to thoroughly check out any investment opportunity. Contact ASC for inquiries regarding securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities, to report suspected fraud, or obtain consumer information:

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If you have questions or require more information contact:

Daniel G. Lord

Education and Public Affairs Manager