

SEC Sues New Jersey for Fraud (or What Happens When the Regulators Break the Law)

by Brian Mahany

Many investors believe the government will watch their back and protect them from investment frauds. While most will admit that the government can't stop every fraud from occurring, few believe that the government itself can be charged with fraud. Think again. Federal regulators from the SEC brought the first ever complaint against a state government, the State of New Jersey.

In August, Regulators charged New Jersey with misleading investors about the health of its two largest pensions; the \$34 billion teachers pension and the \$28 billion public employment retirement system. Like many states, NJ has inadequately funded its pension funds. In recent years, NJ sought to sell bonds in order to bolster the funds. Unfortunately, in selling the bonds, the state failed to disclose that it had not been keeping up with its pension funding obligations in recent years. According to a Wall Street Journal report, the state made no contribution last year.

The case has been settled and although New Jersey admitted no wrongdoing, they also promised to not violate the law again.

This case highlights what many savvy investors already know - anyone can find themselves a victim of investment fraud. Always do your own due diligence before investing. As folks who purchased New Jersey government issued bonds just learned, sometimes you can't even always trust the government.

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MahanyLaw helps victims of investment frauds recover their hard-earned monies. Whether you were defrauded by an individual, broker, accountant, business or lawyer, the fraud recovery and asset recovery lawyers at MahanyLaw can help you. We are located in Portland and Milwaukee and have helped fraud victims throughout the United States.

Founder Brian Mahany, a former assistant attorney general and law enforcement officer, welcomes your call. Brian can be at (414) 704-6731 (direct) or at brian@mahanylaw.com