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R. STEPHEN STIGALL
Assistant U.S. Attorney

FOR IMMEDIATE RELEASE
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New Jersey Resident and President of New York Financial Company Arrested for Alleged \$1.6 Million Investment Fraud

(More)

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CAMDEN, N.J. – New Jersey resident Robert J. Sucarato, the owner and President of New York Financial Company (“NYFC”), was arrested late Friday night in Franklin Township, New Jersey, by officers of the Franklin Township Police Department, on charges of wire fraud and fraud by a commodity pool operator in connection with an alleged \$1.6 million investment fraud scheme, U.S. Attorney Paul J. Fishman announced.

Sucarato, 40, will make his initial appearance today before United States Magistrate Judge Joel Schneider in Camden federal court.

According to the Complaint unsealed today:

Sucarato was the owner and President of New York Financial Company (“NYFC”), which purportedly was a capital management and financial consulting firm with offices in New York City and Chicago. Sucarato established two hedge funds, the NYFC Strategic Fund and the NYFC Diversified Strategic Fund (the “Funds”), which purportedly invested in a variety of security instruments, including commodities futures contracts and options on commodity futures.

Sucarato solicited individuals to invest in the Funds in person and through his website, www.nyfc.net. In doing so, Sucarato falsely claimed that he had managed the Funds since 1993 with over \$7.2 billion in assets under management, and that the Funds had outperformed the market, achieving a ten-year compounded return exceeding 1800%. Sucarato also created a false audit report, purportedly prepared by a major accounting firm, which falsely indicated that NYFC had a net worth of approximately \$798 million.

Sucarato often provided the victims with quarterly account “statements” pertaining to the Funds in order to maintain the investors’ confidence in their investment with NYFC. These statements falsely reported to the investors that their investments were growing in value due to Sucarato’s profitable trading.

In furtherance of the fraud, Sucarato misrepresented that NYFC was registered as an investment advisor and portfolio manager; misrepresented his educational and professional background; falsely listed certain individuals as officers and managers of NYFC, when in fact they were not; and otherwise created the false impression that NYFC was a successful, well-established and “leading capital management and financial consulting firm,” “with offices in New York and Chicago,” with superior management and a staff of “over 20 experienced traders.”

In soliciting, accepting, and receiving money from individuals to invest in the Funds, Sucarato acted as a “commodity pool operator” and was therefore required to be registered with the Commodity Futures Trading Commission (“CFTC”). Although neither Sucarato nor NYFC were registered with the CFTC, Sucarato was nevertheless prohibited from defrauding investors in the Funds.

Sucarato also established a “virtual office” in New York City which allowed him to claim that NYFC had a prestigious mailing address. In reality, this space was nothing more than shared office space, rented for a nominal fee, which shared receptionists, conference rooms, and office

areas with many other companies.

The criminal Complaint details numerous transactions in which Sucarato deposited victims' investments in bank accounts he controlled, and then transferred the victims' money between those bank accounts so that he could use the money for personal expenses. Sucarato spent the investors' money at various retail establishment such as Macy's, Vermont Teddy Bear, and L.L. Bean, among others.

Sucarato was charged in a two-count criminal Complaint. The charge of wire fraud carries a maximum statutory sentence of 20 years in prison and a fine of \$250,000 or twice the gross loss to victims, whichever is greater. The charge of fraud by a commodity pool operator carries a maximum statutory sentence of 10 years in prison and a fine of \$1 million, or twice the gross loss to victims, whichever is greater.

In determining an actual sentence, the judge to whom the case is assigned would, upon a conviction, 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.

U.S. Attorney Fishman credited Special Agents of the FBI's South Jersey Resident Agency, under the direction of Special Agent in Charge Janice K. Fedarcyk in Philadelphia, Pennsylvania, for the investigation leading to the criminal Complaint. He also thanked the Franklin Township Police Department and Middletown Township Police Department for their roles in the arrest.

The Government is represented by Assistant U.S. Attorney R. Stephen Stigall of the Criminal Division in Camden, New Jersey.

The charges and allegations in the Complaint are merely accusations, and the defendant is considered innocent unless and until proven guilty.

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Defense Counsel: Thomas Young, Assistant Federal Public Defender, Camden, New Jersey