

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
11-20686-CR-LENARDO SULLIVAN

Case No. _____
18 U.S.C. § 371

UNITED STATES OF AMERICA

vs.

OSCAR HERNANDEZ,

Defendant.

_____ /

INFORMATION

The United States Attorney charges:

GENERAL ALLEGATIONS

At all times material to this Information:

1. Midway Trading Co. LLC ("Midway") was a Florida limited liability company with a principal place of business in Miami, Florida, engaged in the purchase and sale of securities and commodities futures.
2. The Conquest Investment Group, Inc. ("Conquest") was a Florida company with a principal place of business in Miami, Florida, engaged in the purchase and sale of securities and commodities futures.
3. **OSCAR HERNANDEZ** was a resident of Miami-Dade County and was the controlling principal of Midway and Conquest. **HERNANDEZ** was engaged in the purchase and sale of securities and commodities futures, and in touting his investments to potential investors.

4. **OSCAR HERNANDEZ**, Midway, and Conquest were never registered with the Commodity Futures Trading Commission in any capacity with regard to the purchase, sale, or pooling of commodities futures or securities investments, as required by the Commodity Exchange Act, 7 U.S.C. § 1 *et seq.* ("CEA").

**CONSPIRACY TO COMMIT
SECURITIES AND COMMODITIES FRAUD**
(18 U.S.C. § 371)

5. From in or around January 2005, through in or around January 2009, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendant,

OSCAR HERNANDEZ,

did willfully, that is, with the intent to further the object of the conspiracy, and knowingly, combine, conspire, confederate and agree with others known and unknown to the United States Attorney, to commit certain offenses against the United States, that is, to knowingly and intentionally execute a scheme and artifice: (i) to defraud any person in connection with any commodity for future delivery, any option on a commodity for future delivery, and any security of an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. § 781) or that is required to file reports under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 780(d)); and (ii) to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of any security of an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. § 781) or that is required to file reports under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 780(d)), in violation of Title 18, United States Code, Section 1348.

PURPOSE OF THE CONSPIRACY

6. The purpose of the conspiracy was for the defendant and his conspirators to unjustly enrich themselves by luring investors with false and fraudulent pretenses, representations, and promises, into investing with certain commodities and securities funds purportedly operated by Midway and Conquest, with false claims concerning investment returns and the risks associated with the investments, but which funds were instead used for the personal use and benefit of the defendant and his conspirators.

MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which the defendant and his conspirators sought to accomplish the object and purpose of the conspiracy included, but were not limited to, the following:

7. **OSCAR HERNANDEZ** and his conspirators falsely told prospective participants in the investment pools that his companies operated, that the companies would invest their funds in commodity futures and securities.

8. **OSCAR HERNANDEZ** and his conspirators falsely described to investors the likelihood of profiting and the risk associated with the investments, such that investors were led to believe that they would receive a very high rate of return when in reality most of the funds received resulted in either trading losses or were used for the personal benefit of **HERNANDEZ** and his conspirators.

9. **OSCAR HERNANDEZ** provided many of his investors with fraudulent promissory notes, falsely promising to make monthly payments on the participants' investments for a set period of time, with repayment of the entire principal at the end of that time.

10. In reality, the investment scheme conducted by **OSCAR HERNANDEZ** and his conspirators operated as a "Ponzi" scheme, whereby new investor money was used to pay off old investors' promised monthly payments under the promissory notes. A deficit existed and increased in size over time between the amount of original principal (and promised gains), and the actual cash on hand, due to undisclosed investment losses and the continued use of principal funds by the defendant and his conspirators for their personal benefit.

OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY

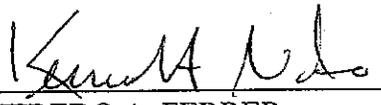
In furtherance of the conspiracy and to accomplish its object and purpose, at least one of the conspirators committed and caused to be committed, in the Southern District of Florida, and elsewhere, at least one of the following overt acts, among others:

1. On or about February 28, 2007, **OSCAR HERNANDEZ** established an account ending in xxxx6647 at Colonial Bank in Miami, Florida, in the name of Midway Trading Co., LLC.
2. On or about March 6, 2007, **OSCAR HERNANDEZ** established an account ending in xxxx3815 at Colonial Bank in Miami, Florida, in the name of Conquest Investment Group, Inc.
3. On or about the dates specified below, **OSCAR HERNANDEZ** caused the following wire transfers of investor funds to be made into the Midway account at Colonial Bank ending in xxxx6647, each a separate overt act:
 - a. \$600,000 by investor O.A. on March 13, 2007;
 - b. \$125,000 by investor J.B. on July 20, 2007; and
 - c. \$300,000 investor G.D. on November 2, 2007.

4. On or about January 28, 2008, **OSCAR HERNANDEZ** caused a wire transfer of \$28,659.43 from a brokerage account at R.J.O. to be transmitted to a personal account of **HERNANDEZ** at Colonial Bank, ending in xxxx2791, for his own benefit.

5. In or around February 2007, **OSCAR HERNANDEZ**, in a conversation with a potential investor, A.A., falsely stated that for several years he had obtained approximately 25% to 30% annual returns by pooling investors' money and investing these funds in commodity futures and stocks, and had paid monthly interest installments to his investors, when in truth and in fact **HERNANDEZ** had experienced substantial losses of investors' funds and had used a substantial portion of the investors' funds for his personal benefit.

All in violation of Title 18, United States Code, Section 371.



WIFREDO A. FERRER
UNITED STATES ATTORNEY



JERROB DUFFY
ASSISTANT UNITED STATES ATTORNEY