

## **ALABAMA SECURITIES COMMISSION**

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### **Miami man is sentenced to prison and ordered to pay back millions to Alabama victims**

**MONTGOMERY, ALABAMA (February 20, 2020)** Jill Hall Lee, District Attorney for the 18th Judicial Circuit, Shelby County, Alabama; and Joseph P. Borg, Director of the Alabama Securities Commission (ASC) announced that on February 4, 2020, John David Geraci of Miami, Florida pled guilty before Circuit Court Judge Lara Alvis to one count of Sale of an Unregistered Security.

Geraci pled guilty to the Class C Felony and was ordered to pay restitution in the amount of \$2,060,135. Judge Alvis imposed a 10 year sentence with 20 months to be served in prison, which is 4 months short of the maximum 24 month incarceration term permitted under Alabama law. The remainder of the sentence was suspended and Geraci will be placed on supervised probation for 3 years following the period of incarceration. Geraci was also permanently barred from the securities industry in Alabama.

Geraci offered and sold, to an Alabama investor, an investment in a fund he owned called the “Meridian Matrix Long Short Equity Fund.” The investor was to receive \$2,000,000 worth of shares after he sent three wire transfers totaling \$2,060,135 to Geraci in August 2015. The fund wasn’t registered with the ASC as required by the Alabama Securities Act.

On January 23, 2020 Geraci was also sentenced by United States District Judge Alison Nathan, Southern District of New York, to 24 months with the Bureau of Prisons (BOP) for conspiring to commit securities and wire fraud. Following his federal prison term, he will serve three years of supervised probation. The federal court ordered Geraci to pay restitution of \$1,098,971.38 as a result of Geraci’s use of the investment funds to pay his personal expenses, including payments on a BMW automobile, a gym membership, gas, groceries, travel expenses, and cellphone bills to additional Alabama victims. Geraci’s co-defendant in the federal case was also ordered to pay restitution to the Alabama investors. The federal case is related to the charges brought by the ASC against Geraci and his state sentence will run concurrent with his federal sentence.

ASC Director Joseph Borg said “We are committed to protecting Alabama residents against those that violate the securities laws. In order to promote confidence in our capital markets and for the safety of our investing public, we will prosecute those who cheat Alabamians.”

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The ASC cautions citizens who are new or experienced investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC at 1-800-222-1253 to check out any person or financial professional offering an investment opportunity or investment advice for a fee, and the products they offer for proper registration. Contact the ASC to report suspected fraud, inappropriate securities business practices or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

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For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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