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FOR IMMEDIATE RELEASE
WEDNESDAY JANUARY 7, 2009
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TWO PRINCIPALS OF COLLAPSED FOREIGN CURRENCY TRADING FIRM ARRESTED ON FEDERAL CHARGES IN ALLEGED \$15 MILLION FRAUD SCHEME

CHICAGO – Two principals of a collapsed firm that purported to specialize in trading foreign currency were arrested on federal fraud charges for allegedly operating a “Ponzi”-like scheme in which they diverted millions of dollars to themselves to finance lavish lifestyles, including participating in the financing of a movie, and caused customers to lose approximately \$15 million. One defendant, **Charles G. Martin**, 43, of Glencoe and Malibu, Calif., was arrested last night in the Los Angeles area, while the second defendant, **John E. Walsh**, 60, of Lake Forest, was arrested this morning at his home. Both men were charged with one count of wire fraud in a criminal complaint that was filed yesterday and unsealed today following their arrests, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

Martin and Walsh were principals of One World Capital Group, LLC, which was formed in 2005, was based in Winnetka and had an office in New York. The firm was effectively shut down

in December 2007 by the Commodity Futures Trading Commission, which obtained a court order prohibiting further trading activity and freezing the firm's remaining assets, which totaled \$636,815. The CFTC and the National Futures Association assisted law enforcement agents in their investigation.

Martin was expected to have an initial appearance today in Federal Court in Los Angeles. Walsh was expected to appear at 2:45 p.m. today before U.S. Magistrate Judge Morton Denlow in U.S. District Court in Chicago.

According to the complaint, beginning no later than April 2006 through December 2007, Martin and Walsh engaged in a scheme to obtain One World customer funds earmarked for over the counter foreign currency ("forex") trades for their own use and benefit. They allegedly concealed the misappropriation from customers, as well as government and industry regulators by making false representations. For example, they solicited new customers without telling them that the value of their investments with One World would be immediately diminished upon deposit due to a shortfall in One World's customer trading account.

The defendants allegedly used customer funds they misappropriated to finance extravagant lifestyles. A former One World employee told agents that Martin "spent money like a billionaire," according to the charges. Credit card and bank records show that Martin spent more than \$1 million at a strip club and restaurants, nearly \$1 million at elite hotels and another \$1 million renting flight time on private jets. He purchased a fleet of luxury vehicles, donated hundreds of thousands of dollars to celebrity charity events and hired personal security guards to accompany him in public, the charges allege. Similarly, Walsh allegedly used his One World credit card to charge personal expenses, including more than \$140,000 of jewelry.

Federal agents today executed multiple search and seizure warrants, including warrants to search Martin's residence on Sheridan Road in Glencoe and at Walsh's residence on Wharton Drive in Lake Forest, as well as upon two bank safety deposit boxes belonging to Martin and one maintained by Walsh. The warrants authorize agents to seize some 57 items from Martin, including fine watches and jewelry, antique furniture, oriental rugs, a piano and various high-end appliances and electronics. From Walsh, agents were authorized to seize jewelry, cash proceeds from the sale of his former residence on Salisbury Lane in Lake Forest and a BMW that he transferred to his son.

In addition to the luxury items they allegedly lavished upon themselves, bank records show that Martin and Walsh spent significant amounts of funds diverted from One World to help finance the production of *Order of Redemption*, an unreleased motion picture that lists Martin as a contributing producer, according to industry information and the complaint affidavit. In 2007, bank records show that Martin and Walsh spent more than \$569,000 on the movie, the charges allege.

The complaint states that Walsh was the president and a primary manager of One World and that Martin acted as a principal, even though he was prohibited from holding such a position with a National Futures Association member. During its operation, One World acted as a Forex Dealer Member (FDM) of the NFA in that it accepted retail customer funds for the purpose of acting as a counterparty or offering to act as a counterparty to over the counter forex transactions with domestic and foreign retail customers. Martin and Walsh allegedly diverted customer funds from One World's customer margin accounts in which clients' money was placed to secure forex trades.

One World's collapse began with an NFA audit in the spring of 2007. The audit precipitated an increase in One World's customer redemption requests, which the firm could not honor because

Martin and Walsh allegedly had spent customers' margin funds. The complaint does not specify the number of One World customers or potential victims in the case.

The government is being represented by Assistant U.S. Attorney Joel Hammerman.

If convicted, wire fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that a complaint contains only charges and is not evidence of guilt. The defendants are presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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