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NEW JERSEY DEPARTMENT OF LAW & PUBLIC SAFETY

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**MAN SENTENCED TO STATE PRISON FOR STEALING \$790,000
FROM CLIENTS OF HIS RED BANK INVESTMENT FIRM**

TRENTON - Attorney General Anne Milgram and Criminal Justice Director Gregory A. Paw announced that a Pennsylvania man was sentenced to prison today for stealing approximately \$790,000 from clients of his investment firm, which offered specialized financial services for podiatrists. The firm had a mailing address in Red Bank, N.J.

According to Director Paw, Jeffrey Scott Lafferty, 40, of Green Lane, Pa., was sentenced to 10 years in state prison by Superior Court Judge Harry G. Carroll in Bergen County. He was ordered to pay \$790,813 in restitution to his victims. He also was required to surrender his insurance producer license from the State of New Jersey.

Lafferty pleaded guilty on March 31 to second-degree charges of securities fraud and misapplication of entrusted property. Those charges were contained in a Sept. 26 state grand jury indictment naming him and his partner, Vincella L. Ross, 39, who lives with him and was co-owner of Lafferty & Partners LLC. Ross continues to face first-degree charges of conspiracy and money laundering, and second-degree charges of securities fraud, theft by deception and misapplication of entrusted property.

The charges resulted from a joint investigation by the New Jersey Bureau of Securities, New Jersey Division of Criminal Justice, FBI, U.S. Department of Labor and U.S. Postal Inspection Service.

Lafferty and Ross were managing partners and owners of Lafferty & Partners LLC, which specialized in private wealth management for podiatrists. Lafferty admitted that between Sept. 1, 2002 and July 26, 2007, he and Ross stole approximately \$790,000 from clients, including a Bergen County podiatrist, his wife, his office manager and other investors across the U.S. Rather than investing the funds for the clients as promised, Lafferty admitted that he and Ross spent the money to purchase their home in Pennsylvania and cover personal expenses, including mortgage payments, airline tickets, hotel rooms, store purchases and ATM withdrawals.

The clients received monthly statements from Lafferty & Partners that falsely represented that their money was invested. Lafferty issued fraudulent "dividend checks" to some of the out-of-state investors to reinforce the appearance that their money had been properly invested.

Ross remains free on \$250,000 bail. The indictment is merely an accusation and she is presumed innocent until proven guilty.

Each of the first-degree charges carries a maximum sentence of 20 years in prison. They also carry criminal fines of up to \$500,000 for the money laundering charge and \$200,000 for the conspiracy charge. By statute, prison time for the money laundering charge would run consecutive to prison time for the other charges. The second-degree charges carry a maximum sentence of 10 years in state prison and a criminal fine of \$150,000.

The case is being prosecuted by Deputy Attorney General Francine S. Ehrenberg of the Division of Criminal Justice - Major Crimes Bureau, who represented the state at the sentencing. Investigator Pamela Fischer led the investigation for the New Jersey Bureau of Securities. Detective Cheryl Smith and Lt. John Jespersen worked on the investigation for the Division of Criminal Justice.

Attorney General Milgram credited special agents of the FBI's Newark Division; special agents from the U.S. Department of Labor, Office of Inspector General; agents from the U.S. Department of Labor, Employee Benefits Security Administration; and inspectors from the Newark Division of the U.S. Postal Inspection Service. Attorney General Milgram also thanked U.S. Attorney Christopher J. Christie and his staff for their assistance.

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