

Department of Justice
U.S. Attorney's Office
Middle District of Pennsylvania

FOR IMMEDIATE RELEASE

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East Stroudsburg Financial Planner Sentenced To 17½ Years Of Imprisonment For Scheme To Defraud His Clients

SCRANTON - The United States Attorney's Office for the Middle District of Pennsylvania announced today that Anthony Diaz, age 52, formerly of East Stroudsburg, Pennsylvania, was sentenced to 210 months' imprisonment and three years of supervised release by United States District Court Judge Malachy E. Mannion for wire fraud and mail fraud offenses. He was taken into custody immediately after the sentencing to begin serving the term of imprisonment.

According to Acting United States Attorney Bruce D. Brandler, Diaz was convicted on January 30, 2020 following a 12-day jury trial, of seven counts of wire fraud and four counts of mail fraud, all stemming from the same scheme.

The evidence presented at trial showed that from approximately 2008 through April 2015, Diaz owned and operated Financial Planners Group of America, a financial planning business in East Stroudsburg and Scotrun, Pennsylvania. Diaz persuaded his clients to invest in high risk, illiquid "alternative investment products," including real estate investment trusts, business development companies, oil and gas drilling companies, and equipment leasing companies.

A dozen of Diaz's former clients testified at trial that Diaz convinced them to invest their life savings in the alternative investments through a series of false representations, including that the investments were low-risk, with guaranteed protection of principle and guaranteed rates of return, and that the investments were liquid, giving investors access to their funds in an emergency. Evidence introduced at trial showed that the investments were high-risk and speculative, with no guarantees, and that in some instances, investors lost all of their money. Evidence at trial also showed that the investments had lengthy holding periods, with no access to funds, and that could be extended indefinitely at the unilateral discretion of the investment company. Some witnesses testified to having invested money over a decade ago that they still could not liquidate.

At trial, jurors saw extensive client documentation bearing false information about the clients' assets, risk tolerance, investment experience, and investment objectives. Clients testified that Diaz regularly had them sign blank documents, with the promise that missing information would be filled in by his office. Former employees of Diaz testified that he ordered them to add false information to the account forms, inflating clients' assets, risk tolerance, and investment experience to qualify them as suitable investors for the alternative investments.

Jurors also learned that Diaz was terminated by five broker-dealers and permitted to resign by a sixth broker-dealer. Clients who asked about the frequent changes to new broker-dealers were told that it was for their benefit. Diaz's former employees testified that they were ordered to conceal his firings and lie to the clients about his changes between broker-dealers.

Jurors also learned that Diaz was suspended by the Certified Financial Planners Board of Standards in 2013, and under investigation by the Financial Industry Regulatory Authority and the Pennsylvania Department of Banking, both of whom ultimately barred Diaz from the securities industry in 2015. Diaz's clients testified that he failed to disclose his suspension from the Certified Financial Planners Board of Standards, and concealed the nature and severity of the regulatory investigations.

Various industry witnesses testified that Diaz earned commissions on the alternative investments that were often double, or even quadruple the commissions earned on more conventional investments, such as stocks, bonds, and mutual funds. Documents at trial showed that Diaz regularly earned in excess of \$1.5 million in commissions annually. Witnesses described how Diaz spent his money on expensive automobiles, a dozen properties across the United States, and frequent vacations to exotic locales.

Labeling Diaz a "sophisticated criminal," Judge Mannion highlighted how Diaz "lied through his teeth" when testifying at trial, and emphasized the gravity and volume of his offense. In pronouncing the sentence, Judge Mannion also

noted that Diaz had made “no showing of remorse” and queried, “Are you such a con man that you don’t know you’re a con?” Diaz faced an enhanced sentence under the advisory Sentencing Guidelines for the sophisticated nature of his scheme, the substantial financial hardship caused to numerous victims, for supervising the criminal activity of others, for violating securities regulations as an investment advisor, and for obstructing justice by committing perjury at trial.

At sentencing, dozens of former clients of Diaz submitted victim impact statements, and several told Judge Mannion about how Diaz invested their family’s retirement savings in illiquid investments, which they were unable to use in times of need. Diaz stipulated in advance of sentencing that he had caused actual and intended losses of between \$1.5 million and \$3.5 million to the victims testified at trial alone. Judge Mannion ordered Diaz to pay restitution of \$1,020,840 to those victims.

“While it is true that violent crimes have a devastating impact on victims, it is also true that financial crimes sometimes have an equal, if not greater impact on victims’ lives,” stated Acting U.S. Attorney Brandler. “Unlike physical injuries that can heal in time, losing one’s life savings as one nears retirement is not something many can recover from. Corrupt financial planners like Mr. Diaz who line their own pockets at the expense of their clients will be aggressively prosecuted and receive significant jail sentences, as today’s proceedings prove. Hopefully the significant sentence imposed today on Mr. Diaz will give his victims some sense of justice and deter others from engaging in similar crimes in the future. I want to commend the prosecutors and the numerous law enforcement agents who worked tirelessly to bring this case to a successful conclusion.”

“Anthony Diaz took advantage of inexperienced investors who trusted him with their life savings,” said Michael J. Driscoll, Special Agent in Charge of the FBI’s Philadelphia Division. “Spouting a legion of lies, he convinced his clients to invest their money not in their own best interests, but in risky ways that generated Diaz himself millions of dollars in commissions. The harm done here was significant — retirement delayed, tuition money lost, lives turned upside down — all in service of one man’s greed. Today’s lengthy sentence doesn’t right those wrongs. But it does ensure Diaz won’t be victimizing anyone else like this.”

The case was investigated by the Federal Bureau of Investigation. Assistant United States Attorneys Phillip Caraballo and Robert O’Hara prosecuted the case.
