



THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* OHIO

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Department of Justice

U.S. Attorney's Office

Northern District of Ohio

FOR IMMEDIATE RELEASE

Tuesday, June 5, 2018

Former head of Sandusky business charged with defrauding investors out of \$10 million

The leader of an international binary options scheme was arrested and a 19-count federal indictment unsealed, charging him with defrauding investors out of at least \$10 million.

Jared J. Davis previously lived in the Columbus area but currently resides in Kalispell, Montana. He was indicted on multiple charges including conspiracy to commit wire fraud, conspiracy to launder money, wire fraud, money laundering and obstruction of justice.

He was arrested early Tuesday morning at Cleveland Hopkins International Airport.

According to the indictment:

Davis and others ran a fraudulent binary options investment scheme between 2012 and 2016 through Erie Marketing LLC, headquartered in Sandusky, where Davis was involved in various real estate ventures and businesses. The options business used various trade names, including OptionMint, OptionKing and OptionQueen.

A binary option is a concept in which an investor seeks a future payout based on the future price of a given security or commodity. Binary options are sometimes traded on regulated exchanges that match two investors, one who believes the price of the asset will go up and the other who believes it will go down. The option exchange makes a commission but otherwise has no interest in the outcome of a trade.

Davis' binary options businesses were not registered with the Securities and Exchange Commission nor the Commodity Futures Trading Commission, which have regulatory oversight, including registration and licensing.

Davis, acting as a broker, did not connect investors to a legitimate binary options exchange that would match investors who chose different options outcomes. Instead, Davis took the opposing position on each trade, similar to a casino or sports book.

Thus, Davis only made money when investors lost money, providing a built-in incentive to employ manipulative and deceptive practices, including failing to disclose to victims that they were not matched with

individual investors, failing to disclose to them that he could and did manipulate trading conditions, falsely telling investors their money was held in an account when Davis actually spent victim deposits as he received them, falsely portraying his employees as “brokers” or “analysts” when in fact they had no relevant experience or qualifications, falsely representing to victims they could withdraw their money at any time when Davis actually required unnecessary and burdensome documentation to closing an account, falsely representing to victims they could make “risk free,” “insured,” or “guaranteed” binary options trades if they deposited more money, and other deceptive practices.

Davis solicited victims through Internet marketing campaigns and call centers that he operated out of Sandusky, Costa Rica and St. Maarten. He enlisted foreign nationals who, under Davis’ direction, created an elaborate web of foreign corporations in the United Kingdom, Belize, Anguilla, Costa Rica, St. Vincent and the Grenadines and St. Maarten to receive and launder the victims’ deposits.

“This defendant portrayed himself as a legitimate investment broker when he was really no better than a simple con man,” said First Assistant U.S. Attorney David Sierleja. “He fleeced his victims out of \$10 million by manipulating trading conditions, falsely telling investors his salespeople were financial analysts and using offshore companies to spend money as fast as it came in.”

“Crime knows no borders, and neither does the financial investigative reach of IRS-Criminal Investigation,” said IRS-Criminal Investigations Special Agent in Charge Ryan Korner. “IRS-CI will follow the money wherever it may be to ensure those who prey upon the finances of others are held accountable for their actions.”

FBI Special Agent in Charge Stephen D. Anthony said: “Davis defrauded investors out of their hard-earned money and used their money for his personal real estate interests. The FBI, along with our law enforcement partners, will continue to identify, investigate and bring financial fraudsters to justice.”

This case was investigated by the Internal Revenue Service – Criminal Investigations and Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorney Gene Crawford.

If convicted, the defendant’s sentence will be determined by the Court after reviewing factors unique to this case, including the defendant’s prior criminal record, if any, the defendant’s role in the offense and the characteristics of the violation. In all cases the sentence will not exceed the statutory maximum and in most cases it will be less than the maximum.

An indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial in which it will be the government’s burden to prove guilt beyond a reasonable doubt.

Topic(s):

Financial Fraud

Component(s):

USAO - Ohio, Northern

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Updated June 5, 2018