

GLOUCESTER COUNTY TIMES

August 17, 2010

Authorities Say West Deptford Township Investment Broker Suspected of Embezzling at Least \$1M from Clients

By John Barna

An investment broker from West Deptford Township is suspected of embezzling at least \$1 million from his clients funds his attorney indicated were used to feed a gambling habit.

A complaint filed with the independent Financial Industry Regulatory Authority against John R. Montague and his former employer Questar Capital Corporation alleges that the broker:

- "converted and misappropriated for himself approximately \$600,000" from an 83-year-old man who suffers from early-stage Alzheimer's Disease.
- "stole or lost" \$100,000 from a now deceased retired boilermaker.
- solicited \$250,000 from a couple in their 40s and a family member who is disabled from a motorcycle accident to invest in a "speculative start up company." While Montague later advised the three the deal was "not going forward," the money was never returned.

- "stole at least \$43,000" from a widow, 59, on the promise he would invest her "entire savings."

- "stole \$20,000" from a 59-year-old widow "on the pretext that the money would be invested through him to earn her an income to supplement the Social Security disability income she receives."

"There is a federal investigation," said John Waldron, an Allentown, Pa., attorney representing Montague. "The FBI is investigating John."

Montague has a "gambling addiction," Waldron said Monday. Montague, the attorney said, "got in over his head taking the money and not replacing it."

Waldron placed the losses in the "ballpark" of \$1 million.

"It is well north of \$1 million," suggested Jacob Zamansky, an attorney who has filed the complaint with the Financial Industry Regulatory Authority or FINRA. "He was running sort of a Ponzi scheme."

Montague whose West Deptford community ties include working with a neighbor to organize a memorial golf tournament in memory of Nick Brandemarti, a victim of the 2001 terrorist attack on the World Trade Center preyed on "sick and weak people," Zamansky asserted.

"He went to a funeral and took money," the attorney said.

There are others not named in the complaint that have indicated they were victims, Zamansky said.

The complaint with FINRA alleges the "claimants were unsophisticated investors with little knowledge or experience about investing."

Montague, Zamansky asserted in the complaint, "was an agent and/or employee operating under the authority, control and supervision of Questar."

"Questar failed to detect that Montague was having clients liquidate annuities or investments for private placements or his outright theft of funds," Zamansky asserted in the complaint.

Montague was a registered representative for Minneapolis-based Questar, confirmed spokeswoman Laurie Bauer.

"He was an independent representative from February 2005 through July 2009," she said. "As a registered representative, he was licensed to sell mutual funds and variable annuities."

Montague was registered with the New Jersey Bureau of Securities "until July 10, 2009, when he resigned from his employer which was Questar," said Jeff Lamm, spokesman for the New Jersey Department of Consumer Affairs.

"He has not been registered since then," Lamm said.

In New Jersey, "to be registered, you have to be employed by a financial firm," Lamm said. "You have to disclose who you are working for as part of registration."

FINRA's "Broker Check" database that allows investors to research the professional backgrounds of brokers, shows Montague's tenure as a broker dates back to at least April 1995. He has not been registered since July 2009.

Waldron projects that the civil arbitration whose proceedings are not public will move faster than the FBI's investigation.

Zamansky said the FBI "looked at this last year" and questioned whether the agency was paying attention.

Waldron said the FBI's probe "slowed down" with the retirement of an agent assigned to the matter.

"We are working with the government to identify claimants," Waldron said. "We are working on getting that money paid back."