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**DAVID J. HERNANDEZ INDICTED FOR ALLEGEDLY SWINDLING
290 INVESTORS IN \$12 MILLION PONZI-SCHEME**

CHICAGO — A Downers Grove man who purported to offer financial investment services to the public was indicted by a federal grand jury for allegedly engaging in a two-year Ponzi-scheme that resulted in losses totaling approximately \$3.5 million when it collapsed last month. The indictment alleges that **David J. Hernandez** fraudulently induced some 290 victims to invest approximately \$12 million through his business, NextStep Financial Services, Inc., and several related companies. Hernandez was charged with four counts of mail fraud in an indictment that was returned late yesterday and announced today by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

Hernandez, 48, of Downers Grove, was initially charged with a single count of mail fraud in a criminal complaint filed in U.S. District Court in Chicago on June 17, several days after FBI agents executed a search warrant at NextStep's offices on the 22nd floor at 225 West Washington St. After Hernandez was located on June 22 by police in Normal, Ill., he appeared in Federal Court in

Peoria on June 29 and was ordered transferred in custody to Chicago. He is expected to arrive in Chicago next week, at which time his first court appearance here will be scheduled.

In addition to the mail fraud counts, the indictment seeks forfeiture of approximately \$3.5 million and two luxury automobiles: a 2009 Audi and a 2007 Mercedes Benz ML350.

According to the indictment, between July 2007 and June 12, 2009, Hernandez defrauded prospective investors and investors in a NextStep Financial Services product described as a “Guaranteed Investment Contract.” He made false representations and promises regarding the risk of investing with NextStep, the manner in which the victims’ funds would be used, the returns that NextStep generated, and his background, it alleges.

Hernandez allegedly falsely promised investors monthly returns of 10 to 16 percent, with no risk of loss to their principal, through investing their funds in Check ‘n Go stores, which offered short-term “payday advance” loans, and which Hernandez claimed were owned or financed by NextStep. In fact, as Hernandez allegedly knew, no NextStep investor funds were used to purchase or finance the operation of Check ‘n Go stores.

Hernandez also fraudulently represented to investors that their principal was protected through insurance that NextStep obtained from various insurance companies, the indictment alleges, when he knew, in fact, that victims’ investments were not insured in any manner. And, knowing that victims’ funds were not earning any interest whatsoever, Hernandez allegedly converted the investors’ funds to his own benefit and used their money to make Ponzi-style “interest” payments to other NextStep investors.

The indictment also alleges that Hernandez lied to investors about his background and experience, including falsely representing that he had a law degree and a master’s degree in business

administration, and that he had 26 years of experience in the financial industry, while failing to disclose pertinent material information about his personal background.

Mr. Fitzgerald and Mr. Grant commended the assistance of the Downers Grove and Normal police departments and the FBI office in Peoria.

If convicted, each count of mail fraud carries maximum penalty of 20 years in prison and a \$250,000 fine, or the Court may impose an alternative maximum fine totaling twice the loss or twice the gain, whichever is greater. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The government is being represented by Assistant United States Attorney Brian Hayes.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendant is 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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