



U.S. Securities and Exchange Commission

SEC Charges New York-Based Investment Adviser for Stealing Client Funds

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Washington, D.C., June 10, 2009 — The Securities and Exchange Commission today charged an investment adviser who lives in Armonk, N.Y., for orchestrating a scheme in which he stole more than \$6 million in investor funds for his own personal use, in some instances victimizing clients who were terminally ill or mentally impaired.

Additional Materials

- ▶ [Litigation Release No. 21078](#)
- ▶ [SEC Complaint](#)

The SEC alleges that Matthew D. Weitzman sold securities in clients' brokerage accounts and illegally funneled their money to a bank account that he secretly controlled. While Weitzman spent the money on a multi-million dollar home, cars, and other luxury items, he provided false account statements to clients often showing inflated account balances and securities holdings. Weitzman also submitted to a broker-dealer phony letters from clients that purported to authorize the money transfers. When clients questioned Weitzman about the transfers they did not authorize, he misrepresented that he was withdrawing their funds to make legitimate investments.

"Investment advisers are entrusted to act in their clients' best interests. Weitzman betrayed his clients' trust and looted millions of dollars for his personal enjoyment," said James Clarkson, Acting Director of the SEC's New York Regional Office. "Weitzman even stole from some clients who were suffering and especially vulnerable as they relied upon him to safeguard their investments."

According to the SEC's complaint, filed in U.S. District Court for the Southern District of New York, Weitzman is the co-founder and a principal of AFW Wealth Advisors, the business name for AFW Asset Management, Inc., a registered investment adviser located in Purchase, N.Y., with an office in Natick, Mass. Weitzman also served as AFW's compliance officer.

The SEC alleges that Weitzman either sold securities held in the clients' accounts or redeemed shares held in money market funds in order to acquire cash for the unauthorized transfers, because the clients' brokerage accounts at the broker-dealer generally did not hold more than a minimal amount of cash. He also siphoned money from clients' Individual

Retirement Accounts. Once he had the looted funds under his control in the AFW bank account, Weitzman either withdrew the clients' funds or transferred the money directly into one of his personal bank accounts.

According to the SEC's complaint, Weitzman in some instances misappropriated funds from AFW clients who were unlikely to be scrutinizing their account statements. For example, Weitzman misappropriated a total of approximately \$430,000 in a series of unauthorized transfers from a client who was terminally ill. Weitzman later misappropriated \$85,000 in two separate unauthorized transfers from the account of the client's widow. Furthermore, the SEC alleges that Weitzman targeted an elderly couple with compromised mental capacities, misappropriating approximately \$400,000 of their money.

The SEC's complaint charges Weitzman with violating Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940, and with aiding and abetting violations of Section 204 and Rules 204-2(a)-3 and 204-2(a)(7) also of the Advisers Act. The complaint seeks a permanent injunction, disgorgement of ill-gotten gains plus prejudgment interest, financial penalties, an asset freeze, a sworn accounting, an order prohibiting the destruction of documents, and a requirement that Weitzman notify the Commission and obtain approval of the court before he files for bankruptcy protection.

Weitzman agreed to settle the SEC's claims and, without admitting or denying the allegations, consented to the entry of a judgment that will grant the Commission the full relief that it seeks, but will defer the determination of the financial amounts of the settlement until a later date. The agreement to resolve the Commission's action is subject to approval by the court.

Separately, the U.S. Attorney's Office for the Southern District of New York (USAO) today announced criminal charges against Weitzman based on the same misconduct alleged in the Commission's complaint. The Commission acknowledges the assistance and cooperation of the USAO and the Federal Bureau of Investigation in this matter.

The SEC's investigation is continuing.

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