2010R00082/jwa

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
	:	Crim. No. 11-
	:	
v.	:	15 U.S.C. §§ 78j(b) and
	:	78ff; 17 C.F.R. § 240.10b-5
	:	18 U.S.C. § 1957
SANDRA VENETIS	:	18 U.S.C. § 2

INFORMATION

COUNT ONE
(Securities Fraud)

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:

a. Defendant SANDRA VENETIS was a resident of Whitehouse Station, New Jersey, and the sole owner of Systematic Financial Associates, Inc. and Systematic Financial Services, Inc. Defendant SANDRA VENETIS held Series 6 and 7 securities licenses and was a certified financial planner and chartered financial consultant.

b. Systematic Financial Associates, Inc. was a New Jersey corporation operated by defendant SANDRA VENETIS with offices in Branchburg, New Jersey. From in or about 2007 through on or about September 29, 2010, Systematic Financial Associates

was an investment adviser registered with the U.S. Securities and Exchange Commission. As of in or about August 2010, Systematic Financial Associates had approximately 1,000 advisory clients and approximately $60 million in assets under management.

c. Systematic Financial Services, Inc. was a New Jersey corporation with offices in Branchburg, New Jersey. Defendant SANDRA VENETIS created and Systematic Financial Services solely for the purpose of operating her fraudulent scheme.

The Scheme to Defraud

2. From in or around 1997 through in or about August 2010, in the District of New Jersey, and elsewhere, defendant

SANDRA VENETIS

by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, knowingly and willfully used manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5 (Rule "10b-5") in connection with the purchase and sale of securities by (i) employing devices, schemes, and artifices to defraud members of the investing public; (ii) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

(iii) engaging in acts, practices, and a course of business which operated and would operate as a fraud and deceit upon investors, in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240-10b-5.

Object

3. It was the object of the scheme to defraud for defendant SANDRA VENETIS to fraudulently obtain millions of dollars from approximately 127 investors by falsely claiming that the money was going to be used in an investment program to fund loans to doctors to finance medical receivables, medical malpractice insurance premiums, and quarterly pension plans when, in fact, there was no investment program at all and defendant SANDRA VENETIS fraudulently used investor funds to pay operating expenses of other businesses, to pay early investors in order to further the fraud, and for her personal benefit.

Means and Methods of the Scheme

4. In or about 1997, defendant SANDRA VENETIS began soliciting clients to invest in an alternative investment program which defendant SANDRA VENETIS allegedly ran outside the investment advisory accounts at Systematic Financial Associates.

5. When soliciting investments in the alternative investment program, defendant SANDRA VENETIS falsely represented to prospective investors, among other things:

(a) that she would use the investors' monies to fund loans to doctors purportedly to finance medical receivables, medical malpractice insurance premiums, and quarterly pension plans;

(b) that she would use the investors' monies to buy Medicare "bonds" or that the money was otherwise backed by Medicare;

(c) that the investments were insured by the Federal Deposit Insurance Corporation;

(d) that the investments were personally guaranteed by defendant SANDRA VENETIS;

(e) that the returns on the investments were tax-free.

6. In most instances, defendant SANDRA VENETIS provided investors with promissory notes or amortization schedules which reflected the amount and length of their investment (generally one year). The interest defendant SANDRA VENETIS promised ranged from 6 percent to 11 percent on an annual basis.

7. On certain occasions, defendant SANDRA VENETIS provided investors with a promissory note which was purportedly signed by a doctor to whom defendant SANDRA VENETIS had purportedly provided investor funds as part of the alternative investment program.

8. At times, defendant SANDRA VENETIS directed clients of Systematic Financial Associates to sell securities in their

advisory accounts to participate in the alternative investment program.

9. Based on defendant SANDRA VENETIS's fraudulent representations, investors sent defendant SANDRA VENETIS over $13.6 million from approximately 127 investors in New Jersey and elsewhere.

Materially False and Misleading Statements

10. Contrary to defendant SANDRA VENETIS's verbal and written representations, defendant SANDRA VENETIS did not operate any legitimate investment program outside of the Systematic Financial Associates advisory business.

11. In fact, defendant SANDRA VENETIS never transferred any investor money to any doctors as part of an alternative investment program. In order to further the fraud and conceal her fraudulent conduct, defendant SANDRA VENETIS either created a fictitious doctor or forged signatures of legitimate doctors on the promissory notes defendant SANDRA VENETIS provided to investors.

12. Instead of using investor funds as promised, defendant SANDRA VENETIS used investor money to pay the operating expenses of Systematic Financial Associates, and, in order to perpetuate the fraudulent scheme, defendant SANDRA VENETIS used new investor money to make principal and interest payments to existing investors.

Misappropriation of Investor Funds

13. During the fraudulent scheme, defendant SANDRA VENETIS misappropriated investor funds for her personal use, using a portion of the investor money to pay for, among other things:

(a) her gambling expenses in Las Vegas, Nevada, and elsewhere;

(b) trips to Alaska, Italy, France, India, and the Carribean, among other places;

(c) the monthly mortgage and property taxes on her residence;

(d) the purchase of a home for a relative; and

(e) home improvements for another individual.

In violation of Title 15, United States Code, Sections 78j(b) and 78ff(a); Title 17, Code of Federal Regulations, Section 240-10b-5; and Title 18, United States Code, Section 2.

COUNT TWO
(Transacting in Criminal Property)

1. Paragraphs 1 and 3 through 13 of Count One of this Information are realleged as if set forth in full herein.

2. On or about the dates set forth below, in the District of New Jersey and elsewhere, defendant

SANDRA VENETIS

knowingly engaged and attempted to engage in the following monetary transaction affecting interstate commerce in criminally derived property of a value greater than $10,000, such property having been derived from specified unlawful activity, that is securities fraud and wire fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), Title 17, Code of Federal Regulations, Section 240-10b-5, namely, on or about October 13, 2009, she deposited or caused to be deposited a $20,000 check written payable to Marriott International Travel drawn on Systematic Financial's New Jersey bank account in a bank account in Pittsburgh, Pennslyvania.

In violation of Title 18, United States Code, Section 1957 and Section 2.

PAUL J. FISHMAN
UNITED STATES ATTORNEY

CASE NUMBER: 11-

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

SANDRA VENETIS

INFORMATION FOR VIOLATIONS OF 15 U.S.C. §§ 78j(b) and 78ff and 17 C.F.R. § 240.10b-5, 18 U.S.C. § 1957, and 18 U.S.C. § 2.

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