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GARFIELD MAN CHARGED WITH DEFRAUDING INVESTORS OF \$1.7 MILLION BY SELLING UNREGISTERED STOCK IN HORSESHOE MANUFACTURING VENTURE

TRENTON – Attorney General Anne Milgram announced that a Bergen County man was charged today with defrauding hundreds of investors of more than \$1.7 million by selling unregistered shares of stock in his startup horseshoe manufacturing company, which he claimed already had a prince from Dubai as a client.

The man allegedly stole more than \$350,000 in investor funds to pay for personal expenses. Although he also spent funds in an effort to launch the company, the venture failed.

According to Director Deborah L. Gramiccioni, the Division of Criminal Justice filed a criminal complaint today in Superior Court in Bergen County charging Samuel M. Serritella, 64, of Garfield, with the crimes of securities fraud, theft by deception, misapplication of entrusted property, money laundering and misconduct by a corporate official, all in the second degree.

The charges resulted from an investigation by the New Jersey Bureau of Securities. Also today, Bureau of Securities Chief Marc B. Minor issued an order assessing a penalty of \$20,000 against Serritella for violation of the New Jersey Uniform Securities Law. The Bureau Chief found that Serritella committed securities fraud and sold unregistered securities as an unregistered agent.

“This defendant sold \$1.7 million in fraudulent and unregistered securities to trusting investors,” said Attorney General Milgram. “He repaid their trust by stealing hundreds of thousands of dollars of their money and leaving them with worthless shares in a failed company.”

Serritella was president, chief financial officer and chairman of International Surfacing Inc., which was based at 5 Erie Street in Garfield. It is charged that between February 2004 and May 2006, Serritella fraudulently obtained in excess of \$1.7 million from more than 300 investors, most of whom were New Jersey residents, by selling them shares of International Surfacing. The shares were not registered with the Bureau of Securities as required by law, and Serritella was not registered as an agent authorized to sell securities in New Jersey.

Serritella held investment conferences where he told investors they could get in on the ground floor by purchasing shares in a company he planned to take public. He allegedly told at least one group of investors during a hotel meeting that the venture's clients included a prince in Dubai.

Serritella allegedly deposited the investors' funds into several bank accounts that he controlled. He allegedly misappropriated funds totaling approximately \$354,720 for personal expenses. Serritella allegedly wrote checks to himself, made cash withdrawals at ATMs, paid credit card bills, and made debit card purchases using investor funds in the accounts. He used the funds to pay for such personal expenses as airline and hotel bills, tavern bills, and medical costs. He also allegedly used investor funds to make personal loans to three friends totaling \$84,000.

Serritella used some funds for startup costs for the company, such as rent for a building, salaries, and payments to a company contracted to assist in manufacturing horseshoes.

"The Division of Criminal Justice is focusing on more complex white collar crime cases, including securities fraud cases such as this one," said Director Gramiccioni. "In prosecuting this case, we are working closely with the Bureau of Securities, which thoroughly investigated the alleged fraud and thefts committed by Serritella."

"Investors need to protect themselves by remembering that an offer which seems too good to be true is often precisely that – untrue. Investment fraud is on the rise in these difficult economic times and investments that promise 'guaranteed results' or offer unusually high profits should be carefully scrutinized before any investment is made," Bureau Chief Minor said.

The Bureau of Securities investigation was conducted by Acting Chief of Investigations Rudolph Bassman. Deputy Attorney General Victoria Manning represented the Bureau in its investigation.

Deputy Attorney General Francine S. Ehrenberg and State Investigator Michael Fallon are handling the case for the Division of Criminal Justice Major Crimes Bureau.

Serritella has been ordered to appear before Superior Court Judge Harry G. Carroll in Bergen County on Wednesday, July 29 at 10 a.m.

Second-degree crimes carry a maximum sentence of 10 years in state prison and a criminal fine of \$150,000. The second-degree money laundering charge carries a maximum fine of \$500,000. The criminal complaint is merely an accusation and the defendant is presumed innocent until proven guilty. A copy of the complaint is posted with this release at www.njpublicsafety.com.

Bureau Chief Minor noted that anyone offering to sell securities in the state must be registered with the New Jersey Bureau of Securities. In many instances, the security itself must also be registered before it can be offered to investors. He urged investors to check with the Bureau of Securities before investing to see if the security and the person offering it are registered. The Bureau of Securities can be contacted toll-free within New Jersey at 1-877-I-INVEST (1-877-446-8378) or from outside New Jersey at 973-504-3600. The Bureau's web site is located at www.njsecurities.gov.

Serritella Order

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