

NEWS

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Basking Ridge Stockbroker Admits Defrauding an Investor

(More)

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CAMDEN – A former stockbroker from Basking Ridge pleaded guilty today to defrauding an investor by misusing the investor's investment funds and sending the investor a fake account statement, U.S. Attorney Paul J. Fishman announced.

James Patten, 50, who the Financial Industry Regulatory Authority, Inc. ("FINRA"), barred from association with any FINRA member in July 2006, pleaded guilty before U.S. District Court Judge Renee M. Bumb to a one-count criminal Information charging him with mail fraud. Judge Bumb continued Patten's release on a \$100,000 bond pending sentencing, which is scheduled for May 10.

According to the Information, Patten worked as a stockbroker with offices in Mendham and Bedminster from 2000 to 2006. In 2004, a client gave Patten approximately \$538,000 to invest on her behalf, specifically instructing Patten to invest that amount in conservative investments, such as Treasury bills. Rather than invest the entire amount, however, Patten admitted that he used about half of the \$538,000 to cover a series of bad investments that he previously made in the investor's accounts. Thereafter, Patten then sent the investor an account statement showing that he had invested several hundred thousand dollars of the investor's money in a municipal fund as directed. Patten admitted, however, that the account statement was fake and that he created it to conceal from the investor how he had used her money.

The charge of mail fraud carries a maximum penalty of 20 years in prison and a fine of \$250,000 or twice the aggregate loss to the victims or gain to Patten.

In determining an actual sentence, Judge Bumb will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Fishman credited Special Agents of the Federal Bureau of Investigation, under the direction of Acting Special Agent in Charge Kevin B. Cruise, in Newark, with the investigation that resulted in today's plea. Fishman also thanked the U.S. Securities and Exchange Commission's New York Regional Office, under the direction of George S. Cannellos, for their assistance in the investigation.

The case is being prosecuted by Assistant U.S. Attorneys Justin W. Arnold and Christopher J. Kelly of the U.S. Attorney's Criminal Division in Newark.

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Defense Counsel: Michael Sullivan, Esq.