

ALABAMA SECURITIES COMMISSION

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Talladega County, Alabama Man Indicted for Alleged Securities Fraud

MONTGOMERY, ALABAMA (April 21, 2016) Steven Giddens, District Attorney for the 29th Judicial Circuit, Talladega County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that on March 11, 2016, Jason Todd Caudle, of Sylacauga, Alabama was arrested for alleged violations of the Alabama Securities Act, based on an arrest warrant issued after the March 2016 Talladega County Grand Jury returned a five-count indictment. On the same day, Caudle posted a bond of \$25,000 and was released. Caudle then failed to appear for his arraignment on April 5, 2016 and a warrant was issued for his arrest. He was re-arrested and returned to the Talladega County Jail on April 19, 2016.

The indictment charges Caudle with one count of Sale of Unregistered Securities and one count of Sale of Securities by an Unregistered Agent; which are Class C felonies, carrying a range of punishment from one year and one day to 10 years' imprisonment and not more than a \$15,000 fine per charge, upon conviction. Additionally, the indictment charges Caudle with three counts of Fraud in Connection with the Sale of Securities for making misrepresentations or omissions of material fact to an investor; for engaging in an act, practice or course of business which operates as a fraud or deceit upon an investor; and for employing a device, scheme or artifice to defraud an investor. The fraud charges are Class B felonies, carrying a range of punishment from two to 20 years' imprisonment and not more than a \$30,000 fine per charge, upon conviction.

The indictment alleges that Caudle told two Alabama investors that he operated a business called Hard Rock Properties, LLC, through which Caudle owned, managed, and rented residential real estate in Alexander City, Alabama. Caudle solicited investments by offering investment contracts and/or ownership shares in Hard Rock Properties to the investors. Caudle obtained funds from the investors beginning in April 2011. After the initial investment, Caudle later secured further funds from the investors, by misrepresenting that funds were needed for underwriting fees and inspections, but no such expenses existed. The indictment alleges that Caudle did not in fact own the rental properties, and that Hard Rock Properties did not manage the properties. It further alleges that Caudle produced falsified and/or misleading documents to the investors to further the scheme, and that the investors' funds were used for personal expenses. Caudle was not registered with the ASC as a dealer or agent of securities in Alabama, nor were the investment contracts or shares he offered registered with the ASC as securities to be sold in Alabama, as required by the Alabama Securities Act.

The ASC cautions potential investors to thoroughly scrutinize and research any investment

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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 a reasonable doubt in court).

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