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Department of Justice

U.S. Attorney's Office

District of Massachusetts

FOR IMMEDIATE RELEASE

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Connecticut Financial Advisor Sentenced for Obstructing SEC Investigation

BOSTON – A Connecticut financial advisor was sentenced today in federal court in Boston for obstructing a Securities and Exchange Commission (SEC) investigation by attempting to conceal secret and improper referral payments he made in order to secure the business of a wealthy client.

John William Rafal, 67, the former president of a financial services company in Connecticut, was sentenced by U.S. District Court Judge Nathaniel M. Gorton to one year of probation, with four months to be served in home detention and a fine of \$4,000. Rafal has also entered into a separate agreement with the SEC, which, among other sanctions and penalties, will bar him for life from working in the securities industry. As part of the agreement, Rafal must also pay nearly \$600,000 to the SEC.

In 2011, Rafal struck a deal with an attorney in which Rafal's company would pay the attorney a \$50,000 referral fee in return for recommending that a wealthy client become a client of the company. Rafal knew that this undisclosed payment violated federal and state regulations. After Rafal had already paid a portion of the fee, his company discovered the payments, stopped them, and directed Rafal to have the attorney return the money that had already been paid. Unbeknownst to the company, however, Rafal then secretly paid the referral fee to the attorney from his private checking accounts.

In May 2015, at the SEC's office in Boston, Rafal testified about the referral agreement as part of

a formal SEC examination. In his testimony, Rafal repeatedly described the referral matter as “cured,” “reverse[d],” “undo[ne],” or “fix[ed]” in an effort to prevent the SEC from learning about his secret payments to the attorney. In his testimony, Rafal never mentioned the checks he had written to the attorney out of his personal accounts. At the close of his testimony, the SEC asked Rafal whether he was aware of any other information that might be helpful to the SEC’s investigation. Rafal answered, “I’m not aware of any other information.”

Acting United States Attorney William D. Weinreb and SEC Inspector General Carl W. Hoecker made the announcement today. Assistant U.S. Attorney Brian Pérez-Daple of Weinreb’s Economic Crimes Unit prosecuted the case.

USAO - Massachusetts

Topic:

Financial Fraud

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