



New Mexico Regulation and Licensing Department SECURITIES DIVISION

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ALBUQUERQUE MAN INDICTED ON 177 COUNTS OF SECURITIES, FRAUD-RELATED CHARGES

ALBUQUERQUE – A grand jury has indicted an Albuquerque man on charges related to scheming to defraud New Mexico investors. Samuel A. McMaster Jr., faces 549 years in prison if convicted on all charges.

The New Mexico Regulation and Licensing Department's Securities Division with the Bernalillo County District Attorney's office charged McMaster, a former insurance and securities agent, with 177 counts of securities and fraud-related charges.

The grand jury indicted McMaster on 44 counts each of sale of unregistered securities, sale of securities by an unlicensed broker-dealer, fraudulent sale of a security; 44 counts of fraud or embezzlement and one count of racketeering.

Between 20 and 30 New Mexico investors are alleged victims of his activities. They invested between \$2,500 and \$50,000 each in fraudulent notes, for an amount exceeding \$500,000 in almost five years.

"McMaster took advantage of hardworking New Mexicans and we'll work diligently to prosecute this case," said Superintendent Kelly O'Donnell. "Most of the investors were elderly and had previous dealings with McMaster as their insurance agent. He abused his position of trust."

The indictment relates to the alleged activities of McMaster's Albuquerque-based firm, Santa Fe Financial Group, Inc. from December 2000 to November 2005.

McMaster sold insurance products and securities through his company, but eventually was barred from working in the securities industry for failure to respond to regulatory requests for information. In May 2005 he also lost his last insurance appointment.

"These allegations highlight the need for investors to do an annual checkup on their advisors," said Securities Director Bruce Kohl. "The type of fraud alleged is particularly insidious because an investor can take all the right steps before they start to do business with an investment professional and still get caught in a fraudulent scheme," said Kohl.

McMaster continued to operate and allegedly solicited his clients to invest in unregistered securities described as "notes" or "CDs" issued by his company. The "notes" were due in six to twenty-four months with interest rates ranging from six to 10 percent. McMaster failed to disclose information that could have influenced an investor's decisions and also is alleged to have misrepresented how the money was to be used.

Investors who requested their funds back were told that the notes had been "rolled over," but never received payment. Many investors could not reach him by phone and he allegedly told others he was having trouble with the Internal Revenue Service.

McMaster will be scheduled for arraignment within the next two weeks.

To find out if their securities broker is in good standing, consumers are encouraged to contact the New Mexico Regulation and Licensing Securities Division at 800-504-7733 or 505-476-4580.