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West New York Man Gets 150 Months in Prison for $2 Million Investment Fraud

(More)

NEWARK – The former owner of Maximus Financial Group, an investment firm operating out of Bayonne, was sentenced to 150 months in federal prison yesterday for his conviction for running a scheme to defraud over 70 victims of approximately $2 million, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

U.S. District Judge Joseph A. Greenaway, Jr., who presided over the three-week trial, also ordered Raphael Romero, 39, of West New York, to pay over $1.8 million in restitution to the victims of the scheme and to serve three years of supervised release upon the completion of his prison term.

At sentencing, Assistant U.S. Attorney Stacey A. Levine asked the court to depart upward from the recommended U.S. Sentencing Guideline range based upon the psychological harm that the defendant caused his victims and on the defendant's knowing endangerment of his victims' solvency. Levine argued that the money lost by the victims in the case represented their life savings, retirement funds and, in some cases, funds taken out on credit-lines which the defendant had urged the victims to do so they could further invest with him..

Noting the "far reaching and devastating effects" of the defendant's crime on the victims and hearing the "victims' pleas for some measure of justice," Judge Greenaway departed upward from the advisory Sentencing Guideline range in imposing sentence.

On July 11, 2008, after deliberating approximately one hour, a federal jury convicted Romero on all 11 counts of mail and wire fraud. The defendant has been in custody since his arrest on a related state case in June 2006.

Romero was convicted for his role in the investment fraud scheme in which he defrauded unsuspecting victims of approximately $2 million between 1998 and 2006. Trial testimony revealed that Romero convinced the investors to invest money with his company, Maximus Financial, and then used the vast majority of that money for his personal benefit. At trial, the government demonstrated that Romero had actually invested only approximately 25 percent of the money with which he was entrusted, and that he spent the remainder on personal expenses, such as restaurants, clubs, fancy vacations and cash withdrawals. The 25 percent he did invest he lost, according to evidence produced at trial.

In total, Romero solicited more than $2 million from his victims. In convicting Romero, the jury found that Romero had lied to the investors by telling them that all of their money would be invested in the stock market, and that their investments, as well as substantial rates of return, were guaranteed. In reality, Romero invested only a small portion of investor money in the stock market and used the rest for himself.

"Romero's actions were heartless and greed-driven with no thought or concern for the financial devastation he created for his victims," said Marra. "The lengthy sentence won't put money back into the accounts of the victims, but it is an appropriate penalty for this defendant and reflects the severity of his crimes.”

“We commend the judge for his upward departure from the sentencing guidelines," said FBI Special Agent In Charge Weysan Dun. “Romero intentionally preyed upon members of the immigrant community – people who were trying to make a start in this country and live the American dream. Because of Romero, people’s savings were wiped out and some victims were bankrupted. We can at least take comfort in the fact that he will be removed from society for a significant period of time where he can't hurt anyone anymore.”

According to testimony and evidence, Romero depleted many of his victims’ life savings and encouraged them to take out cash advances, home equity loans and to liquidate their IRAs, which many of them did.

In promotional materials to investors, Romero claimed that his year-to-date investment performance for 2003 and 2004 was 101 percent and 75 percent, respectively. An expert from the Securities and Exchange Commission testified that, in reality, the defendant’s brokerage records showed that his investments performed at negative 99 percent for both years.

Special Agents of the FBI and U.S. Postal Inspection Service began investigating the defendant and his investment firm in 2007. The grand jury returned a Superseding Indictment on March 19, 2008, charging the defendant with mail and wire fraud in connection with his investment scheme. The case, which began with opening arguments on June 25, 2008, was tried by Assistant U.S. Attorneys Stacey A. Levine and Christopher Kelly.

Marra credit Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, in Newark; and U.S. Postal Inspectors, under the direction of Postal Inspector in Charge David L. Collins, for the successful investigation.

The government was represented by Assistant U.S. Attorney Stacey A. Levine of the U.S. Attorney’s Office Securities & Healthcare Fraud Unit in Newark.

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Defense Counsel: James Patton, Esq., Livingston