

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	No.
)	
)	
v.)	Violation: Title 18, United States
)	Code, Section 1343
)	
SHAWN BALDWIN)	<u>UNDER SEAL</u>

COUNT ONE

The SPECIAL FEBRUARY 2017 GRAND JURY charges:

1. At times material to this Indictment:

a. Defendant SHAWN BALDWIN variously held himself out as an investment advisor, investment manager, hedge fund manager, and business entrepreneur, operating through numerous different entities, all located in Chicago, Illinois.

b. Defendant SHAWN BALDWIN had investors who provided him with their funds. BALDWIN purported to act in the best interests of these investors. Some investors gave BALDWIN authority to invest money for them, while others maintained authority to approve or disapprove of any investment recommendation BALDWIN made.

c. Certain individuals and entities lent defendant SHAWN BALDWIN funds (“lenders”) for his use in connection with BALDWIN’s business and personal financial dealings.

d. Defendant SHAWN BALDWIN controlled the bank and trading accounts into which his investors’ and lenders’ funds were placed.

e. In or about June 2009, the Financial Industry Regulatory Authority (“FINRA”) revoked all of defendant SHAWN BALDWIN’s registrations, including his Series 7 and 24 licenses.

f. In or about November 2013, the Securities Department of the Illinois Secretary of State permanently prohibited defendant SHAWN BALDWIN from offering or selling any securities in or from the State of Illinois and prohibited him from offering investment advice in or from the State of Illinois.

2. Beginning in or about January 2006, and continuing until no earlier than in or about May 2017, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, devised, intended to devise, and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that defendant SHAWN BALDWIN fraudulently solicited, obtained and retained more than \$10 million in investors' and lenders' funds and assets based on false representations that the funds would be invested in certain stocks, debentures and other investments, and that the assets would be used for investment purposes, when BALDWIN intended to and did spend and take their funds and assets for his own personal benefit, and not for the benefit of his investors and lenders.

4. It was further part of the scheme that defendant SHAWN BALDWIN convinced investors and lenders to wire their money or write checks to BALDWIN's entities, the bank and trading accounts for which BALDWIN controlled, and moved investors' and lenders' money among his various entities' accounts and his own personal accounts that he controlled, knowing

that he intended to and did spend funds contrary to what he had told investors and lenders, including funds spent for his own personal benefit.

5. It was further part of the scheme that defendant SHAWN BALDWIN told certain investors that they would retain the ultimate authority to accept or reject BALDWIN's recommendations for how to invest their funds, when he knew he would and did utilize and secrete those funds without his investors' consent.

6. It was further part of the scheme that defendant SHAWN BALDWIN knowingly misrepresented and minimized to investors and lenders the nature of and reasons for regulators' disciplinary actions taken against him and his business entities, in order to deceive them about his background and to allow him to retain their funds.

7. It was further part of the scheme that defendant SHAWN BALDWIN knowingly exaggerated to prospective and existing investors and lenders his financial success and his professional connections, as well as the success and value of his business entities, in order to persuade investors and lenders to invest with or lend to him and to allow him to retain their funds.

8. It was further part of the scheme that defendant SHAWN BALDWIN knowingly misrepresented to investors and lenders the composition and workings of his business entities, including the existence of compliance

officers, affiliation with academic and professional advisors, and the roles of certain individuals associated with his entities.

9. It was further part of the scheme that defendant SHAWN BALDWIN knowingly misrepresented to his investors and lenders what he had done with their investment funds, including whether their funds had been invested, how their funds had been invested or used, whether he had used their funds to obtain shares of certain privately held companies, and the reasons certain of his business entities were having financial problems.

10. It was further part of the scheme that defendant SHAWN BALDWIN provided to investors and lenders account statements he knew were false and account statements that he knew misrepresented the value and composition of their investments.

11. It was further part of the scheme that defendant SHAWN BALDWIN misappropriated investors' and lenders' assets by transferring these assets to other accounts he controlled, knowing that he did not have the permission of the investors and lenders to make these transfers.

12. It was further part of the scheme that defendant SHAWN BALDWIN lulled investors and lenders by making false statements meant to exaggerate his efforts to recoup investor money, including false statements about supposed potential business deals, new businesses BALDWIN described

with the supposed possibility of initial public offerings, and claims he could obtain millions of dollars that he said had been frozen in connection with regulatory matters.

13. It was further part of the scheme that defendant SHAWN BALDWIN lulled investors and lenders by falsely telling them he could not pay them back their investment funds because those investments could not be liquidated or there otherwise were insufficient funds to return their money, when BALDWIN knew the reason he could not pay them back was because he had lost and spent their funds.

14. It was further part of the scheme that defendant SHAWN BALDWIN lulled investors and lenders by continuing to promise them future repayment of their funds, when he knew he did not have any legitimate means to repay the funds.

15. It was further part of the scheme that defendant SHAWN BALDWIN misappropriated some investor funds by transferring the funds to earlier investors, which served to lull investors into believing their funds were safe.

16. It was further part of the scheme that defendant SHAWN BALDWIN misrepresented, concealed, and hid, and caused to be

misrepresented, concealed, and hidden, the existence of the scheme, the purposes of the scheme, and acts done in furtherance of the scheme.

17. As a result of the scheme, defendant SHAWN BALDWIN fraudulently misappropriated approximately \$10 million from at least 17 investors and lenders.

18. On or about December 18, 2012, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer in the amount of approximately \$450,000 from LG's account at HSBC, through the Clearing House Interbank Payment System, to the account of AIA Research LLC, a company defendant controlled, at Bank of America, N.A.;

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

COUNT TWO

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One are incorporated here.

2. On or about January 14, 2013, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an email from [defendant]@cmgfunds.com to [GF]@sbcglobal.net telling GF he would be entitled to \$200,000 of the \$2.8 million defendant claimed to be owed;

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

COUNT THREE

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One are incorporated here.

2. On or about June 4, 2013, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer in the amount of approximately \$35,000 from SS's account at Vanguard Group Inc., through the Federal Reserve System, to the account of AIA Research LLC, a company defendant controlled, at Citibank;

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

COUNT FOUR

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One are incorporated here.

2. On or about January 9, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an email from [defendant]@aiafunds.com to [LG]@yahoo.co.uk explaining why defendant could not return LG's funds;

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

COUNT FIVE

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One are incorporated here.

2. On or about May 29, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer in the amount of approximately \$50,000 from BW and RW's account at Charles Schwab and Company, Inc., through the Federal Reserve System, to the account of AIA Research LLC, a company defendant controlled, at Citibank;

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

COUNT SIX

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One are incorporated here.

2. On or about June 16, 2014, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer in the amount of approximately \$1,000,000 from FPL's account at EFG Bank, through the Clearing House Interbank Payment System, to the account of AIA Research LLC, a company defendant controlled, at Citibank;

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

COUNT SEVEN

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One are incorporated here.

2. On or about February 5, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer in the amount of approximately \$10,000 from the account of AIA Research LLC, a company defendant controlled, at Citibank, through the Federal Reserve System, to GF's account at PNC Bank;

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

COUNT EIGHT

The SPECIAL FEBRUARY 2017 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 17 of Count One are incorporated here.

2. On or about July 22, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

SHAWN BALDWIN,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an email from [defendant]@aiafunds.com to [LT]@gmail.com attaching a false account statement;

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

FORFEITURE ALLEGATIONS

The SPECIAL FEBRUARY 2017 GRAND JURY further alleges:

1. The allegations of Counts One through Eight are incorporated here for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(c).

2. As a result of the violations as alleged in Counts One through Eight of the foregoing indictment,

SHAWN BALDWIN,

defendant herein, shall forfeit to the United States any and all right, title, and interest he may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses charged in Counts One through Eight.

3. The interests of defendant subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c), include, but are not limited to approximately \$10.4 million.

4. If any of the forfeitable property described above, as a result of any act or omission by 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 pursuant to 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 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY