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**DIVISION OF CRIMINAL JUSTICE NEWS**



NEW JERSEY DEPARTMENT OF LAW & PUBLIC SAFETY

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**STATE AND FEDERAL AUTHORITIES ARREST SALEM COUNTY INVESTMENT  
BROKER FOR DEFRAUDING ELDERLY CITIZENS OUT OF \$1.3 MILLION**

**TRENTON** - Attorney General Anne Milgram and Criminal Justice Director Deborah Gramiccioni announced that a Salem County investment broker was arrested this morning on money laundering and theft charges, accused of defrauding South Jersey investors out of \$1.3 million through a Ponzi scheme.

According to Director Gramiccioni, Jeffrey Joseph Southard, 44, of Pittsgrove, was arrested at his mother's home without incident this morning on charges filed by the Division of Criminal Justice. Southard was charged with first-degree money laundering, second-degree misapplication of entrusted property, second-degree theft by deception, and second-degree securities fraud.

Members of the Division of Criminal Justice and the FBI made the arrest. The New Jersey Bureau of Securities initiated the investigation of Southard and referred the matter to the Division of Criminal Justice.

Between Jan. 1, 2002 and May 31, 2008, Southard, an investment broker-dealer, allegedly offered at least 16 mostly elderly clients a fictitious "Ohio bond" through his own company, JDBAC Financial. He allegedly claimed that a family member in Ohio would purchase the bond, thus making the investment tax-free for investors. It is charged that he claimed the bond guaranteed an annual return rate between 6 and 11 percent.

It is charged that Southard instead used the invested funds for his personal expenses, including \$236,678 in private school tuitions for his five children; \$270,142 toward his mortgage; \$58,334 in car payments; \$87,002 in ATM withdrawals, and \$36,175 in debit card purchases.

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The rest of the money, approximately \$400,000, he used to pay investors monthly interest payments, although he also gave investors the option to reinvest their interest. Southard allegedly generated phony statements on a monthly basis to his investors.

“Robbing the elderly of their life savings is a particularly heinous crime,” Attorney General Milgram said. “We charge Southard with peddling a completely bogus product, enriching his personal bankbook by exploiting victims’ trust.”

Southard allegedly perpetrated the fraud by personally visiting his clients, many of whom were in their eighties and nineties, on a regular basis. The clients stated that they wanted a conservative investment to fund their retirements, supplement their social security and provide money to their grandchildren. Southard’s victims lived in several counties in South Jersey including Burlington, Camden, Gloucester and Salem.

Southard was an agent with GunnAllen Financial, working out of his home, from 2003 to 2008 and was discharged while under internal investigation. He also worked out of his home in Turnersville as an agent for Ameriprise Financial Services from 1997 to 2003 and resigned while under internal investigation.

On Nov. 25, 2008, the New Jersey Bureau of Securities revoked Southard’s registration and ordered him to pay restitution to their victims and also assessed civil monetary penalties against him.

Superior Court Judge Patricia Richmond LeBon in Burlington County set bail at \$300,000. Southard will be ordered to appear to answer to the charges on a date yet to be set by the court.

Southard was also arrested on federal charges to which he will be ordered to appear in United States District Court.

The investigation was coordinated by Detective Sergeant Louis Matirko, Lieutenant John Jesperson, Detectives Eric Ludwick and John Neggia and Deputy Attorney General Francine Ehrenberg, all of the Division of Criminal Justice – Major Crimes Bureau. Attorney General Milgram also thanked Acting Chief Amy Kopleton, Investigators Rudolph Bassman and Pamela Geraghty of the New Jersey Bureau of Securities, the FBI Atlantic City Resident Agency, the Internal Revenue Service, Assistant United States Attorney Allen Harberg, and the U.S. Department of Labor, Marjorie Franzman, Special Agent in Charge, New York City, for their assistance in the investigation.

The charges against Southard are merely accusations and the defendant is innocent until proven guilty. First-degree charges carry a maximum sentence of 20 years in state prison and a fine of up to \$200,000, while second-degree charges carry a maximum sentence of 10 years in state prison and a fine of up to \$10,000.

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