

KPA

**FILED**

1:23-cr-00057

Judge Steven C. Seeger  
Magistrate Judge Heather K. McShain

**FEB 01 2023**

*car*

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

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

**FEB 1 2023**

UNITED STATES OF AMERICA	)	
	)	
v.	)	<u>Violation:</u> Title 18,
	)	United States Code,
DAVID SHELDON WELLS	)	Section 1343 (Wire Fraud)

COUNT ONE

The SPECIAL OCTOBER 2022 GRAND JURY charges:

1. At times relevant to this indictment:

a. Defendant DAVID SHELDON WELLS was an investment advisor, working for a subsidiary of a Midwestern bank which offered investment advice and services to clients ("the firm"). WELLS worked out of the firm's branch offices in Chicago, Illinois.

b. As an investment advisor, WELLS owed a fiduciary duty to act in the best interests of clients who entrusted funds to the firm's custody and control.

c. WELLS was responsible for maintaining client funds in accounts at the firm, not in his own personal accounts, and for investing client funds for their benefit, not for his own personal gain.

2. Beginning in or about 2020 and continuing until in or about 2021, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID SHELDON WELLS,

defendant herein, devised and intended to devise a scheme to defraud and to obtain money from clients of the firm by means of materially false and fraudulent pretenses, representations, and promises.

3. It was part of the scheme that WELLS set up a shell company called Wayne and Stark, LLC (“Wayne & Stark”), an alias entity through which he intended to misappropriate client funds.

4. It was further part of the scheme that WELLS opened a business checking account in the name of Wayne & Stark at a bank outside the firm. WELLS did so with the fraudulent intent of using that bank account to deposit funds misappropriated from clients of the firm.

5. It was further part of the scheme that WELLS misappropriated funds from three clients who held accounts at the firm, namely:

a. “Victim 1,” an elderly man suffering from dementia, which impaired his ability to manage his own financial affairs and who was dependent on a family member (his niece) to handle his finances.

b. “Victim 2,” a small business owner who had sold his business and wanted to invest a portion of the proceeds in the stock market, through a managed brokerage account at the firm.

c. “Victim 3,” another elderly man suffering from dementia, who sought assistance from the firm in managing his account.

#### **Victim 1**

6. It was further part of the scheme that WELLS fraudulently solicited Victim 1’s niece to invest Victim 1’s money in the stock market and, more specifically, in a purported public company called “Wayne & Stark.” In soliciting investment funds from Victim 1’s niece, WELLS knew that Wayne & Stark was not in fact a public company in which any legitimate investment could have been made. WELLS did not disclose to Victim 1’s niece that Wayne & Stark was actually a shell company with a bank account which was controlled by him, and not a publicly traded company. Instead, WELLS misled Victim 1’s niece into believing that Victim 1’s money would be invested by purchasing stock in Wayne & Stark, through the firm where he (WELLS) was then employed.

7. It was further part of the scheme that WELLS persuaded Victim 1’s niece to obtain cashier’s checks drawn on Victim 1’s account at the firm; to make those cashier’s checks payable to Wayne & Stark; and to deliver those cashier’s checks to WELLS. Relying on the false pretenses, misleading statements, and material omissions of WELLS, Victim 1’s niece provided WELLS with two cashier’s checks payable to Wayne & Stark, in an amount totaling \$396,000.

8. It was further part of the scheme WELLS deposited those cashier’s checks into his Wayne & Stark checking account. WELLS did not disclose to Victim

1's niece that he intended to deposit and did deposit Victim 1's money into a checking account that he alone controlled, outside the firm.

9. It was further part of the scheme that WELLS transferred most of Victim 1's funds from the Wayne & Stark checking account to a certain online brokerage account in the name of WELLS' wife. WELLS transferred Victim 1's funds to that brokerage account outside the firm without the knowledge and consent of Victim 1 and Victim 1's niece.

10. It was further part of the scheme that WELLS used the funds which he transferred to his wife's brokerage account to conduct unauthorized trades in high-risk options contracts, with the fraudulent intent of keeping at least a portion of any trading profits for himself. Without the knowledge and authorization of Victim 1 and Victim 1's niece, WELLS lost Victim 1's money as a result of his risky options trades.

11. It was further part of the scheme that WELLS converted a portion of Victim 1's money for his own personal use—that is, to pay personal expenses, such as his rent, among other things—without the knowledge and consent of Victim 1 and Victim 1's niece.

### **Victim 2**

12. It was further part of the scheme that WELLS fraudulently induced another client of the firm, Victim 2, to provide him with a \$254,000 cashier's check payable to Wayne & Stark. WELLS misled Victim 2 into believing that he would invest Victim 2's money conservatively, through a managed account at the firm where WELLS was then employed and where Victim 2 maintained an account.

13. It was further part of the scheme that WELLS deposited that \$254,000 cashier's check into his Wayne & Stark checking account, without disclosing to Victim 2 that he had done so.

14. It was further part of the scheme that WELLS transferred most of Victim 2's funds from his Wayne & Stark checking account to the online brokerage account in his wife's name outside the firm.

15. It was further part of the scheme that WELLS used those victim funds to conduct unauthorized trades in risky option contracts. Without the knowledge and authorization of Victim 2, WELLS lost Victim 2's money as a result of his high-risk options trades.

16. It was further part of the scheme that WELLS converted the rest of Victim 2's money for his own personal use, without the knowledge and consent of Victim 2.

### **Victim 3**

17. It was further part of the scheme that WELLS fraudulently induced Victim 3 to provide him with a cashier's check payable to Wayne & Stark in the amount of \$33,000, misleading Victim 3 to believe that he would invest Victim 3's money for him, even though WELLS intended to convert the money to his own use.

18. It was further part of the scheme that WELLS deposited that \$33,000 cashier's check into his Wayne & Stark checking account.

19. It was further part of the scheme that WELLS transferred Victim 3's money from his Wayne & Stark checking account to other bank accounts that he

controlled. WELLS transferred the bulk of Victim 3's money to an online brokerage account that WELLS maintained in his own name, where he again lost all the money as a result of bad securities trades. WELLS commingled and traded with the remainder of Victim 3's money in other accounts, losing or otherwise spending all of it, to the detriment of Victim 3.

20. It was further part of the scheme that WELLS failed to provide his victims with any details or written records reflecting what he had actually done with their money.

21. It was further of the scheme that WELLS failed to return any of the victims' money.

22. It was further part of the scheme that WELLS misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence of the scheme, the purposes of the scheme, and the acts committed in furtherance of the scheme.

23. As a result of WELLS' false and fraudulent representations, promises, acts, and omissions, victim-investors lost all of the funds that they had entrusted to WELLS to invest on their behalf, in an amount totaling approximately \$683,000.

24. On or about December 15, 2020, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID SHELDON WELLS,

defendant herein, for the purpose of executing the scheme described above, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate transfer of funds belonging to Victim 1, in the amount of \$186,000, from WELLS' Wayne & Stark checking account to the online brokerage account in his wife's name outside the firm;

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

COUNT TWO

The SPECIAL OCTOBER 2022 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about January 15, 2021, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID SHELDON WELLS,

defendant herein, for the purpose of executing the scheme described above, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate transfer of funds belonging to Victim 2, in the amount of \$250,000, from WELLS' Wayne & Stark checking account to the online brokerage account in his wife's name outside the firm;

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



COUNT THREE

The SPECIAL OCTOBER 2022 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about June 11, 2021, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DAVID SHELDON WELLS,

defendant herein, for the purpose of executing the scheme described above, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate transfer of funds belonging to Victim 1, in the amount of \$188,475, from WELLS' Wayne & Stark checking account to the online brokerage account in his wife's name outside the firm;

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

A TRUE BILL:

---

FOREPERSON

---

Signed by Jason Yonan on behalf of the  
UNITED STATES ATTORNEY