

DB12000P - Deutsche Bank Private Bank

6/15/2017

Batch Date:

Added to Monitoring: 06/15/2017

Organization: Southern Financial LLC

Address:

Tracking ID: KYC 1790655

Alerted Entity #: 1 of 4

Entity Information

Risk Priority: Critical

Entity ID: 65444359

Riskid: R22434574

Entity Name: Southern Financial Group Inc.

Address: Charleston, South Carolina, UNITED STATES•

• Columbia, South Carolina, UNITED STATES

Recent Event(s): SEC - SEC Violations (Insider Trading, Securities Fraud) /

CHG - Charged, 02/11/2008

Southern Financial Group was later shut down by the Securities and Exchange Commission after being

charged in 2002 with a \$25 million Ponzi scheme. The alleged fraud was unrelated to the Capstone

bonds., 02/11/2008, Investment News

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Country:VIRGIN ISLANDS, U.S.

Reporting ID:

Alert ID: 9476247.11602637.65444359

Alert

Alert Date:

6/15/2017

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Risk Priority: Critical

Country: VIRGIN ISLANDS, U.S.

Reporting ID:

Alert ID: 9476247.11602637.65444359

Event: SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT -
Disciplinary, Regulatory Action,
03/09/2005

The SEC's complaint alleged that Southern's books and financial records inaccurately reflected a cash balance in an account ranging from \$226,931.80 to \$240,006.80; Southern failed to promptly give notice to the SEC and others of the net capital deficiencies as required by law; and that, the reports filed by Southern were inaccurate in that they misrepresented Southern's cash position and failed to include certain liabilities., 03/09/2005, SEC Administrative Proceedings - 2005

•
SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT -
Disciplinary, Regulatory Action,
02/02/2005

The SEC's Complaint alleged that defendants Hunter, Southern Financial Group, Inc., Richard M. Wooten and Charles Dennis McKittrick raised at least \$25 million through a fraudulent scheme involving the sale of short-term notes on behalf of UC Properties LLC; that defendants operated these note offerings as a Ponzi scheme, using funds raised from current note offerings to pay principal and interest to investors in prior offerings, and that at least \$5 million was transferred to relief defendant Springdale Investments, Inc.; that Southern operated in violation of the net capital rule since at least October 2001, and that the firm's FOCUS reports and other books and records have been inaccurate since that time., 02/02/2005, SEC Litigation Releases - 2005

•
SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT -
Disciplinary, Regulatory Action,
12/22/2004

The SEC announced that US District Judge for the District of South Carolina, Charleston Division entered Final Judgments as to Defendants Southern Financial Group, Inc., Richard M.

Wooten, and Charles

Dennis McKittrick. The Complaint alleged that defendants McKittrick, Gerald F. Hunter, Jr., Southern and Wooten raised at least \$25 million through a fraudulent scheme involving the sale of short-term notes on behalf of UC Properties LLC; alleged that they operated these note offerings as a Ponzi scheme, using funds raised from current note offerings to pay principal and interest to investors in prior offerings, and that at least \$5 million was transferred to relief defendant Springdale Investments, Inc.; further alleged that Southern operated in violation of the net capital rule since at least October 2001, and that the firm's FOCUS reports and other books and records have been inaccurate since that time., 12/22/2004, SEC
Litigation Releases - 2004

•
SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT -
Disciplinary, Regulatory Action,
06/19/2002

The SEC announced that US District Judge for the District of South Carolina, Charleston Division entered orders of preliminary injunction and other relief as to defendants Southern Financial Group, Inc. and Richard M. Wooten. The complaint alleged that defendants Southern, Wooten, Charles Dennis McKittrick, and Gerald F. Hunter, Jr. raised at least \$25 million through a fraudulent scheme involving the sale of short-term notes on behalf of UC Properties LLC; alleged that they operated these note offerings as a Ponzi scheme, using funds raised from current note offerings to pay principal and interest to investors in prior offerings, and that at least \$5 million was transferred to relief defendant Springdale; further alleged that Southern operated in violation of the net capital rule since at least October 2001, and that the firm's FOCUS reports and other books and records have been inaccurate since that time., 06/19/2002, SEC
Litigation Releases - 2002

• SEC - SEC Violations (Insider Trading, Securities Fraud) / CHG - Charged,
02/11/2008

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Country: VIRGIN ISLANDS, U.S.

Reporting ID:

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charged in 2002 with a \$25 million Ponzi scheme. The alleged fraud was unrelated to the Capstone

bonds., 02/11/2008, Investment News

Alert Notes

Notes: Southern Financial Group Inc. , was charged with securities fraud .

Source Information

RDC URL: [https://grid.rdc.com/wss/entity.html?-entityId=3012122812fb8b125d3f3d53eb346cc4](https://grid.rdc.com/wss/entity.html?entityId=3012122812fb8b125d3f3d53eb346cc4)

Source Name: RiskConnect, 06/14/2017

Entity URL: <http://www.sec.gov/litigation/litreleases/lr19009.htm>

• <http://www.sec.gov/litigation/litreleases/lr19060.htm>

• <http://www.sec.gov/litigation/admin/34-50966.htm>

• <http://www.sec.gov/litigation/admin/34-51207.htm>

• <http://www.sec.gov/litigation/admin/34-51349.htm>

• <http://www.sec.gov/litigation/litreleases/lr17574.htm>

• <http://www.sec.gov/litigation/litreleases/lr17569.htm>

• <http://www.sec.gov/litigation/litreleases/lr17535.htm>

Sources: •

Investment News, MEDIA Article, Headline: FINRA board member's firm embroiled in muni fraud case; Jury

awards plaintiff \$1.2 million,

[http://global.factiva.com/en/du/article.asp?-NAPC=S&AccessionNo=INVN000020080215e42b00009](http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=INVN000020080215e42b00009)

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SEC Litigation Releases - 2004, SEC Litigation Releases - 2004,

<http://www.sec.gov/litigation/litreleases/litrelarchive/litarchive2004.shtml>

SEC Litigation Releases - 2005, SEC Litigation Releases - 2005,

<http://www.sec.gov/litigation/litreleases/litrelarchive/litarchive2005.shtml>

SEC Administrative Proceedings - 2005, SEC Administrative Proceedings - 2005,

<http://www.sec.gov/litigation/admin/adminarchive/adminarc2005.shtml>

SEC Litigation Releases - 2002, SEC Litigation Releases - 2002,

<http://www.sec.gov/litigation/litreleases/litrelarchive/litarchive2002.shtml>

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6/15/2017

Batch Date:

Added to Monitoring: 06/15/2017

Organization: Southern Financial LLC

Address:

Tracking ID: KYC 1790655

Alerted Entity #: 2 of 4

Entity Information

Risk Priority: Critical

Entity ID: 65374193

Riskid: R2601172

Entity Name: Southern Financial Group

Alias: SFG

Recent Event(s): SEC - SEC Violations (Insider Trading, Securities Fraud) /

ACT - Disciplinary, Regulatory Action,

04/29/2008

Address: Greensboro, North Carolina, UNITED STATES

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The SEC announced that the USDC for the Middle District of North Carolina entered final judgments against defendants Elfindepan, S.A., Strategic Asset Funds, S.A., and Southern Financial Group for their roles in a high-yield investment scheme. Elfindepan, a defunct Costa Rican company, SAF, a defunct Panamanian company, and SFG, a de facto trust, were controlled by defendant Tracy Dunlap. The Commission alleging that Elfindepan, SFG, SAF, and others defrauded investors nationwide of approximately \$30 million in connection with a high-yield investment scheme involving the unregistered offer and sale of Securities of Elfindepan, a purported Costa Rican financial company; alleges that Elfindepan made numerous materially false and misleading statements including promising investors that their investments were secure and would yield returns of as much as 40% to 50% per month., 04/29/2008, SEC Litigation Releases - 2008 Country:VIRGIN ISLANDS, U.S.

Reporting ID:

Alert ID: 9476247.11602637.65374193

Alert

Alert Date:

6/15/2017

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6/15/2017

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Organization: Southern Financial LLC

Address:

Tracking ID: KYC 1790655

Alerted Entity #: 2 of 4

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Risk Priority: Critical

Country: VIRGIN ISLANDS, U.S.

Reporting ID:

Alert ID: 9476247.11602637.65374193

Event: SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT -
Disciplinary, Regulatory Action,
04/29/2008

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SEC Litigation Releases - 2008

•
SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT -
Disciplinary, Regulatory Action,
09/12/2002

The Court in this case adjudged defendants Elfindepan, Southern Financial Group, and Tracy Calvin Dunlap, Jr., to be in contempt of court and ordered Dunlap incarcerated based on their refusal to obey court orders requiring them to produce documents and account for and repatriate investor funds.,
09/12/2002, SEC Litigation Releases - 2002

•
SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT -
Disciplinary, Regulatory Action,
04/26/2001

On March 15, 2001, the U.S. District Court for the Middle District of North

Carolina adjudged Elfindepan, S.A., Southern Financial Group and Tracy Calvin Dunlap, Jr. to be in civil contempt of court based on their refusal to obey court orders requiring them to produce documents, and account for and repatriate investor funds, related to their allegedly fraudulent investment schemes. They refused to comply as ordered based on their assertion of Dunlap's personal Fifth Amendment privilege against self-incrimination., 04/26/2001, SEC Litigation Releases - 2001

•
SEC - SEC Violations (Insider Trading, Securities Fraud) / ACT - Disciplinary, Regulatory Action, 08/10/2000

The SEC filed a fraud case in the United States District Court for the Middle District of North Carolina against Elfindepan, S.A., Southern Financial Group, Tracy Calvin Dunlap, Jr. and Barry Lowe. The SEC complaint alleges that, the defendants defrauded investors nationwide in an apparent Ponzi or pyramid scheme in connection with the unregistered offer and sale of the securities of Elfindepan, alleges that in connection with these offerings, defendants knowingly and recklessly made, and caused others to make, numerous materially false and misleading statements to investors, defendants promised investors highly favorable returns on investments, without any reasonable basis for such claims, and falsely stated that the investments were secure, including false claims that Elfindepan investments were associated with the International Monetary Fund and the World Bank and also alleges that defendants knowingly or recklessly failed to disclose certain material facts to investors regarding Elfindepan., 08/10/2000, SEC Litigation Releases - 2000

Alert Notes

Notes: Southern Financial Group was charged with securities fraud .

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6/15/2017

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Organization: Southern Financial LLC

Address:

Tracking ID: KYC 1790655

Alerted Entity #: 2 of 4

Source Information

Risk Priority: Critical

Country: VIRGIN ISLANDS, U.S.

Reporting ID:

Alert ID: 9476247.11602637.65374193

RDC URL: [https://grid.rdc.com/wss/entity.html?-](https://grid.rdc.com/wss/entity.html?entityId=3dcbf500405acc025d3f3d53eb346cc4)

[entityId=3dcbf500405acc025d3f3d53eb346cc4](https://grid.rdc.com/wss/entity.html?entityId=3dcbf500405acc025d3f3d53eb346cc4)

Source Name: RiskConnect, 06/14/2017

Entity URL: <http://www.sec.gov/litigation/litreleases/lr17723.htm>•

- <http://www.sec.gov/litigation/litreleases/2008/lr20543.htm>

- <http://www.sec.gov/litigation/litreleases/lr16977.htm>

- <http://www.sec.gov/litigation/litreleases/lr16649.htm>

- <http://www.sec.gov/litigation/litreleases/lr16892.htm>

Sources: •

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SEC Litigation Releases - 2002, SEC Litigation Releases - 2002,

<http://www.sec.gov/litigation/litreleases/litrelarchive/litarchive2002.shtml>

SEC Litigation Releases - 2008, SEC Litigation Releases - 2008,

<http://www.sec.gov/litigation/litreleases/litrelarchive/litarchive2008.shtml>

SEC Litigation Releases - 2001, SEC Litigation Releases - 2001,

<http://www.sec.gov/litigation/litreleases/litrelarchive/litarchive2001.shtml>

SEC Litigation Releases - 2000, SEC Litigation Releases - 2000,

<http://www.sec.gov/litigation/litreleases/litrelarchive/litarchive2000.shtml>

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DB12000P - Deutsche Bank Private Bank

6/15/2017

Batch Date:

Added to Monitoring: 06/15/2017

Organization: Southern Financial LLC

Address:

Tracking ID: KYC 1790655

Alerted Entity #: 3 of 4

Entity Information

Risk Priority: Critical

Entity ID: 64747171

Riskid: R22436125

Entity Name: Southern Financial Services

Alias: Southern Financial Services Inc.

Recent Event(s): FRD - Fraud, Scams, Swindles / ASC - Associated with, Seen with, 02/04/2011

U.S. Attorney Anne M. Tompkins announced that, James W. "Bill" Bailey, Jr. had his initial appearance on three federal criminal counts, Securities Fraud, Mail Fraud and Filing False Tax Returns Charges, which was filed in a Bill of Information in U.S. District Court in Asheville on February 1, 2010. The counts against Bailey charge that he engaged in a "Ponzi" scheme from about January 2000 to December 2010 to defraud investors of more than \$13 million. According to the Bill of Information, the defendant founded and operated Southern Financial Services Inc, 1031 Exchange Services, LLC and AVL Properties, LLC in Asheville. Court documents state that through Southern Financial Services Inc., Bailey fraudulently induced clients to deposit monies and purported to provide asset management, IRA accounts, and wills and trusts services., 02/04/2011, DOJ US Attorneys Offices Press Releases 2009 to 2012

Address: Asheville, North Carolina, UNITED STATES

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SEC - SEC Violations (Insider Trading, Securities Fraud) / ASC - Associated with, Seen with, 02/04/2011

U.S. Attorney Anne M. Tompkins announced that, James W. "Bill" Bailey, Jr. had his initial appearance on three federal criminal counts, Securities Fraud, Mail Fraud and Filing False Tax Returns Charges, which was filed in a Bill of Information in U.S. District Court in Asheville on February 1, 2010. The counts against Bailey charge that he engaged in a "Ponzi" scheme from about January 2000 to December 2010 to defraud investors of more than \$13 million. According to the Bill of Information, the defendant founded and operated Southern Financial Services Inc, 1031 Exchange Services, LLC and AVL Properties, LLC in

Asheville. Court documents state that through Southern Financial Services Inc., Bailey fraudulently induced clients to deposit monies and purported to provide asset management, IRA accounts, and wills and trusts services., 02/04/2011, DOJ US Attorneys Offices Press Releases 2009 to 2012

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TAX - Tax Related Offenses / ASC - Associated with, Seen with, 02/04/2011 U.S. Attorney Anne M. Tompkins announced that, James W. "Bill" Bailey, Jr. had his initial appearance on three federal criminal counts, Securities Fraud, Mail Fraud and Filing False Tax Returns Charges, which was filed in a Bill of Information in U.S. District Court in Asheville on February 1, 2010. The counts against Bailey charge that he engaged in a "Ponzi" scheme from about January 2000 to December 2010 to defraud investors of more than \$13 million. According to the Bill of Information, the defendant founded and operated Southern Financial Services Inc, 1031 Exchange Services, LLC and AVL Properties, LLC in Asheville. Court documents state that through Southern Financial Services Inc., Bailey fraudulently induced clients to deposit monies and purported to provide asset management, IRA accounts, and wills and trusts services., 02/04/2011, DOJ US Attorneys Offices Press Releases 2009 to 2012

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Organization: Southern Financial LLC

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Risk Priority: Critical

Country: VIRGIN ISLANDS, U.S.

Reporting ID:

Alert ID: 9476247.11602637.64747171

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IRA accounts, and wills
and trusts services., 02/04/2011, DOJ US Attorneys Offices Press Releases
2009 to 2012

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Bailey charge that he engaged in a "Ponzi" scheme from about January 2000 to
December 2010 to
defraud investors of more than \$13 million. According to the Bill of
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Asheville. Court documents state that through Southern Financial Services
Inc., Bailey fraudulently
induced clients to deposit monies and purported to provide asset management,
IRA accounts, and wills
and trusts services., 02/04/2011, DOJ US Attorneys Offices Press Releases
2009 to 2012

Alert Notes

Notes: Southern Financial Services, aka Southern Financial Services Inc.,
for fraudulently inducing clients to
deposit monies and purported to provide asset management, IRA accounts, and
wills and trusts services.

Source Information

RDC URL: [https://grid.rdc.com/wss/entity.html?-
entityId=c9fe552c3e68e6325d3f3d53eb346cc4](https://grid.rdc.com/wss/entity.html?entityId=c9fe552c3e68e6325d3f3d53eb346cc4)

Source Name: RiskConnect, 06/14/2017

Entity URL: <http://www.justice.gov/usao/ncw/press/billbailey.html>

Sources: DOJ US Attorneys Offices Press Releases 2009 to 2012, DOJ US
Attorneys Offices Press Releases 2009 to
2012, <http://www.justice.gov/usao/offices/index.html>

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Added to Monitoring: 06/15/2017

Organization: Southern Financial LLC

Address:

Tracking ID: KYC 1790655

Alerted Entity #: 4 of 4

Entity Information

Risk Priority: Critical

Entity ID: 63653446

Riskid: R22433111

Entity Name: Southern Financial Group Inc.

Address: Summerville

Recent Event(s): SEC - SEC Violations (Insider Trading, Securities Fraud) /

ACC - Accuse, 12/15/2008

accused of running a so-called Ponzi scheme by soliciting cash from new investors to pay off redemptions

to earlier investors, 12/15/2008, The Post and Courier (MCT)

•
Event: SEC - SEC Violations (Insider Trading, Securities Fraud) / ACC - Accuse, 12/15/2008

accused of running a so-called Ponzi scheme by soliciting cash from new investors to pay off redemptions

to earlier investors, 12/15/2008, The Post and Courier (MCT)

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Alert Notes

Notes: Southern Financial Group Inc., was accused of running a so-called Ponzi scheme by soliciting cash from new investors to pay off redemptions to earlier investors.

Source Information

RDC URL: <https://grid.rdc.com/wss/entity.html?entityId=cd06df1e138aac735d3f3d53eb346cc4>

Source Name: RiskConnect, 06/14/2017

Sources: The Post and Courier (MCT), MEDIA Article,Headline:The Post and Courier, Charleston, S.C., On Business

column, <http://global.factiva.com/en/du/article.asp?NAPC=S&AccessionNo=KRTCNO0020081216e4cf00001>

NAPC=S&AccessionNo=KRTCNO0020081216e4cf00001

Country:VIRGIN ISLANDS, U.S.

Reporting ID:

Alert ID: 9476247.11602637.63653446

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