

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No. 09 CR 516
v.	)	
	)	Title 18, United States Code,
DAVID J. HERNANDEZ	)	Section 1341

The SPECIAL FEBRUARY 2008-2 GRAND JURY charges:

1. At times material to this indictment:

a. Defendant DAVID J. HERNANDEZ was the President and founder of NextStep Financial Services, Inc., an Illinois corporation, which purported to offer investment services to the public. Defendant principally operated NextStep Financial Services from offices located on the 22<sup>nd</sup> floor at 225 W. Washington Street, Chicago, Illinois. Defendant HERNANDEZ established and maintained a website that advertised the purported services of NextStep Financial Services at [www.nfsillinois.com](http://www.nfsillinois.com) (the “NextStep Website”).

b. Defendant DAVID J. HERNANDEZ also incorporated a number of additional entities in Illinois during 2008, including NextStep Medical Staffing IL, Inc., NextStep Holdings, Inc., Spectrum Entertainment Group, Inc., and The Illumina Group, Inc.

c. Defendant DAVID J. HERNANDEZ was a signatory on various accounts at Marquette Bank in Chicago, Illinois, including those in the name of NextStep Medical Staffing IL (operating and payroll sub-accounts), NextStep

Holdings, Inc., Spectrum Entertainment Group, Inc., and The Illumina Group, Inc. Defendant was also a signatory for personal accounts that HERNANDEZ maintained at Marquette Bank.

d. Check 'n Go was a business that offered a variety of financial services to the public, including short-term loans known as “payday advance” loans.

2. Beginning in approximately July 2007, and continuing to at least June 12, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID J. HERNANDEZ,

defendant herein, devised and participated in a scheme to defraud prospective investors and investors in NextStep Financial Services, and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

3. It was part of the scheme that defendant DAVID J. HERNANDEZ fraudulently induced approximately 290 individuals to invest approximately \$12,000,000 in a NextStep Financial Services product described as a “Guaranteed Investment Contract” by making materially false and fraudulent representations and promises regarding (i) the risk of investing with NextStep Financial Services, (ii) the manner in which the victims’ funds would be used, (iii) the returns that NextStep Financial Services generated for its investors, and (iv) the defendant’s background.

4. It was further part of the scheme that defendant DAVID J. HERNANDEZ falsely and fraudulently represented to investors and prospective

investors that their funds would earn “guaranteed” monthly returns of 10% to 16%, with no risk of loss to their investment principal, through investment of their funds in Check ‘n Go stores which were owned or financed by NextStep Financial Services. In truth, as defendant HERNANDEZ well knew, no funds obtained from NextStep Financial Services investors were used to purchase, or finance the operation of, Check ‘n Go stores.

5. It was further part of the scheme that defendant DAVID J. HERNANDEZ falsely and fraudulently represented that the victims’ investment principal was protected through insurance that NextStep Financial Services obtained from various insurance companies, such as Nationwide Insurance, and through insurance associated with the loan operations of Check ‘n Go stores. In truth, as defendant HERNANDEZ well knew, NextStep Financial Services did not insure the investments of its clients in any manner.

6. It was further part of the scheme that defendant DAVID J. HERNANDEZ falsely and fraudulently represented that NextStep Financial Services was earning substantial returns through investment of the victims’ funds in Check ‘n Go stores and payday loan products. In truth, as defendant well-knew, the victims’ funds were not earning any returns whatsoever. Rather, defendant HERNANDEZ converted the investors’ funds to his own benefit, and used investors’ funds to make Ponzi-style “interest” payments to other NextStep Financial Services investors.

7. It was further part of the scheme that defendant DAVID J. HERNANDEZ made materially false and fraudulent statements, and omitted material information, about his background and experience to investors and potential investors, such as the following:

a. Defendant HERNANDEZ falsely and fraudulently represented that he possessed a law degree from the John Marshall Law School and an MBA from the University of Wisconsin, when in truth, as defendant well-knew, he did not possess such degrees.

b. Defendant HERNANDEZ falsely represented that he had 26 years of experience in the financial industry at various financial institutions, but failed to reveal that he had been convicted of wire fraud in connection with a prior investment fraud scheme he devised while employed at Columbia National Bank.

8. It was further part of the scheme that defendant DAVID J. HERNANDEZ made the materially false and fraudulent representations (and material omissions) described above through various means, such as the NextStep Website, through email, through delivery of promotional materials delivered by interstate commercial carriers, and through oral statements.

9. As a result of the scheme, defendant DAVID J. HERNANDEZ caused NextStep Financial investors to suffer losses totaling approximately \$ 3,500,000.

10. It was further part of the scheme that defendant DAVID J. HERNANDEZ 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. On or about February 5, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID J. HERNANDEZ,

defendant herein, for the purpose of executing the scheme to defraud, and attempting to do so, knowingly caused to be delivered from Elgin, Illinois, by United States Postal Service, a package from Investor A addressed to NextStep Financial Services, 225 W. Washington Street, Suite 2200, Chicago, Illinois, which package contained a Guaranteed Investment Contract;

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

## **COUNT TWO**

The SPECIAL FEBRUARY 2008-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference the allegations in paragraphs 1 - 10 of Count One of this indictment.

2. On or about February 9, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID J. HERNANDEZ,

defendant herein, for the purpose of executing the scheme to defraud, and attempting to do so, knowingly caused to be delivered from Bensenville, Illinois, by United States Postal Service, a package from Investor B addressed to NextStep Financial Services, 225 W. Washington Street, Suite 2200, Chicago, Illinois, which package contained a Guaranteed Investment Contract;

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

### **COUNT THREE**

The SPECIAL FEBRUARY 2008-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference the allegations in paragraphs 1 - 10 of Count One of this indictment.

2. On or about February 11, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID J. HERNANDEZ,

defendant herein, for the purpose of executing the scheme to defraud, and attempting to do so, knowingly caused to be delivered from Bensenville, Illinois, by United States Postal Service, a package from Investor C addressed to NextStep Financial Services, 225 W. Washington Street, Chicago, Illinois, which package contained a check payable to NextStep Financial in the amount of \$30,000;

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

### **COUNT FOUR**

The SPECIAL FEBRUARY 2008-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference the allegations in paragraphs 1 - 10 of Count One of this indictment.

2. On or about June 2, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID J. HERNANDEZ,

defendant herein, for the purpose of executing the scheme to defraud, and attempting to do so, knowingly caused to be sent to Investor D by United Parcel Service, a commercial interstate carrier, a package from NextStep Financial Services, 225 W. Washington Street, Suite 2200, Chicago, Illinois, which package contained NextStep Financial Services correspondence and a check payable to Investor D;

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



## **FORFEITURE ALLEGATION**

The SPECIAL FEBRUARY 2008-2 GRAND JURY further charges:

1. The allegations contained in Counts 1 through 4 of this Indictment are realleged and incorporated herein by reference for the purpose of alleging that certain property is subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of his violations of Title 18, United States Code, Section 1341, as alleged in the foregoing Indictment,

DAVID J. HERNANDEZ,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offenses.

3. The interests of the defendant subject to forfeiture pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include but are not limited to the following property:

- (a) 2009 Audi Quattro, VIN WAULF78K69A135403,
- (b) 2007 Mercedes Benz ML350, VIN 4JGBB86E97A212495; and
- (c) funds in the amount of approximately \$3,500,000.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendant:

- (a) Cannot be located upon the exercise of due diligence;

- (b) Has been transferred or sold to, or deposited with, a third party;
- (c) Has been placed beyond the jurisdiction of the Court;
- (d) Has been substantially diminished in value; or
- (e) 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, under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY