

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
ASHEVILLE DIVISION

FILED
CHARLOTTE, NC

OCT 16 2019

US DISTRICT COURT
WESTERN DISTRICT OF NC

UNITED STATES OF AMERICA)

DOCKET NO: 1:19 cr 114

v.)

BILL OF INDICTMENT

HAL H. BROWN JR.)

Violations:

15 U.S.C. § 78j(b)

18 U.S.C. § 1343

18 U.S.C. § 1957.

THE GRAND JURY CHARGES:

At the specified times and at all relevant times:

1. From no later than in or about 2012 through at least in or about September 2019, the defendant HAL H. BROWN JR. ("BROWN"), a resident of Asheville, North Carolina, fraudulently obtained more than \$13.5 million by engaging in a Ponzi scheme through his company Oodles Inc. and its various affiliates (collectively "OODLES"), which he falsely represented owned hundreds of millions of dollars in intellectual property, namely family entertainment shows and movies. As part of the scheme BROWN repeatedly lied to victims about the imminent sale of those intellectual properties to various well-known media companies.

Relevant Persons and Entities

2. OODLES Inc. was a company formed on or about August 28, 2007 that BROWN owned and operated.

3. The Walt Disney Company (WDC), Paramount Pictures (Paramount), and Apple Inc. (Apple) were well-known media companies that BROWN falsely claimed were purchasing intellectual property purportedly owned by OODLES.

4. V1 was a resident of Asheville, North Carolina who invested approximately \$2.8 million with BROWN.

5. V2 was a resident of Asheville, North Carolina who invested approximately \$600,000 with BROWN.

6. V3 was a resident of Asheville, North Carolina who invested approximately \$1.8 million with BROWN.

7. V4 was a resident of Birmingham, Alabama who invested approximately \$5 million with BROWN.

The Investment Fraud Scheme

8. From no later than in or about 2012 through in or about September 2019, BROWN engaged in a scheme and artifice to defraud victims by making a series of false and fraudulent representations and deceptive half-truths of material fact, and concealing material information, about OODLES, which he falsely represented owned hundreds of millions of dollars in intellectual property, namely family entertainment shows and movies. As part of the scheme BROWN repeatedly lied to victims about the imminent sale of those intellectual properties to various well known media companies.

9. During the course of the scheme, BROWN collected more than \$13.5 million from at least 23 victims certain of whom were at or near retirement age, and several of whom were members of his church.

10. In furtherance of the scheme to defraud, BROWN used a variety of means and methods, including the following:

a. BROWN developed marketing material seeking investments and loans for OODLES that falsely claimed investors would receive large returns on funds invested and lent to the company.

b. BROWN claimed to have ownership of approximately 420 intellectual properties, which BROWN fraudulently represented were worth hundreds of millions of dollars.

c. BROWN falsely claimed to be in the process of selling OODLES intellectual property to, among other entities, WDC, Paramount, and Apple. BROWN sought money from victims to facilitate the purported sale of intellectual properties.

d. As part of these purported transactions and in furtherance of the scheme to defraud, BROWN provided victims with a series of fraudulent emails supposedly from third parties involved in the sale of the intellectual properties. The emails contained false and misleading statements, including lulling statements that sought to explain delays in payouts. For example:

i. On or about February 2, 2012, BROWN entered into a loan agreement with V1 to secure a 50% share of licensing income derived from an intellectual property which OODLES supposedly co-produced.

ii. On or about May 14, 2012, BROWN emailed V1 providing him an update on the purported issuance of OODLES stock certificates in connection with V1's investment in OODLES.

iii. Between on or about December 23, 2017 and on or about July 25, 2018, BROWN sent several emails to V2 purporting to be from "Carmen Demarco" and fraudulently representing that a sale of intellectual property was imminent.

iv. On or about October 24, 2018, BROWN sent an email to V1 with

the subject "Keeping you informed." The email forwarded another email purportedly sent by an individual named "Molly." BROWN's forwarding email stated, "This came in from Molly...they're really working at it. We're still at it here...going to be going until probably 11 pm or so and then we should be done!"

v. On or about November 18, 2018, BROWN sent V1 two photographs of what appear to be screenshots from a computer. The first photo purported to be an Account Summary Overview for a First Republic Bank account, with the account number redacted. The "Statement Period" was for 11/11/18 – 11/12/18, and the account showed an 11/12 "Deposit [Pending]" of \$846 million. The second photo was of a purported letter from a law firm Bray & Kraiss, dated November 17, 2018 providing a supposed explanation for the delay in the closing of the transaction. In truth and fact, both of these images were fraudulent as BROWN procured the services of an artist named BM to create both the fraudulent account statement and the fake letterhead from Bray & Kraiss.

vi. In or about July 2019, BROWN fraudulently induced V3 to lend approximately \$1.5 million to facilitate the purported sale of intellectual properties ostensibly owned by OODLES to Apple. In exchange for V3's money, BROWN promised V3 a profit of approximately \$3 million. In June and July 2019, V3 sent a series of wire transfers totaling approximately \$1.5 million to a SunTrust Bank Account *7069 held by BROWN d/b/a/ OODLES. Thereafter, BROWN provided V3 with a fraudulent letter agreement between OODLES and Apple dated August 26, 2019 (Apple Agreement), which was, once again, fabricated by BM at the direction of BROWN.

vii. In or about August 2019, BROWN fraudulently induced V4 to lend approximately \$5 million to facilitate the purported sale of intellectual properties ostensibly owned by OODLES to Apple. In exchange for V4's money, BROWN promised V4 a profit of approximately \$9 million to be paid following the purported sale of the intellectual properties and associate distribution and production rights. BROWN also provided V4 with a copy of the fraudulent Apple Agreement.

viii. On or about August 25, 2019, August 29, 2019, and August 30, 2019, V4 conducted wire transfers totaling approximately \$5 million to a SunTrust Bank Account *7069 held by BROWN d/b/a OODLES. Thereafter, BROWN used the money to conduct several over-the-counter withdrawals totaling approximately \$329,627, and to make approximately \$250,000 in Ponzi payments to V1 and other victims.

e. BROWN used a substantial part of victim money on personal expenses unrelated to purported OODLES transactions.

COUNT ONE
15 U.S.C. §§ 78j and 78ff
(Securities Fraud)

11. The Grand Jury realleges and incorporates by reference herein all of the allegations contained in paragraphs 1 through 10 of the Bill of Indictment, and further alleges that:

12. From no later than in or about 2012 through in or about September 2019, in Buncombe County, within the Western District of North Carolina and elsewhere, the defendant,

HAL H. BROWN JR.

together with persons known and unknown to the Grand Jury, willfully, directly and indirectly, by use of the means and instrumentalities of interstate commerce and the mails, used and employed manipulative and deceptive devices and contrivances by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would and did operate as a fraud and deceit upon investors and others, in connection with the sale of securities, to wit: investments and loans to BROWN and OODLES.

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff, Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2.

COUNT TWO
18 U.S.C. § 1343
(Wire Fraud)

13. The Grand Jury realleges and incorporates by reference herein all of the allegations contained in paragraphs 1 through 10 of this Bill of Indictment, and further alleges that:

14. From in or about 2012 through in or about September 2019, in Buncombe County, within the Western District of North Carolina and elsewhere, the defendant,

HAL H. BROWN JR.

and others known and unknown to the Grand Jury, with the intent to defraud, did knowingly and intentionally devise the above-described scheme and artifice to defraud and obtain money by materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, and, for the purpose of executing such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communication in interstate commerce any writing, signal, picture, and sound, *to wit*, the defendant, among other things, sent, and caused to be sent, emails, telephone calls, and wire transfers and other electronic financial transactions in interstate commerce to and from victim investors.

All in violation of Title 18, United States Code, Section 1343.

COUNTS THREE THROUGH FOUR
18 U.S.C. § 1957
(Transactional Money Laundering)

15. The Grand Jury realleges and incorporates by reference herein all of the allegations contained in paragraphs 1 through 10 of this Bill of Indictment, and further alleges that:

16. On or about the dates set forth below, in Buncombe County, within the Western District of North Carolina and elsewhere, the defendant,

HAL H. BROWN JR.

did knowingly engage, attempt to engage, and caused others to engage, in the following monetary transactions by, through, or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is the deposits, withdrawals, transfers and exchanges described below of United States currency, funds, and monetary instruments in the amounts specified below, such property having been derived from a specified unlawful activity, *to wit*, wire fraud as alleged in Count 2:

Count	Date	Transaction
THREE	July 5, 2019	Over the counter withdrawal from the account of OODLES at SunTrust Bank Account *7069 in the amount of \$68,605
FOUR	July 11, 2019	Over the counter withdrawal from the account of OODLES at SunTrust Bank Account *7069 in the amount of \$100,000

All in violation of Title 18, United States Code, Sections 1957(a) and 2.

NOTICE OF FORFEITURE AND FINDING OF PROBABLE CAUSE

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 Counts One through Four of this Bill of Indictment;
- b. All property involved in the violations in Counts Three through Four 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) and (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 defendant/s to the extent of the value of the property described in (a) and (b).

The Grand Jury finds probable cause that the following property is subject to forfeiture on one or more of the grounds stated above:

- a. A forfeiture money judgment in the amount of at least \$13.5 million, such amount constituting the proceeds of the violations set forth in Counts One through Four of this Bill of Indictment; and
- b. The real property at 1629 Olmstead Drive, Asheville, North Carolina, more particularly identified in a North Carolina General Warranty Deed recorded at Buncombe Count Deed Book 3787, Pages 327-329.

A TRUE BILL

FOREPERSON

R. ANDREW MURRAY
UNITED STATES ATTORNEY


DANIEL RYAN
MARK T. ODULIO
ASSISTANT UNITED STATES ATTORNEYS