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**FILED**

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

MAR 22 2018

THOMAS G. BRUTON  
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
 DARAYL DAVIS )

No. 18 CR 25

JUDGE GETTLEMAN

Violations: Title 18, United States  
Code, Sections 1341 and 1343

MAGISTRATE JUDGE COLE

COUNT ONE

The SPECIAL FEBRUARY 2017 GRAND JURY charges:

1. At times material to this indictment:

a. Defendant DARAYL DAVIS owned and operated Financial Assurance Corporation (“FAC”), located in Washington, D.C., and Affluent Advisory Group, LLC (“AAG”), located in Los Angeles, California. DAVIS held FAC and AAG out to be investment firms that provided investment advisory services and offered investment opportunities.

b. Victim Investor A was a retired U.S. Postal Service employee who invested his/her retirement savings through the federal Thrift Savings Program (“TSP”). The TSP is an investment program for retirement savings run by the federal government for the benefit of federal employees.

2. Beginning no later than in or around 2010, and continuing until 2018, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, devised, intended to devise, and participated in a scheme to defraud investors, and to obtain money from investors by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that DAVIS fraudulently obtained millions of dollars from multiple investors, including approximately \$200,799 from Victim Investor A, through the offer and sale of purported investment products issued by FAC and AAG. To fraudulently obtain the investors' funds, DAVIS knowingly made false and fraudulent representations and promises to the investors about the purported investments, including that investors' funds would be invested by FAC and AAG, that investors would receive guaranteed protection against the loss of their principal and annual interest payments of at least 6%, and that some investments were backed by or affiliated with large, multinational insurance companies, thereby causing investors to purchase purported investment products from and issue payments to FAC and AAG. In truth, as DAVIS knew:

a. DAVIS did not invest investors' funds as promised and instead converted the funds for his own benefit;

b. DAVIS's representations to investors relating to the purported guarantee against financial loss were false;

c. DAVIS's representations to investors relating to the purported annual interest payments were false; and

d. the purported investments were not financially backed by, and had no affiliation with, any large, multinational insurance companies.

4. It was further part of the scheme that in approximately 2013, DAVIS met Victim Investor A and thereafter represented to Victim Investor A that DAVIS was a professional financial advisor.

5. It was further part of the scheme that in approximately 2015, DAVIS told Victim Investor A that Victim Investor A could "roll over" his retirement savings account into an individual retirement account ("IRA") through FAC. DAVIS falsely and fraudulently represented that the funds would be held in the custody of Company A, a well-known multinational life insurance company, and that the investment product offered guaranteed protection against financial loss, in addition to annual interest payments of approximately 10%.

6. It was further part of the scheme that DAVIS sent emails to Victim Investor A containing false statements about the purported investment product, such as, "Your account offers you a guaranteed return of principle [sic] so [Victim Investor A's] retirement savings are protected against losses," even though DAVIS knew that Victim Investor A's savings would not be protected against losses, and DAVIS intended to use the funds for his own personal use. In another email, DAVIS represented to Victim Investor A, "Company A is one of our primary financial partners. We've used their platform for the past 15 with a high rate of success for our clients." As DAVIS knew, DAVIS, FAC, and AAG had no association of any kind with Company A.

7. It was further part of the scheme that in or around June 2015, based on DAVIS's false and fraudulent representations and inducements, Victim Investor A purchased a purported FAC investment product from DAVIS for approximately \$200,799 by "rolling over" his/her TSP funds to FAC.

8. It was further part of the scheme that between approximately June 12 and June 23, 2015, DAVIS caused all of Victim Investor A's retirement funds, totaling approximately \$200,799, to be transferred to FAC and deposited into an FAC bank account.

9. It was further part of the scheme that on or about December 1, 2016, DAVIS emailed Victim Investor A a false and fraudulent investment statement titled, "Financial Assurance Corporation Capital Preservation Plus 2016 Annual Statement." The purported investment statement covered the time period from June 27, 2015, through November 30, 2016, and falsely indicated that Victim Investor A's investment with FAC had grown from approximately \$200,799 to over \$291,000 during that period of time, representing over 30% growth. In truth, as DAVIS knew, DAVIS never invested any of Victim Investor A's money and instead converted Victim Investor A's investment funds for his own personal benefit, including by spending approximately \$5,000 on theater tickets, approximately \$5,000 on membership in an exclusive club, approximately \$8,000 on car rentals, tens of thousands of dollars on food and travel, and more than approximately \$30,000 in assorted personal checks.

10. It was further part of the scheme that defendant concealed, misrepresented, and hid and caused to be concealed, misrepresented, and hidden, the existence and purpose of the scheme and the acts done in furtherance of the scheme.

11. As a result of the scheme, DAVIS caused investors to suffer significant financial losses, including Victim Investor A's loss of approximately \$200,799.

12. On or about June 12, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an electronic payment file authorization from the Federal Retirement Thrift Investment processing unit to the United States Treasury located in a different state, authorizing payment in the amount of approximately \$100,000 from Victim Investor A's Federal Retirement Thrift Savings account to Financial Assurance Corporation, which payment represented one of Victim Investor A's investments with the defendant;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 11 of Count One of this indictment are incorporated here.
2. On or about June 12, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be sent by the United States Postal Service, a commercial interstate carrier, according to the directions thereon, a package from the U.S. Treasury disbursing office in Kansas City, Missouri, to Financial Assurance Corporation in Suitland, Maryland, containing a U.S. Treasury check for approximately \$100,000 made out to Financial Assurance Corporation from Victim Investor A's Federal Retirement Thrift Savings account, which payment represented one of Victim Investor A's investments with the defendant;

In violation of Title 18, United States Code, Section 1341.

COUNT THREE

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 11 of Count One of this indictment are incorporated here.
2. On or about June 19, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an electronic payment file authorization from the Federal Retirement Thrift Investment processing unit to the United States Treasury located in a different state, authorizing payment in the amount of approximately \$100,799 from Victim Investor A's Federal Retirement Thrift Savings account to Financial Assurance Corporation, which payment represented one of Investor A's investments with the defendant;

In violation of Title 18, United States Code, Section 1343.

**COUNT FOUR**

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about June 19, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be sent by the United States Postal Service, a commercial interstate carrier, according to the directions thereon, a package from the U.S. Treasury disbursing office in Kansas City, Missouri, to Financial Assurance Corporation in Suitland, Maryland, containing a U.S. Treasury check for approximately \$100,799 made out to Financial Assurance Corporation from Victim Investor A's Federal Retirement Thrift Savings account, which payment represented one of Victim Investor A's investments with the defendant;

In violation of Title 18, United States Code, Section 1341.



**FORFEITURE ALLEGATION**

The SPECIAL FEBRUARY 2017 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Sections 1341 or 1343, as set forth in this Indictment, defendant shall forfeit to the United States of America any property which constitutes and is derived from proceeds traceable to the offense, as provided in Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. The property to be forfeited includes, but is not limited to: a personal money judgment in the amount of approximately \$200,799.

3. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code, Section 853(p).

A TRUE BILL:

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FOREPERSON

\_\_\_\_\_  
UNITED STATES ATTORNEY