

ALABAMA SECURITIES COMMISSION

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Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Alleged Securities Fraud Defendant Arrested in Miami, FL and Transported to Shelby County, AL

MONTGOMERY, ALABAMA (February 26, 2019) Jill Hall Lee, District Attorney for the 18th Judicial Circuit, Shelby County, Alabama; and Joseph Borg, Director of the Alabama Securities Commission (ASC) announced that John David Geraci was arrested by the Miami-Dade Police Department at Geraci's residence. Geraci waived extradition and was transported to Shelby County on February 17, 2019 based on outstanding warrants in a securities fraud case investigated by ASC. An arrest warrant was issued based on a five-count indictment returned by the Shelby County Grand Jury in October 2018. Geraci is out on a \$45,000 bond as of February 19, 2019.

The indictment against Geraci charged him with one count each of Sale of Unregistered Securities and Sale of Securities by an Unregistered Agent. Additionally, Geraci was charged with two counts of Fraud in Connection with the Sale of Securities (employing a device, scheme or artifice to defraud and making an untrue statement of material fact), and one count of Theft by Deception, 1st Degree. The registration charges are Class C felonies, punishable by incarceration in the state penitentiary between one year and a day to no more than 10 years, and a possible \$15,000 fine per charge upon conviction. The fraud and theft charges are Class B felonies, carrying a possible sentence of not less than two years and not more than 20 years' incarceration and a possible fine of \$30,000 per charge, upon conviction.

The indictment alleges that Geraci offered and sold an investment in the Meridian Matrix Long Short Equity Fund ("Fund"), which said security had not then been registered and recorded with the Alabama Securities Commission, nor had Geraci properly registered to effect the sale of the security into, within, or from Alabama as required by the Alabama Securities Act. The indictment also alleges that Defendant misrepresented that in exchange for the investment the Alabama resident would, according to a written agreement, receive "\$2,000,000 of shares of the Fund" and misled the Alabama resident as to the performance and value of the Fund. Between approximately August 21, 2015 and August 26, 2015, the Alabama resident transmitted via three wire transfers a total of \$2,060,135 to Geraci.

The ASC is grateful for the cooperation and dedication of the Miami-Dade Police Department for locating, apprehending, and coordinating Geraci's extradition.

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on its website and through educational presentations upon request.

(NOTE: An arrest or indictment is not evidence that the defendant committed the crime(s) charged. The defendant is presumed innocent until the government meets its burden of proving guilt beyond a reasonable doubt in court).

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

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