
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : **CRIMINAL COMPLAINT**

v. :

JEFFREY SOUTHARD : Magistrate No. 08-2118 (JS)

I, the undersigned complainant, being duly sworn, state that the following is true and correct to the best of my knowledge and belief:

In Salem County, New Jersey, in the District of New Jersey and elsewhere, defendant, Jeffrey Southard did:

SEE ATTACHMENT A

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

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.

John Mesisca, Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

December 15, 2008, at Camden, New Jersey

Honorable Joel Schneider
United States Magistrate Judge

Signature of Judicial Officer

CONTENTS APPROVED

UNITED STATES ATTORNEY

By: _____
Assistant United States Attorney Allen Harberg

Date: December 15, 2008

ATTACHMENT A

Count One

on or about June 4, 2007, for the purpose of executing a scheme and artifice to defraud, knowingly and willfully caused to be delivered by the United States Postal Service, according to the direction thereon, a mailing from Elmer, New Jersey to "GW" in Thorofare, New Jersey.

In violation of Title 18, United States Code, Sections 1341 and 2.

Count Two

on or about November 5, 2007, did knowingly engage in and attempt to engage in the following monetary transaction in criminally derived property of a value greater than \$10,000, such property having been derived from specified unlawful activity, namely mail fraud, contrary to Title 18, United States Code, Sections 1341, and such transaction affecting interstate commerce: deposit of a \$20,000 check issued by "RD" and made payable to JD BAC Financial, into the Commerce Bank account for JD BAC Financial.

In violation of Title 18, United States Code, Sections 1957(a) and 2.

ATTACHMENT B

I, John Mesisca (the “affiant”), state that I have been a Special Agent with the Federal Bureau of Investigation (“FBI”) since March 1995. I have personally participated in this investigation and am aware of the facts contained herein based upon my own investigation as well as information provided to me by other law enforcement officers. Since this Affidavit is submitted for the sole purpose of establishing probable cause to support issuance of a complaint, I have not necessarily included each and every fact known by the government concerning this investigation. Where conversations are referenced in this Complaint, they are referenced in substance and in part.

1. I am currently assigned to the Atlantic City Resident Agency of the FBI, where I investigate and make arrests for, inter alia, violations of Title 18 of the United States Code.
2. In approximately August 2008, an individual named “GW” lodged a Complaint with the Atlantic City Resident Agency of the FBI regarding an investment fraud scheme allegedly being conducted by a licensed securities broker-dealer, defendant Jeffrey J. Southard.
3. Based on GW’s Complaint, I initiated an investigation of defendant Jeffrey J. Southard. In the course of this investigation, members of law enforcement have interviewed at least fourteen (14) individuals who claimed to have been victimized by the fraudulent conduct of defendant.

4. During these interviews, the majority of the victims reported that they had been clients of defendant Jeffrey J. Southard at American Express Financial Advisors (“AMEX”) and/or GunnAllen Financial. My own investigation revealed that defendant was employed by AMEX between July, 1997 and September, 2003, at which point he was suspended for cause regarding selling unregistered securities and commingling client funds and, ultimately, allowed to resign. My investigation also revealed that in or about December, 2003, defendant was hired by GunnAllen, where he worked until approximately July, 2008, at which point defendant was being investigated internally regarding the sale of non-existent investments via an undisclosed and unapproved outside business entity.
5. The majority of the victims further reported that defendant Jeffrey J. Southard solicited and/or induced them to purchase investment vehicles that defendant described as “Ohio bonds” or “Bank of America bonds.” Defendant described these investments to the victims as guaranteed investments that promised a tax-free rate of return of no less than a certain percentage, which was typically between six and ten percent.
6. For example, one of the victims, “GW,” reported that he invested \$131,000 with defendant Jeffrey J. Southard in “Ohio Insured 8% Bonds.” During an interview, GW told me, in substance and in part, that he invested this money because he had limited knowledge of the stock market but trusted defendant -- his financial advisor -- to invest his money responsibly.

7. From in or about June 2002 to in or about May 2008, defendant Jeffrey J. Southard provided GW with monthly “statements” pertaining to his purported investment in “Ohio Insured 8% Bonds.” These statements purported to document GW’s investment as well as the tax-exempt dividend gain that had been earned on the investment for that month and the resulting updated total for the investment account. These statements were caused to be mailed by defendant from Elmer, New Jersey to GW’s residence in Thorofare, New Jersey. One such mailing was on or about June 4, 2007.
8. Interviews with numerous other victims revealed that they too invested with defendant Jeffrey J. Southard, in “Ohio bonds” or “Bank of America bonds,” because he was their long-time financial advisor and they trusted him. Likewise, these interviews revealed that defendant would send each of these victims a monthly financial statement purporting to document each victim’s investment and its monthly appreciation.
9. Numerous victims have reported that defendant Jeffrey J. Southard typically instructed the victims in this matter to make their “investment” checks payable to “JD BAC Financial Services.” As part of my investigation, I reviewed the history of the “JD BAC Financial Services” account (the “JD Bac Account”) that defendant had established with Commerce Bank (now TD Bank). This account was opened in 1999, with defendant Jeffrey J. Southard and his wife, “CS,” listed as the authorized signatories (in 2007, defendant and CS separated, and defendant became the sole authorized signatory on this account). My review of this account revealed that the initial investment of each of the above-referenced victims was, in

fact, deposited into this account. Thereafter, the “investment” proceeds were spent on, inter alia, defendant Jeffrey J. Southard’s mortgage payments, auto payments for his Lincoln Navigator and other vehicles, private schooling for his five children, vacations, cash ATM withdrawals and numerous other personal expenses. My review also revealed that none of the proceeds of this account were spent on purchases of “Ohio bonds,” “Bank of America bonds” or any other type of investment vehicle on behalf of the victims. One example of a check that defendant deposited was a \$20,000 check issued by one of the victims, “RD,” dated November 2, 2007, which defendant deposited into the JD BAC account at Commerce Bank on November 5, 2007.

10. In furtherance of the scheme to defraud his victims, defendant Jeffrey J. Southard would also use the JD BAC Account to issue periodic dividend checks to investors so as to maintain their confidence in their “investments.” The total amount paid to defendant’s victims was substantially less than the amount each victim had invested. In total, these victims invested approximately over \$1.9 million, and defendant returned a total of approximately \$480,000 to these victims.
11. Numerous victims reported that after defendant Jeffrey J. Southard was no longer employed with GunnAllen, they attempted to contact him regarding their investments. However, the majority of the victims have not been successful in reaching defendant. Unable to reach the defendant, many of the victims attempted to contact GunnAllen directly regarding the status of their investments. For example, “KC” advised that she spoke with a financial advisor, “RD,” who was the representative whom Gunn Allen had assigned to replace defendant on KC’s

account. KC said that when she questioned RD about her investment in the “Ohio bond” fund, she was advised that RD had never heard of any “Ohio bond.” KC further advised that she called the State of Ohio regarding her investment, and was advised by the State that there is no such thing as an “Ohio bond.”

12. I spoke with a representative of Gunn Allen, who advised in substance and in part that the investment vehicles that defendant Jeffrey J. Southard had advertised to his victims were not associated with GunnAllen Financial, that the Ohio Bonds did not exist and that JDBAC was not a company associated with GunnAllen Financial. Southard further admitted to this representative that he had “borrowed” funds from his own clients.
13. In or about November 2008, the New Jersey Bureau of Securities revoked the registration of defendant Jeffrey J. Southard after having concluded that defendant offered certain investors an “Ohio bond” that did not, in fact, exist.