

SEP 09 2010

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

CLAIRE C. CECCHI, U.S.M.J.

UNITED STATES OF AMERICA : CRIMINAL COMPLAINT  
 :  
 v. :  
 :  
 SANDRA VENETIS : Case No.: 10-4141  
 :

I, Joel DeCapua, being duly sworn, state the following is true and correct to the best of my knowledge and belief. From in or about 1997 through on or about August 13, 2010, in the District of New Jersey and elsewhere, the defendant SANDRA VENETIS did:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.

Joel DeCapua, Special Agent  
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

September 9, 2010 at  
Date

Newark, New Jersey  
City and State

HONORABLE CLAIRE C. CECCHI  
United States Magistrate Judge  
Name & Title of Judicial  
Officer

*Claire C. Cecchi*  
Signature of Judicial Officer

ATTACHMENT A

Knowingly and willfully, by use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly, in connection with the purchase and sale of securities, use and employ manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) 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 (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons,

In violation of Title 15, United States Code, Sections 78j(b) & 78ff, Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2.

## ATTACHMENT B

I, Joel DeCapua, have been a Special Agent of the Federal Bureau of Investigation ("FBI") for approximately one year, and I have been personally involved in the investigation of this matter. The information contained in this Complaint is based upon my personal knowledge, as well as information obtained from other sources, including: a) statements made or reported by various witnesses with knowledge of relevant facts; b) my review of publicly available information relating to SANDRA VENETIS, the defendant; and c) documents obtained from witnesses and the offices of Systematic Financial Services, Inc. and Systematic Financial Associates, Inc., SANDRA VENETIS's companies. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include every fact that I have learned during the course of the investigation. Where the content of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

### Introduction

1. From in or about 1997 through in or about August 2010, defendant SANDRA VENETIS raised more than approximately \$11 million from more than approximately 100 investors in New Jersey and elsewhere, purportedly to invest in an investment program run by defendant SANDRA VENETIS. When soliciting certain investors, defendant SANDRA VENETIS stated that she used the investors' funds to fund loans to doctors to finance medical receivables, medical malpractice insurance premiums, or quarterly pension plans. In fact, there was no investment program at all, and defendant SANDRA VENETIS improperly used the funds obtained from investors to pay operating expenses of other businesses defendant SANDRA VENETIS controlled and to fund principal and interest payments to existing investors, in Ponzi-scheme fashion. Defendant SANDRA VENETIS also misappropriated investor funds to pay for her lavish lifestyle.

### Defendant and Relevant Entities

2. Defendant SANDRA VENETIS, a resident of Whitehouse Station, New Jersey, holds Series 6 and 7 securities licenses, is a certified financial planner and chartered financial consultant. At all times relevant to this Complaint, defendant SANDRA VENETIS was the sole owner of Systematic Financial Associates, Inc. and Systematic Financial Services, Inc.

3. Systematic Financial Associates, Inc. is a New Jersey corporation with offices in Branchburg, New Jersey. Since 2007, Systematic Financial Associates has been an investment adviser registered with the U.S. Securities and Exchange Commission. As of August 2010, Systematic Financial Associates had approximately 1,000 advisory clients and approximately \$60 million in assets under management.

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

#### The Fraudulent Scheme

5. At all times relevant to this Complaint, defendant SANDRA VENETIS operated Systematic Financial Associates, an investment adviser which provided investment advisory services to clients in New Jersey and elsewhere.

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

7. 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 FDIC;

d. that the investments were personally guaranteed by defendant SANDRA VENETIS; and

e. that the investment returns were tax-free.

8. 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.

9. 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.

10. 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.

11. Based on these representations, the investors sent defendant SANDRA VENETIS money, which defendant SANDRA VENETIS deposited into Systematic Financial Services bank accounts.

12. During the time period relevant to this complaint, defendant SANDRA VENETIS raised more than approximately \$11 million from more than approximately 100 investors in New Jersey and elsewhere.

#### **Materially False and Misleading Statements**

13. Witnesses and documents obtained in connection with this investigation have revealed that during the time period relevant to this Complaint, defendant SANDRA VENETIS made numerous materially false and misleading statements to investors in connection with the alternative investment program.

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

15. In fact, defendant SANDRA VENETIS never transferred any investor money to any doctors as part of an alternative investment program. In order to conceal her fraudulent conduct, defendant SANDRA VENETIS either created a fictitious doctor or forged signatures of legitimate doctors on the promissory notes which falsely showed that defendant SANDRA VENETIS was using investor funds as promised.

16. Instead of using investor money 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

17. Furthermore, during the scheme, defendant SANDRA VENETIS misappropriated investor funds for her personal use. She used a portion of this misappropriated 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 Caribbean, among other places;
- c. her monthly mortgage and property taxes on her residence;
- d. the purchase of a home for a relative; and
- e. home improvements for another individual.

18. In 2010, shortly before the fraudulent scheme collapsed, defendant SANDRA VENETIS admitted in conversations with certain Systematic Financial Associates employees that she used funds obtained from investors for non-investment purposes such as payments supporting the operations of Systematic Financial Associates. Defendant SANDRA VENETIS also admitted that she paid existing investors with funds obtained from new investors.

#### Securities Fraud

19. In or about 2005, defendant SANDRA VENETIS solicited a client of Systematic Financial Associates to invest in the alternative investment program. Defendant SANDRA VENETIS falsely told this investor that she would use the investor's money as an interest-bearing loan to a doctor to fund medical malpractice insurance.

20. The investor renewed his investment with defendant SANDRA VENETIS based upon the fraudulent amortization schedule defendant SANDRA VENETIS provided to him which falsely showed that the investment was generating a six percent return annually.

21. Contrary to her representations, defendant SANDRA VENETIS did not use the investor's money as a loan to a doctor. Instead, defendant SANDRA VENETIS misused the money to pay the operating expenses of Systematic Financial Associates, to pay existing investors in Ponzi-scheme fashion, or to pay for her personal expenses.