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FILED IN UNITED STATES DISTRICT
COURT, DISTRICT OF UTAH

OCT 19 2017

D. MARK JONES, CLERK
BY _____
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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

vs.

HENRY SETH BROCK,

Defendant.

#2:17-cr-00613-75
FELONY

INFORMATION

Violations:
26 U.S.C. § 7201 (Tax Evasion)
15 U.S.C. § 77j(b) & 78ff (Securities Fraud)
18 U.S.C. § 1343 (Wire Fraud)

The United States Attorney alleges:

I. BACKGROUND

1. At all times relevant to this Information, Defendant Henry Seth Brock was a resident of St. George, Utah.
2. Defendant founded Mutual Benefit International Group, Ltd., ("MBIG") in 2009. MBIG was a financial services company registered in the State of Utah. The corporation's primary place of business was St. George, Utah.

3. During at least calendar years 2013, 2014, 2015, and 2016, MBIG had at least four corporate subsidiaries: (1) MB Holdings BVI, LLC; (2) Brock Seminars, LLC; (3) MB Office Automation Group, LLC; and (4) MB Global Management Systems, LLC.

4. During at least calendar years 2013, 2014, 2015, and 2016, Defendant was the president of MBIG and had total control over the operations of MBIG and its subsidiaries.

II. THE SCHEME AND ARTIFICE TO DEFRAUD

5. From January 2009 to March 2017, in the Central Division of the District of Utah and elsewhere, Defendant Brock devised and intended to devise a scheme and artifice to defraud investors and the IRS; and for obtaining money by means of false and fraudulent pretenses, representations, promises, and omissions of material facts. In execution of the scheme to defraud and in furtherance thereof, Defendant used email, interstate wire transmissions, and the facilities and means of interstate commerce.

III. MANNER AND MEANS OF THE SCHEME AND ARTIFICE

6. Beginning in 2009, through his role as the president of MBIG, Defendant solicited individuals to invest in MBIG by willfully making representations he knew were false including: representations about the financial status of MBIG; statements about how investors' money was being used; promises about the amount of money investors would make; and representations about the progress made towards opening new offices.

7. The Defendant solicited individuals to both invest in MBIG directly and through

the “IRA Exit Strategy” by making misrepresentations and omissions regarding his schemes, both directly and indirectly.

8. It was part of the scheme and artifice to defraud that the defendant communicated his misrepresentations regarding his schemes both directly and indirectly to the investors and potential investors through various means including seminars, telephone calls, mailings, emails, and online advertisements.

9. It was further part of the scheme and artifice to defraud that in order to convince earlier investors that MBIG was profitable and that their investments were safe; and to convince earlier investors to invest more money; and to convince potential investors to invest in MBIG by creating a false impression that the business was profitable, defendant used money invested in MBIG to make payments to earlier investors.

10. It was further part of the scheme and artifice to defraud that Defendant emailed Mutual Benefit International Group, Ltd. Investor Updates to investors encouraging current investors to invest more money and to bring in more investors. The Investor Updates included untrue statements of material facts including that a Public Company Accounting Oversight Board audit would be commenced and completed and that MBIG was on track to open 1050 branch offices in five years.

11. Defendant also marketed and sold to potential investors and his clients a fraudulent scheme to invest in MBIG that he called the “IRA Exit Strategy.” Through this scheme, Defendant promised to provide investors a way to avoid paying tax on

withdraws from Individual Retirement Accounts (“IRAs”), which may be subject to withdraw penalties and taxes. The scheme generally involved passing the business expenses of MBIG through the MBIG subsidiaries and falsely attributing those expenses and additional inflated and fictitious subsidiary business expenses to the clients, allowing the clients to offset their tax owed from the IRA withdraws.

12. For calendar years 2013, 2014, and 2015, MBIG was required to file, but did not timely file, corporate income tax returns. MBIG did not timely report any of its expenses in those years to the IRS.

COUNT 1
26 U.S.C. § 7201
(Tax Evasion)

13. The allegations set forth above and all counts set forth in this Information are incorporated by this reference as though fully set forth herein.

14. From at least 2013 through at least 2017, in the Central Division of the District of Utah and elsewhere,

HENRY SETH BROCK,

Defendant, willfully attempted to evade and defeat over \$1.1 million in income tax due and owing by clients of MBIG a corporation that had its principal place of business in St. George, Utah, to the United States of America, for the calendar years 2013, 2014, 2015, and 2016 by committing the following affirmative acts, among others:

- (a) Marketing an “IRA Exit Strategy” to potential and existing clients of MBIG

that falsely promised that MBIG clients could reduce their tax due from IRA withdraws though an investment in MBIG;

- (b) Causing fourteen federal partnership tax returns to be filed with the IRS, using IRS Form 1065, U.S. Return of Partnership Income, for calendar years 2013, 2014, 2015, and 2016 for subsidiaries of MBIG that falsely reported over \$4.6 million in false business expenses by reporting MBIG business expenses as subsidiary business expenses and by falsely reporting inflated and fictitious business expenses;
- (c) Causing to be submitted to the IRS and to the clients of MBIG twenty-seven IRS Schedule K-1 forms, Partner's Share of Income, Deductions, Credits, etc., for calendar years 2013, 2014, 2015, and 2016 that falsely reported that the "IRA Exit Strategy" clients of MBIG had received a total of over \$3.8 million in ordinary business losses from the subsidiaries of MBIG;
- (d) Causing the "IRA Exit Strategy" clients of MBIG to file individual federal income tax returns that falsely reported that they had received ordinary business losses from the subsidiaries of MBIG; and
- (e) Providing false, incomplete, and misleading records and reports and making false, incomplete, and misleading statements to the preparer of the federal partnership income tax returns and client Schedule K-1 forms for

the subsidiaries of MBIG.

All in violation of 26 U.S.C. § 7201.

COUNT 2
15 U.S.C. §§ 78j(b), 78ff, and
17 C.F.R. § 240.10b-5
(Securities Fraud)

15. The allegations set forth above and all counts set forth in this Information are incorporated by this reference as though fully set forth herein.

16. From January 2009 through March 2017, in the Central Division of the District of Utah and elsewhere,

HENRY SETH BROCK,

Defendant, willfully and knowingly, and with the intent to defraud, in connection with the offer and sale of securities, that is investments in MBIG, by the use of means and instruments of interstate commerce, that is by telephone and email across state lines, directly and indirectly, did: (a) employ a device, scheme and artifice to defraud; (b) make untrue statements of material facts and omit 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) engage in acts, practices and a course of business which operated as a fraud and deceit upon other persons.

All in violation of 15 U.S.C. §§ 78j(b), 78ff, and 17 C.F.R. § 240.10b-5.

COUNT 3
18 U.S.C. § 1343
(Wire Fraud)

17. The allegations set forth above and all counts set forth in this Information are incorporated by this reference as though fully set forth herein.

18. On or about the dates listed below, in the Central Division of the District of Utah,

HENRY SETH BROCK

Defendant, having devised and intending to devise the scheme and artifice to defraud described above, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purposes of executing the scheme, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below:

DATE	WIRE TRANSFER	INVESTOR
March 3, 2016	Wire transfer of \$196,323.16 from Sunwest Trust IRA account #xxx-xxx-8848 in New Mexico to MBIG's Wells Fargo account #xxx-xxx-1013 in Utah.	C.S.

All in violation of 18 U.S.C. § 1343.

NOTICE OF INTENT TO SEEK FORFEITURE

Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), upon conviction of any offense in violation of 15 U.S.C. § 78j(b), 78ff, and 17 C.F.R. § 240.10b-5 or 18 U.S.C. § 1343 as set forth in this Information, the defendant shall forfeit to the United States of America all property, real or personal, that constitutes or is derived from proceeds traceable to the scheme to defraud. The property to be forfeited includes, but is

not limited to, the following:

- A money judgment equal to the value of any property, real or personal, constituting or derived from proceeds traceable to the scheme to defraud.

SUBSTITUTE ASSETS

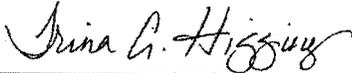
If any of the above-described forfeitable property, as a result of any act or omission of the defendant,

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), to seek forfeiture of any other property of said defendant up to the value of the above-forfeitable property.

Dated this 17th day of October 2017.

JOHN W. HUBER
United States Attorney



TRINA A. HIGGINS
Assistant United States Attorney