

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

\_\_\_\_\_  
UNITED STATES OF AMERICA, )  
 )  
 )  
v. )  
 )  
PATRICIA S. MILLER, )  
 )  
Defendant. )  
\_\_\_\_\_

CRIMINAL NO. 14 CF 10185  
VIOLATIONS:  
18 U.S.C. §1343 (Wire Fraud)  
18 U.S.C. §981 & 28 U.S.C. §2461  
(Forfeiture Allegations)

INDICTMENT

THE GRAND JURY CHARGES THAT:

GENERAL ALLEGATIONS

At times relevant to this Indictment:

1. Defendant PATRICIA S. MILLER ("MILLER") resided in Pennsylvania. MILLER was a registered representative and/or securities agent for at least the past eighteen years and has acted as an investment adviser. From in or about March 1996 until in or about July 2010, she was associated with Janney Montgomery Scott ("Janney"), a Pennsylvania company. From July 2010, through May 2014, MILLER has been associated with Investors Capital Corporation ("ICC"), which is located in Lynnfield, Massachusetts.

2. MILLER held Series 7 and 63 securities licenses. A Series 7 license is a requirement to become a registered representative of a broker-dealer in the United States. A Series 63 license qualifies a candidate as a securities agent within a state. These licenses are administered by the Financial Industry Regulatory Authority ("FINRA").

**THE FRAUD**

3. From in or about January 2002, through May 2014, MILLER defrauded and obtained money and property from clients by means of materially false and fraudulent pretenses, representations and promises concerning purported investments that MILLER never made on behalf of clients. Specifically, MILLER promised investors high returns if they put their money into “investment clubs” with names such as KS Investments and Buckharbor. MILLER represented, among other things, that funds put into “investment clubs” would be placed in fixed-income notes and other investments. Instead of investing money as promised, however, MILLER misappropriated client funds for her own use.

**MANNER AND MEANS OF THE FRAUD**

4. MILLER carried out her fraud by soliciting funds from clients for purported investments over a period of years. At various times from in or about January 2002, through May 2014, MILLER represented that she controlled entities with names such as KS Investments and Buckharbor. Although her solicitations varied from time to time, MILLER generally represented that these entities were limited partnerships that operated “investment clubs.” MILLER further explained that these “investment clubs” involved groups of wealthy investors who put their money into corporate notes and other investments that yielded high returns without significant risk to investors’ principal. At times, MILLER would tell clients that the “investment clubs” had a minimum contribution of a certain amount, such as \$10,000.

5. MILLER convinced numerous investors to put their money into these “investment clubs.” Generally speaking, once clients agreed to invest, MILLER had them sign a fraudulent “Investment Partnership Agreement” that purported to detail the partnership and investment into

which the funds were supposed to be placed. In this way and others, MILLER solicited and obtained over \$2.5 million in client investments.

6. MILLER deposited investor funds meant for “investment clubs” into accounts she maintained and controlled at First National Bank of Pennsylvania and Huntington National Bank of Ohio.

7. In fact, MILLER did not invest funds as MILLER described to clients. Apart from a portion of the funds she received, MILLER diverted the funds entrusted to her by investors for her own use.

8. Among other things, MILLER used funds to gamble, withdraw cash, and write checks to herself. MILLER also used investor funds to, among other things, buy groceries, pay utility bills, and make loan payments.

9. To conceal her scheme to defraud, MILLER made sporadic payments to some investors using funds obtained from other investors, as well as from some other funds.

10. MILLER also concealed her scheme by, in some instances, providing to investors fabricated portfolio summaries that purported to detail investments held on their behalf. MILLER worked with an individual associated with a technical school to create a template purporting to be on ICC letterhead for certain of these accounts, and then added false information reflecting significant investment gains for clients.

11. MILLER further concealed her scheme by creating fake IRS Schedule K-1s (Form 1065) that purported to list investors’ share of income, deductions, and credits from their respective limited partnership investments for certain tax years. MILLER did not submit the

Schedule K-1s to the IRS; however, MILLER caused some of these fabricated documents to be sent to investors or their representatives for the purpose of preparing the investors' tax returns.

12. MILLER also concealed her scheme in other ways, including by fabricating spurious reasons for delays in returning principal and profits to investors, as well as in providing investors and others information regarding investments in MILLER's "investment clubs", all as part of her effort to lull clients into a false sense of security and to postpone their ultimate complaint to authorities.

**COUNTS ONE THROUGH FIVE**  
**(Wire Fraud – 18 U.S.C. §1343)**

13. The allegations in Paragraphs 1 through 12 are re-alleged and incorporated herein by reference.

14. On or about the following dates, in the District of Massachusetts and elsewhere, the defendant,

**PATRICIA S. MILLER,**

having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted, by means of wire communication in interstate commerce, writing, signs, signals, pictures, and sounds, to wit, e-mail communications, and attempted to do so, as follows:

<b>COUNT</b>	<b>DATE</b>	<b>WIRE TRANSMISSION</b>
1	8/6/2010	E-mail communication from MILLER to a representative of Victim #1 regarding request for information concerning KS Investment, Buckharbor, and KeepSmart.
2	10/18/2010	E-mail communication from MILLER to Victim #2 concerning request for investment information concerning Buckharbor.
3	2/27/2013	E-mail communication from MILLER to Victim #3 regarding request for investment information concerning Buckharbor and FNB Bank.
4	3/1/2013	E-mail communication from MILLER to Victim #3 regarding request for investment information concerning Buckharbor and FNB Bank.

<b>COUNT</b>	<b>DATE</b>	<b>WIRE TRANSMISSION</b>
5	3/5/2013	E-mail communication from MILLER to Victim #2 regarding request for investment information and information concerning the sale of Victim #2's interest in Buckharbor.

All in violation of Title 18, United States Code, Sections 1343, 1349, and 2.

**FORFEITURE ALLEGATIONS**  
**(18 U.S.C. §981(a)(1)(C) & 28 U.S.C. §2461(c))**

THE GRAND JURY FURTHER CHARGES THAT:

15. Upon conviction of one or more of the offenses alleged in Counts One through Five of this Indictment, the defendant,

**PATRICIA S. MILLER,**

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, that constitutes, or is derived from, proceeds traceable to the commission of the offenses, including but not limited to at least \$2,500,000, which represents the proceeds of the defendant's violations.

16. If any of the property described in paragraph 15 hereof as being forfeitable pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), as a result of any act or omission of the defendant --

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred to, sold to, or deposited with a third party;
- c. has been placed beyond the jurisdiction of this Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of all other property of the defendant up to the value of the property described in paragraph 15.

All pursuant to Title 18, United States Code, Section 981 and Title 28, United States Code, Section 2461(c).

A TRUE BILL

  
Foreperson of the Grand Jury

  
RYAN M. DISANTIS  
Assistant United States Attorney

DISTRICT OF MASSACHUSETTS

June 26<sup>th</sup>, 2014

Returned into the District Court by the Grand Jurors and filed.

  
Deputy Clerk  
12:25pm.