

(Bloomberg) -- An investment adviser from Philadelphia admitted to defrauding dozens of investors out of more than \$100 million.

Brenda A. Smith, 61, was charged two years ago and accused of misleading investors in her hedge fund, Broad Reach Capital LP. She falsely claimed the fund made money and sent tens of millions of dollars out of the firm -- including about \$2 million which she used to pay American Express bills, according to prosecutors.

Smith pleaded guilty to a single count of securities fraud in federal court in Newark, New Jersey, on Thursday. She's scheduled to be sentenced in January. The charge carries a maximum prison sentence of 20 years, although Smith is likely to spend much less time behind bars. She could also be fined as much as \$5 million.

Prosecutors said she told clients she ran a highly liquid investment fund that was focused on specific trading strategies and used a "robust" risk management program while providing documents claiming it had made money.

One of the documents she provided investors said the fund had a 1.76% return in February 2018 when its accounts actually lost 50% of their value, according to the government.

When investors asked for their money back, she used other clients' funds to do so, prosecutors said.

The case is: U.S. v. Smith, 20-cr-475, U.S. District Court, District of New Jersey (Newark)