



# Department of Justice

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CONTACT: Clark Morris  
Telephone (334) 551-1755  
Fax (334) 223-7617

## **DOTHAN MAN INDICTED IN SECURITIES FRAUD SCHEME**

*Edward Lincoln Forehand Caused \$3 Million in Losses to 87 Investors*

*Montgomery, Alabama –*

Edward Lincoln Forehand, Age 68, of Dothan, Alabama, was indicted on charges of securities fraud, mail fraud, wire fraud, and money laundering, announced Sandra J. Stewart, First Assistant United States Attorney, and Joseph P. Borg, Director of the Alabama Securities Commission (ASC).

According to court records, between 2006 and November 2009, Forehand, used the business name "USA Marketing," to solicit investments from people, mainly in the Dothan, Alabama, Pensacola, Florida, and Panama City, Florida areas. Forehand told investors that he had a relationship with an individual (the "Associate"), who Forehand identified only as "an acquaintance of several years" and as a longtime family friend.

According to Forehand, Associate had a business, Elite Marketing ("Elite"), which had agreements with colleges and universities to sell them cookware, which the schools would in turn resell as a fundraiser. Elite required financing to purchase the cookware, but the profit margin on the cookware was so large that Elite could afford to pay extraordinarily high rates of returns to those who would provide the financing.

Prospective investors received these representations either directly from Forehand or indirectly from persons who had passed on what they had heard about investing in Elite. Forehand provided most investors with a document stating that the purpose of the investment was to invest in Elite, and promising an annual rate of return ranging from 175% to 325%.

Forehand failed to disclose to investors that fact that he was using investors' money for purposes other than investment and was only forwarding to Elite approximately 20% of the money that he was receiving from investors. In particular, during the period from 2006 to November 2009, Forehand received \$6.2 million from investors but only sent \$1,605,790 to Elite or to Associate. Forehand used the remaining funds either to repay previous investors or for Forehand's personal expenses, including cash, purchase of real estate, improvements to houses, repayment of personal loans, and other personal needs.

Forehand also failed to disclose that in August 2009, six checks from Elite to USA Marketing totaling \$600,000 bounced, that Elite never made good on the checks, and that from that point forward, Forehand stopped sending any investor money to Elite. Forehand also concealed Associate's true identity and the fact that Associate had two prior criminal convictions based on fraudulent conduct.

On November 10, 2009, Associate died, and neither Associate nor Elite had any significant assets. Subsequent to Associate's death, Forehand paid no further funds to investors, and 87 investors lost \$2,991,654 of the monies they had given to Forehand for the purpose of investing in Elite.

Each of the eight mail and wire fraud counts carries a statutory maximum sentence of 20 years imprisonment. Each of the four money laundering counts carries a maximum 10 year sentence, and each of the two securities fraud counts carries a maximum 5 year sentence. The indictment also seeks the forfeiture of real estate in Sevierville, Tennessee that was allegedly obtained as a result of the fraud.

Forehand had initial appearance today before United States Magistrate Judge Wallace Capel, who released Forehand on a \$25,000 bond. Arraignment is set in this case for September 26, 2012 at 9:30.

The case was investigated by Special Agents of the ASC and the FBI and by the Dothan Police Department. The case is being prosecuted by Assistant United States Attorneys Andrew O. Schiff and Tommie B. Hardwick and by Special Assistant United States Attorneys Steve P. Feaga and Gregory M. Biggs of the Alabama Securities Commission.