

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA            )  
  )  
  )        **Superseding Indictment**  
  )        No. 18 CR 25  
  )  
DARAYL DAVIS                            )        Violations: Title 18, United States  
  )        Code, Sections 1028A(a)(1), 1341,  
  )        1343, and 1957

**COUNT ONE**

The SPECIAL JUNE 2018 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.
  - b.        DAVIS held out FAC and AAG to be investment firms that provided investment advisory services and offered investment opportunities.
  - c.        DAVIS controlled multiple bank accounts held in the names FAC and AAG.
2.        Beginning no later than in or around 2003, 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 at least approximately \$5,400,000 from at least 22 victim investors, including Victim Investors A, B, C, D, E, and F, 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 inducing 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 used the funds for his own personal 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 company.

4. It was further part of the scheme that, in order to induce victim investors to purchase investment products issued by FAC and AAG, DAVIS knowingly created and submitted, and

caused to be submitted to victim investors, false and fraudulent investment documents, including fake product and policy overviews and fictitious growth projections.

5. It was further part of the scheme that DAVIS misled and concealed from investors the fact that he had not invested their funds as promised by knowingly creating and sending, and causing to be sent to victim investors, additional false and fraudulent investment documents, including fake contracts outlining the purported terms of the non-existent investments and false account statements purporting to show account growth from guaranteed interest payments.

6. It was further part of the scheme that, in order to attract and retain investors and to convince investors that the purported investments were legitimate, DAVIS used funds fraudulently obtained from investors to make *Ponzi*-type payments to other investors. More specifically, DAVIS made payments to investors that he falsely and fraudulently represented to be interest payments and repayment of principal, when, as DAVIS knew, the source of the payments was funds received directly from other investors.

7. It was further part of the scheme that DAVIS used the above-described lulling payments and false account statements to mislead investors to believe their investments were generating a profit, to induce investors to invest additional funds with FAC and AAG, and to convince investors not to withdraw their existing principal investments.

8. It was further part of the scheme that, after DAVIS ceased making payments to investors as promised, in order to retain the investors' funds and to prevent them from taking adverse action against DAVIS, he falsely and fraudulently represented to investors either that he was attempting to liquidate their funds or that he intended to refund their money but, for various fabricated reasons, did not have funds available to do so.

Victim Investor A

9. It was further part of the scheme that in or around 2014, DAVIS caused Victim Investor A to invest approximately \$145,650 with FAC by “rolling over” the funds in his/her retirement savings account into an FAC account controlled by DAVIS. DAVIS falsely and fraudulently represented to Victim Investor A that the investment offered guaranteed protection against financial loss, the ability to withdraw his/her principal at any time, and annual interest payments of approximately 10%. In truth, as DAVIS knew, Victim Investor A’s purported investment with FAC did not offer guaranteed protection against financial loss or the ability to withdraw Victim Investor A’s principal at any time, and did not provide annual interest payments of approximately 10%.

Victim Investor B

10. It was further part of the scheme that in or around 2014, DAVIS caused Victim Investor B to invest approximately \$360,215 with FAC by “rolling over” the funds in his/her retirement savings account to an FAC account controlled by DAVIS. DAVIS falsely and fraudulently represented to Victim Investor B that the investment offered guaranteed protection against financial loss and annual interest payments of approximately 10%. In truth, as DAVIS knew, Victim Investor B’s purported investment with FAC did not offer guaranteed protection against financial loss or the ability to withdraw Victim Investor B’s principal at any time, and did not provide annual interest payments of approximately 10%.

Victim Investor C

11. It was further part of the scheme that in or around 2015, DAVIS caused Victim Investor C to invest approximately \$200,799 with FAC by “rolling over” the funds in his/her

retirement account into an FAC account controlled by DAVIS. DAVIS falsely and fraudulently represented to Victim Investor C that the funds would be held in the custody of a large, multinational insurance company and that the investment offered guaranteed protection against financial loss, in addition to annual interest payments of approximately 10%. In truth, as DAVIS knew, Victim Investor C's purported investment with FAC was not affiliated with any large, multinational insurance company, did not provide guaranteed protection against financial loss, and did not provide annual interest payments of approximately 10%.

*Victim Investor D*

12. It was further part of the scheme that between in or around 2012 and 2013, DAVIS caused Victim Investor D to invest approximately \$192,000 with FAC by issuing checks to FAC, which were deposited into an FAC account controlled by DAVIS. DAVIS falsely and fraudulently represented to Victim Investor D that the funds would be held in the custody of a large, multinational insurance company and that the investment offered guaranteed protection against financial loss, in addition to annual interest payments of approximately 7%. In truth, as DAVIS knew, Victim Investor D's purported investment with FAC was not affiliated with any large, multinational insurance company, did not provide guaranteed protection against financial loss, and did not provide annual interest payments of approximately 7%.

*Victim Investor E*

13. It was further part of the scheme that in or around May 2016, DAVIS caused Victim Investor E to invest approximately \$400,000 with AAG by wiring the funds into an AAG account controlled by DAVIS. DAVIS falsely and fraudulently represented to Victim Investor E that the investment offered guaranteed protection against financial loss, the ability to withdraw

his/her principal at any time, and annual interest payments of approximately 14%. In truth, as DAVIS knew, Victim Investor E's purported investment with AAG did not offer guaranteed protection against financial loss or the ability to withdraw Victim Investor E's principal at any time, and did not provide annual interest payments of approximately 14%.

*Victim Investor F*

14. It was further part of the scheme that in or around December 2016, DAVIS caused Victim Investor F to invest approximately \$430,000 with AAG by wiring the funds into an AAG account controlled by DAVIS. DAVIS falsely and fraudulently represented to Victim Investor F that the investment offered guaranteed protection against financial loss, the ability to withdraw his/her principal at any time, and annual interest payments of approximately 14%. In truth, as DAVIS knew, Victim Investor F's purported investment with AAG did not offer guaranteed protection against financial loss or the ability to withdraw Victim Investor F's principal at any time, and did not provide annual interest payments of approximately 14%.

15. It was further part of the scheme that DAVIS misappropriated investors' funds, and used them for purposes other than those represented to investors, such as:

- a. personal expenses, including approximately \$476,500 to rent a mansion in Los Angeles, California, approximately \$706,000 on credit card payments to American Express, approximately \$25,000 on theater tickets, approximately \$42,500 on membership in an exclusive club, approximately \$42,000 on luxury hotels, approximately \$45,000 on car rentals, and approximately \$102,000 on airline tickets;
- b. making *Ponzi*-type payments to other investors; and
- c. paying expenses related to maintaining and concealing the scheme.

16. It was further part of the scheme that DAVIS 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.

17. As a result of the scheme, DAVIS caused at least 22 victims to suffer losses of approximately \$4,791,000.

18. On or about January 15, 2014, 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 interstate Automated Clearing House (“ACH”) transaction from Victim Investor A to Financial Assurance Corporation through the Federal Reserve System in the amount of approximately \$145,650, which payment represented Victim Investor A's investment with the defendant;

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

**COUNT TWO**

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One of this indictment are incorporated here.
2. On or about January 15, 2014, 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 interstate Automated Clearing House (“ACH”) transaction from Victim Investor B to Financial Assurance Corporation through the Federal Reserve System in the amount of approximately \$360,215, which payment represented one of Victim Investor B's investments with the defendant;

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



### **COUNT THREE**

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One of this indictment are incorporated here.

2. On or about January 31, 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 Fed Ex, a commercial interstate carrier, according to the directions thereon, a package from Financial Assurance Corporation in Suitland, Maryland, to Victim Investor A in Washington, D.C., containing a false and fraudulent investment account statement for Victim Investor A's investment with defendant;

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

**COUNT FOUR**

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 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 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 C's Federal Retirement Thrift Savings account to Financial Assurance Corporation, which payment represented one of Victim Investor C's investments with the defendant;

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

## COUNT FIVE

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 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 C's Federal Retirement Thrift Savings account to Financial Assurance Corporation, which payment represented one of Victim Investor C's investments with the defendant;

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

**COUNT SIX**

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One of this indictment are incorporated here.

2. On or about March 30, 2016, 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 Fed Ex, a commercial interstate carrier, according to the directions thereon, a package from Financial Assurance Corporation in Suitland, Maryland, to Victim Investor D in Alexandria, Virginia, containing a false and fraudulent investment account statement for Victim Investor D's investment with defendant;

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

**COUNT SEVEN**

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One of this indictment are incorporated here.
2. On or about June 8, 2016, 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 Fed Ex, a commercial interstate carrier, according to the directions thereon, a package from Financial Assurance Corporation in Suitland, Maryland, to Victim Investor E in Playa Vista, California, containing a false and fraudulent investment contract for Victim Investor E's investment with defendant;

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

**COUNT EIGHT**

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One of this indictment are incorporated here.

2. On or about June 13, 2016, 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 Fed Ex, a commercial interstate carrier, according to the directions thereon, a package from Victim Investor E in Playa Vista, California, to Affluent Advisory Group in Beverly Hills, California, containing a false and fraudulent investment contract for Victim Investor E's investment with defendant;

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

**COUNT NINE**

The SPECIAL JUNE 2018 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One of this indictment are incorporated here.

2. On or about December 7, 2016, 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 interstate Automated Clearing House (“ACH”) transaction from Victim Investor F to Affluent Advisory Group through the Federal Reserve System in the amount of approximately \$200,000, which payment represented one of Victim Investor F's investments with the defendant;

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

**COUNT TEN**

The SPECIAL JUNE 2018 GRAND JURY further charges:

From on or about June 7, 2013, through at least in or around April 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, during and in relation to the wire fraud offense charged in Count 2 of this Indictment, did knowingly possess and use, without lawful authority, a means of identification of another person, namely, the name and access device of Victim Investor D;

In violation of Title 18, United States Code, Section 1028A(a)(1).



**COUNT ELEVEN**

The SPECIAL JUNE 2018 GRAND JURY further charges:

On or about January 9, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction in or affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, an Automated Clearing House (“ACH”) debit payment to American Express for approximately \$18,454, such property having been derived from a specified unlawful activity, namely, wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341 and 1343;

In violation of Title 18, United States Code, Section 1957.

**COUNT TWELVE**

The SPECIAL JUNE 2018 GRAND JURY further charges:

On or about March 6, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction in or affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, an Automated Clearing House (“ACH”) debit payment to American Express for approximately \$39,570, such property having been derived from a specified unlawful activity, namely, wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341 & 1343;

In violation of Title 18, United States Code, Section 1957.

**COUNT THIRTEEN**

The SPECIAL JUNE 2018 GRAND JURY further charges:

On or about April 15, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction in or affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, an Automated Clearing House (“ACH”) debit payment to American Express for approximately \$47,132, such property having been derived from a specified unlawful activity, namely, wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341 & 1343;

In violation of Title 18, United States Code, Section 1957.

**COUNT FOURTEEN**

The SPECIAL JUNE 2018 GRAND JURY further charges:

On or about June 23, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction in or affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, an Automated Clearing House (“ACH”) debit payment to American Express for approximately \$76,320, such property having been derived from a specified unlawful activity, namely, wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341 & 1343;

In violation of Title 18, United States Code, Section 1957.

**COUNT FIFTEEN**

The SPECIAL JUNE 2018 GRAND JURY further charges:

On or about August 4, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction in or affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, an Automated Clearing House (“ACH”) debit payment to American Express for approximately \$85,891, such property having been derived from a specified unlawful activity, namely, wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341 & 1343;

In violation of Title 18, United States Code, Section 1957.

**COUNT SIXTEEN**

The SPECIAL JUNE 2018 GRAND JURY further charges:

On or about November 5, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

DARAYL DAVIS,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction in or affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, an Automated Clearing House (“ACH”) debit payment to American Express for approximately \$55,333, such property having been derived from a specified unlawful activity, namely, wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341 & 1343;

In violation of Title 18, United States Code, Section 1957.

## **FORFEITURE ALLEGATION**

The SPECIAL JUNE 2018 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Sections 1028A, 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. Upon conviction of an offense in violation of Title 18, United States Code, Section 1957, as set forth in this Indictment, defendant shall forfeit to the United States of America any property involved in such offense, and any property traceable to such property, as provided in Title 18, United States Code, Section 981(a)(1)(A) and Title 28, United States Code, Section 2461(c).

3. The property to be forfeited includes, but is not limited to: a personal money judgment in the amount of approximately \$4,791,548.

4. 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 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

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UNITED STATES ATTORNEY