

COPY

**IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS**

AT PEORIA

UNITED STATES OF AMERICA,)

Plaintiff,)

v.)

WILLIAM HUBER,)

Defendant.)

) Criminal No. 10 - 10088

) VIO: Title 18, United States Code, Sections
) 1341, 1956(a)(1)(B)(i) and 1957(a)

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

COUNT 1
(Mail Fraud)

INTRODUCTION

At all times material hereto:

1. WILLIAM HUBER (hereafter, "Huber") was the sole director, president, secretary, treasurer, and majority shareholder of Hubadex, an Illinois corporation, which maintained its principal office in Forsyth, Illinois.

2. Hubadex served as the general partner for two investment funds, The Quarter Funds, L.P. and The Symmetry Fund, L.P. Hubadex also served as the general partner and fund manager for The Trimester Fund, an investment club.

a. The Quarter Funds, L.P. was an Illinois limited partnership which represented itself to be a pooled investment fund which purportedly engaged in speculative trading of options on the S & P 100 Index.

b. The Symmetry Fund, L.P. was an Illinois limited partnership which represented itself to be a pooled investment fund and a multi-manager, multi-strategy, and well diversified investment fund, commonly known as a fund of funds.

c. The Trimester Fund represented itself to be an investment club which engaged in speculative trading of options on exchange-traded common stocks.

(The three funds are collectively referred to herein as "The Funds.")

3. HUBER and Hubadex controlled The Funds' bank and brokerage accounts and managed all aspects of The Funds' business.

4. In September 2009, the Securities and Exchange Commission (hereafter, SEC) ordered that HUBER cease trading.

SCHEME and ARTIFICE

5. Beginning in or about 1998 and continuing thereafter until in or about 2009, at Forsyth, in the Central District of Illinois, and elsewhere, WILLIAM HUBER devised and executed a scheme and artifice to defraud clients, the SEC, and others through false and fraudulent pretenses, representations, and promises.

6. It was a part of the scheme and artifice to defraud that HUBER commingled investments in the three Funds, moving funds intended by clients for investment in a particular fund into an account for another fund.

7. It was a part of the scheme that HUBER did not invest clients' funds as represented. Contrary to his representations about the stated purpose of the investments, HUBER engaged in a Ponzi - type scheme whereby clients who requested redemptions based on the falsely inflated position of their investments were paid with funds invested by other clients.

8. It was a part of the scheme that HUBER mailed a "Performance Update & Commentary" and monthly account statement to investors. The account statements set out the total amount of money held in the particular fund, the net trading profits for the month, the accrued Fund management fees and the gross and net returns on investment, as well as the individual investor's current

account balance and current gain or loss. In truth and fact, the account statements HUBER provided were grossly inflated and false, substantially misrepresenting the amount of assets being managed and the amount of returns.

9. It was a part of the scheme that HUBER represented that Hubadex did not receive a management fee for directing trades on behalf of the Quarter Funds and Trimester Fund, but instead received an "incentive fee" ranging from 10% to 20% of the gains achieved in each Fund. For the Symmetry Fund, HUBER represented that Hubadex received a monthly cash fee based on the net assets of the Symmetry Fund and a quarterly incentive fee of approximately 20% of the gains achieved by the Symmetry Fund. In truth and fact, HUBER misrepresented the current assets and returns for The Funds, thereby significantly inflating the monthly cash fees and incentive fees Hubadex was purportedly entitled to receive from The Funds.

10. It was further a part of the scheme that HUBER invested funds for friends and acquaintances in The Funds and obtained new investors by deceiving existing investors as to the success of their investments, thereby generating referrals.

11. It was further a part of the scheme that HUBER sent emails to investors falsely reassuring them as to the safety of their investments, as well as his own honesty.

12. It was further a part of the scheme that HUBER caused false and fraudulent information to be provided to the Securities and Exchange Commission ("SEC"). Among other lies, HUBER claimed that he and Hubadex managed over \$40 million in investor funds. In truth and fact, HUBER and Hubadex only managed approximately \$3 million. Huber also concealed the location of Symmetry Fund assets by claiming they were held by six different hedge funds. In truth and fact, the Symmetry Fund had never invested with five of those funds and the sixth fund only held a relatively small gain from a prior investment.

13. It was further a part of the scheme that HUBER diverted client funds to support a lavish lifestyle, paying personal expenses for himself and others. The diversion included mortgage payments and remodeling expenses for residences in La Jolla, California and Naples, Florida, a \$197,000 down payment for another's residence, and over \$331,000 in premiums for life insurance policies.

14. As a result of the scheme and artifice to defraud, WILLIAM HUBER defrauded approximately 300 clients and others of approximately \$15 million.

Mailing

15. On or about September 9, 2009, at Lexington, in the Central District of Illinois and elsewhere,

WILLIAM HUBER,

defendant herein, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and in attempting to do so, did knowingly cause certain mail matter, that being an account statement of Quarter Funds, L.P., to be delivered according to the directions thereon by the United States Postal Service to a client identified herein as W.S.;

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

COUNT 2
(Money Laundering)

On or about October 20, 2006, in the Central District of Illinois and elsewhere,

WILLIAM HUBER,

defendant herein, did knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, to wit, the wire transfer of \$110,000 from the Trimester Fund account at Buena Vista National Bank in Decatur, Illinois to the Jade Rene Osseck Trust account at the Navy Federal Credit Union in Virginia, which involved the proceeds of specified unlawful activity, that is mail fraud, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, source, and ownership of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

COUNT 3
(Prohibited Monetary Transaction)

On or about September 7, 2007, at Decatur, in the Central District of Illinois, and elsewhere,

WILLIAM HUBER,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution affecting interstate commerce, in criminally derived property that was of a value greater than \$10,000, that is the transfer of United States currency, funds, and monetary instruments to Bank of America in the amount of \$500,000.00 by a wire transfer of funds from the Symmetry Fund account at the Buena Vista National Bank, a financial institution, to the Hubadex account at Bank of America for use in the purchase of a residence in La Jolla, California, such property having been derived from a specified unlawful activity, that is mail fraud, in violation of

Title 18, United States Code, Section 1341, said statute being specified in Title 18, United States Code, Section 1961(1);

In violation of Title 18, United States Code, Section 1957(a).

UNITED STATES OF AMERICA

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