

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

U.S. DISTRICT COURT NORTHERN DISTRICT OF TEXAS FILED MAR - 5 2019 CLERK, U.S. DISTRICT COURT By <u>[Signature]</u> Deputy
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UNITED STATES OF AMERICA

v.

CENGIZ JAN COMU (1)

a.k.a. CJ Comu

JOHN MERVYN PRICE (2)

HARLEY E. BARNES, III (3)

a.k.a. Buddy Barnes

RICHARD LAURENCE KADISH (4)

RICHARD LAWRENCE GREEN (5)

a.k.a. Richard Lawrence

DANIEL THOMAS BROYLES, SR. (6)

a.k.a. Dan Thomas

TO BE FILED UNDER SEAL

Case No.

8-19CR-112-K

SEALED INDICTMENT

The Grand Jury charges:

Introduction

1. EarthWater Limited (f/k/a EarthWater PLC) was a United Kingdom company with its principal place of business in Dallas County, Texas. EWB International Inc., a subsidiary of EarthWater Limited, was a Texas corporation (together with EarthWater Limited, "EarthWater"). EarthWater maintained a bank account at Bank of America with account number ending in #2037. EarthWater's offices were located at 15455 Dallas Parkway, Addison, Texas, or 16220 Midway Road, Addison, Texas. EarthWater manufactured and sold bottled water that it claimed was infused with special minerals mined from an 80-million-year-old deposit hidden in a secret location.

2. Defendant **CENGIZ JAN COMU**, a/k/a CJ Comu, was a citizen of both the United States and Canada residing in Dallas, Texas. **COMU** founded EarthWater in 2013 and was the Chief Executive Officer and Chairman of EarthWater.

3. Defendant **JOHN MERVYN PRICE**, was a citizen of both the United States and the United Kingdom residing in Dallas, Texas. **PRICE** was the Chief Operating Officer of EarthWater from in or about 2013 through in or around September 2016.

4. Defendant **HARLEY E. BARNES, III**, a/k/a Buddy Barnes, was a United States citizen residing in Plano, Texas. **BARNES** was the Chief Financial Officer of EarthWater.

5. Defendant **RICHARD LAURENCE KADISH**, d/b/a Energy Farms, Inc. ("Energy Farms"), d/b/a National IRPR, Inc. ("National IRPR"), was a citizen of the United States residing in Miami, Florida.

6. Defendant **RICHARD LAWRENCE GREEN**, a/k/a Richard Lawrence, d/b/a Sammieboy, Inc. ("Sammieboy"), d/b/a Ultimate Sales, Inc. ("Ultimate Sales"), was a United States citizen residing in Miami, Florida.

7. Defendant **DANIEL THOMAS BROYLES, SR.**, a/k/a Dan Thomas, was a United States citizen residing in Malibu, California until in or around September 2016, when he re-located to Mexico.

**COUNT ONE
(CONSPIRACY TO COMMIT MAIL AND WIRE FRAUD - 18 U.S.C. SECTION 1349)**

The Conspiracy

8. From in or about 2013, the exact date being unknown to the Grand Jury, through in or about March 2019, in Dallas, Dallas County, within the Northern District of Texas, and elsewhere, the defendants,

**CENGIZ JAN COMU,
JOHN MERVYN PRICE,
HARLEY E. BARNES, III,
RICHARD LAURENCE KADISH,
RICHARD LAWRENCE GREEN,
and
DANIEL THOMAS BROYLES, SR.,**

together with other conspirators, both known and unknown to the Grand Jury, knowingly combined, conspired, confederated, and agreed together, and with each other, to commit the following offenses:

a. To knowingly and willfully devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing and attempting to execute the scheme and artifice to defraud did knowingly and willfully place and caused to be placed in a post office and authorized depository for mail matter, and to be sent and delivered by the Postal Service and by a private and commercial interstate carrier, mail matter, specifically victim investments in EarthWater, in violation of Title 18, United States Code, Section 1341; and

b. To knowingly and willfully devise scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing and attempting to execute the

scheme to defraud did knowingly and willfully transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures, and sounds, specifically wire transfers of victim investment funds into and from the bank account of EarthWater, in violation of Title 18, United States Code, Section 1343.

Purpose of the Conspiracy

9. The purpose of the conspiracy was to: (a) make materially false and fraudulent representations to investors regarding the nature of EarthWater's anticipated and actual use of proceeds from an unregistered securities offering to induce investors to purchase EarthWater stock; (b) withhold material information from investors regarding the nature of EarthWater's anticipated and actual use of proceeds from an unregistered securities offering; (c) enrich **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others, who used the proceeds of the stock sales for their personal benefit, and (d) conceal the conspiracy.

Manner and Means of the Conspiracy and the Scheme to Defraud

10. It was part of the conspiracy and scheme to defraud, and among the manner and means by which the defendants and their co-conspirators carried out the conspiracy, that:

a. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others targeted victim investors by telephone and email to induce those victim investors to purchase EarthWater stock.

b. **COMU** falsely represented to victim investors verbally, in the Private Placement Memorandum and on his personal website (cjcomu.com), that he was a successful Wall Street veteran with decades of experience and did not disclose to investors that, among

other things, he was permanently barred from selling unregistered securities as a result of actions filed by state and federal securities regulators.

c. **KADISH** used the email accounts “hydro@capital360.com” and “rich@capital360.com” to mask his true identity and background from victim investors. **KADISH** recruited one or more individuals to sell EarthWater stock.

d. **GREEN** used the alias “Richard Lawrence” and the email account “globalclients1@gmail.com” to mask his true identity and background from victim investors. **GREEN** recruited one or more individuals to sell EarthWater stock.

e. **BROYLES** used the alias “Dan Thomas” and the email account “earthwater.dan@gmail.com” to mask his true identity and background from victim investors. **BROYLES** recruited one or more individuals to sell EarthWater stock.

f. To induce victim investors to purchase EarthWater stock, **COMU**, **PRICE**, **BARNES**, **KADISH**, **GREEN**, **BROYLES**, and others made numerous false and fraudulent representations, both in direct exchanges with victim investors and through published and publicly posted materials. These false and fraudulent representations included, among other things, that EarthWater’s stock was marketable, on the verge of an initial public offering (IPO), merger or acquisition, and would have a value of at least \$5.00 per share after the IPO, merger or acquisition. **COMU**, **PRICE**, **BARNES**, **KADISH**, **GREEN**, **BROYLES**, and others then falsely represented that victims had only a brief opportunity to purchase EarthWater stock for anywhere from \$0.10 - \$0.50 per share in an unregistered offering—thus promising a high-yield return on victims’ investments.

g. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others falsely represented to victim investors verbally and in a Private Placement Memorandum, executive summary, PowerPoint presentation, and other promotional materials they drafted and distributed to victim investors that EarthWater would use ninety (90) percent of invested funds for new product development, global license and distribution, product inventories, marketing and public relations, working capital, legal/accounting/advisory, and cost contingencies. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others also falsely represented to victim investors verbally and in a Private Placement Memorandum, executive summary, PowerPoint presentation, and other promotional materials they drafted and distributed to victim investors that fees paid to a broker-dealer with respect to sales of EarthWater shares in the unregistered offering (or “placement fees”) shall not exceed ten (10) percent of the purchase price of the shares.

h. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others falsely represented to victim investors verbally and in a Private Placement Memorandum they drafted and distributed to victim investors that EarthWater’s officers and employees, including **COMU, PRICE** and **BARNES**, did not receive salary from EarthWater in 2014, 2015 or 2016.

i. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others withheld from victim investors material information about the anticipated and actual use of proceeds from the sale of EarthWater stock in the unregistered offering.

j. Once a victim investor agreed to purchase EarthWater stock, **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others continued to contact the victim

investor to persuade the victim investor to make additional purchases of EarthWater stock to allegedly maximize the victim's investment gains.

k. In truth and in fact, **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, knew that the proceeds of EarthWater stock sales were not invested in EarthWater as described to investors, but paid out to them and others for their personal benefit.

l. To obtain victims' money, **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others instructed victim investors to mail payments for EarthWater stock to EarthWater at EarthWater's offices in Addison, Texas, or to wire payments directly into EarthWater's Bank of America bank account, which **COMU, PRICE** and **BARNES** controlled.

m. **COMU, PRICE** and **BARNES** received and deposited into EarthWater's bank account all victim payments mailed to EarthWater's offices in Addison, Texas. **COMU, PRICE** and **BARNES** also monitored EarthWater's bank account for victim payments made by wire transfers directly into that account.

n. Upon **COMU, PRICE** and **BARNES**'s receipt of victim funds, **COMU, PRICE** or **BARNES**, would issue and send the victim investor an EarthWater stock certificate that at least one of them had signed.

o. Once a victim investor's funds were deposited into EarthWater's bank account, **COMU, PRICE** and **BARNES** distributed from that account, by check or wire transfer, sales commission payments totaling approximately forty-five (45) to fifty (50) percent of the victim's funds to the bank account(s) of the co-conspirator(s) who had contacted the victim investor and induced the victim investor to purchase EarthWater stock. **KADISH** and **GREEN**

often split the commissions paid to them by **COMU, PRICE** and **BARNES** between and among themselves and with others involved in the sale of EarthWater stock.

p. From the remaining victim funds that they did not pay as sales commission to **KADISH, GREEN, BROYLES**, and other co-conspirators, **COMU, PRICE** and **BARNES** paid themselves salaries (including in 2014, 2015 and 2016), and used the funds for their own personal benefit, either directly or by transferring the funds to bank accounts controlled by them.

11. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others used invested victim funds for their personal benefit, not to develop and operate EarthWater as represented in the Private Placement Memorandum, executive summary, PowerPoint presentation, and other promotional materials they drafted and distributed to victim investors.

12. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, never initiated an IPO for EarthWater stock or a merger or acquisition.

13. Through their actions, including their misuse of invested victim funds, **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, and others made EarthWater and its stock worthless.

14. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, targeted persons over the age of 55 for solicitation.

15. **COMU, PRICE, BARNES, KADISH, GREEN, BROYLES**, victimized ten or more persons over the age of 55 by fraudulently inducing them to purchase EarthWater stock.

All in violation of Title 18, United States Code, Sections 1349 and 2326(2)(A) & (B).

**COUNTS TWO THROUGH ELEVEN
(MAIL FRAUD - 18 U.S.C. SECTION 1341)**

16. The Grand Jury realleges and incorporates by reference paragraphs 1 through 15 of this Indictment.

17. From in or about 2013, the exact date being unknown to the Grand Jury, through in or about March 2019, in Dallas, Dallas County, within the Northern District of Texas, and elsewhere, the defendants

**CENGIZ JAN COMU,
JOHN MERVYN PRICE,
HARLEY E. BARNES, III,
RICHARD LAURENCE KADISH,
RICHARD LAWRENCE GREEN,
and
DANIEL THOMAS BROYLES, SR.,**

together with others known and unknown to the Grand Jury, knowingly and willfully devised a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

Use of the Mails

18. On or about the dates set forth below, each such date constituting a separate count of the Indictment, in the Northern District of Texas and elsewhere, the defendants,

**CENGIZ JAN COMU,
JOHN MERVYN PRICE,
HARLEY E. BARNES, III,
RICHARD LAURENCE KADISH,
RICHARD LAWRENCE GREEN,
and
DANIEL THOMAS BROYLES, SR.,**

together with others known and unknown to the Grand Jury, did knowingly and willfully place and caused to be placed in a post office and authorized depository for mail matter, and to be sent

and delivered by the Postal Service and by a private and commercial interstate carrier, mail matter, specifically victim investments in EarthWater, for the purpose of executing the scheme to defraud, and attempting to do so:

Count	Sender Initials	Mail Matter Sent From	Location Mail Matter Received	Approximate Date Mail Matter Sent	Approximate Amount of Victim Investment
2	RR	Amsterdam, NY	Addison, TX	06/26/14	\$12,500
3	DF	Tracy, MN	Addison, TX	09/04/14	\$6,250
4	W&JPLP	Waddell, AZ	Addison, TX	09/22/16	\$5,000
5	RH	Salt Lake City, UT	Addison, TX	09/22/16	\$5,000
6	JE	Casper, WY	Addison, TX	01/12/17	\$10,000
7	JE	Superior, NE	Addison, TX	01/13/17	\$5,000
8	BM	Colorado Springs, CO	Addison, TX	06/06/17	\$75,000
9	CM	Seattle, WA	Addison, TX	04/04/18	\$10,000
10	MP	Alamo, CA	Addison, TX	04/05/18	\$20,000
11	JA	Baltimore, MD	Addison, TX	05/15/18	\$25,000

All in violation of Title 18, United States Code, Sections 1341, 2326(2)(A) & (B), and 2.

**COUNTS TWELVE THROUGH TWENTY-ONE
(WIRE FRAUD - 18 U.S.C. SECTION 1343)**

19. The Grand Jury realleges and incorporates by reference paragraphs 1 through 18 of this Indictment.

20. From in or about 2013, the exact date being unknown to the Grand Jury, through in or about March 2019, in Dallas, Dallas County, within the Northern District of Texas, and elsewhere, the defendants,

**CENGIZ JAN COMU,
JOHN MERVYN PRICE,
HARLEY E. BARNES, III,
RICHARD LAURENCE KADISH,
RICHARD LAWRENCE GREEN,
and
DANIEL THOMAS BROYLES, SR.,**

together with others known and unknown to the grand jury, knowingly and willfully devised a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

Use of the Wires

21. On or about the dates set forth below, each such date constituting a separate count of the Indictment, in the Northern District of Texas and elsewhere, the defendants,

**CENGIZ JAN COMU,
JOHN MERVYN PRICE,
HARLEY E. BARNES, III,
RICHARD LAURENCE KADISH,
RICHARD LAWRENCE GREEN,
and
DANIEL THOMAS BROYLES, SR.,**

together with others known and unknown to the Grand Jury, did knowingly and willfully transmit, and cause to be transmitted, the following wire transfers in interstate commerce from

victim investor bank accounts to the EarthWater bank account, and emails sending invoices to EarthWater, for the purpose of receiving victim investor funds or for receiving commission payments on solicited victim investor funds, in furtherance of the scheme to defraud:

Count	Approximate Date	Description of Wire
12	07/23/14	Interstate wire transfer of approximately \$25,000 from victim investor WB in PA to EarthWater's bank account in TX.
13	09/13/14	Email from KADISH in FL to COMU in TX sending invoice for commission payment of approximately \$3,125.
14	09/16/14	Interstate wire transfer of approximately \$6,250 from victim investor EC in IL to EarthWater's bank account in TX.
15	12/05/14	Interstate wire transfer of approximately \$10,000 from victim investor ER in NY to EarthWater's bank account in TX.
16	10/29/15	Interstate wire transfer of approximately \$10,000 from victim investor DK in CA to EarthWater's bank account in TX.
17	05/11/16	Interstate wire transfer of approximately \$25,000 from victim investor DG in AL to EarthWater's bank account in TX.
18	04/04/17	Interstate wire transfer of approximately \$12,000 from victim investor DK in FL to EarthWater's bank account in TX.
19	04/04/17	Interstate wire transfer of approximately \$500 from victim investor DK in FL to EarthWater's bank account in TX.
20	06/14/17	Email from KADISH in FL to COMU and BARNES in TX sending invoice for commission payment of approximately \$3,750.
21	06/14/17	Email from GREEN in FL to COMU and BARNES in TX sending invoice for commission payment of approximately \$33,750.

All in violation of Title 18, United States Code, Sections 1343, 2326(2)(A) & (B), and 2.

NOTICE OF FORFEITURE

Notice is hereby given of 18 U.S.C. § 982 and 28 U.S.C. § 2461(c). Under Section 2461(c), criminal forfeiture is applicable to any offenses for which forfeiture is authorized by any other statute, including but not limited to 18 U.S.C. § 981 and all specified unlawful activities listed or referenced in 18 U.S.C. § 1956(c)(7), which are incorporated as to proceeds by Section 981(a)(1)(C). The following property is subject to forfeiture in accordance with Section 982 and/or 2461(c):

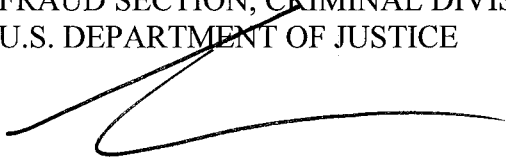
- a. All property which constitutes or is derived from proceeds of the violations set forth in this Indictment;
- b. All property involved in such violations or traceable to property involved in such violations; and
- c. If, as set forth in 21 U.S.C. § 853(p), any property described in (a) or (b) cannot be located upon the exercise of due diligence, has been transferred or sold to, or deposited with, a third party, has been placed beyond the jurisdiction of the court, has been substantially diminished in value, or has been commingled with other property which cannot be divided without difficulty, all other property of the defendants to the extent of the value of the property described in (a) and (b).

A TRUE BILL

GRAND JURY FOREPERSON

ERIN NEALY COX,
UNITED STATES ATTORNEY

ROBERT ZINK
ACTING CHIEF
FRAUD SECTION, CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE



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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

THE UNITED STATES OF AMERICA

v.

CENGIZ JAN COMU (1),
a.k.a. CJ Comu
JOHN MERVYN PRICE (2),
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DANIEL THOMAS BROYLES, SR. (6)
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SEALED INDICTMENT

18 U.S.C. § 1349
Conspiracy to Commit Mail and Wire Fraud
(Count 1)

18 U.S.C. § 1341
Mail Fraud
(Counts 2 and 11)

18 U.S.C. § 1343
Wire Fraud
(Counts 12 – 21)

18 U.S.C. § 982 and 28 U.S.C. § 2461(c)
Forfeiture Notice

21 Counts

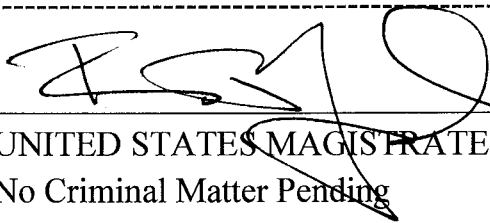
A true bill rendered

DALLAS

FOREPERSON

Filed in open court this 5 day of March, 2019.

Warrant to be Issued


UNITED STATES MAGISTRATE JUDGE
No Criminal Matter Pending