LCP/KCH
December 2018

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

UNITED STATES OF AMERICA	**)**
	)
v.	**) 2:18-cr-166-KOB-TMP**
	)
DONALD V. WATKINS, SR. and	**)**
DONALD V. WATKINS, JR.	**)**

SUPERSEDING INDICTMENT

The Grand Jury charges that:

INTRODUCTION

At all times relevant to this Superseding Indictment:

1. Controlled Environmental Systems Corp. and Masada Resource Group, L.L.C. were the owning or controlling entities for certain "waste-to-energy" companies (collectively, "Masada"). Masada purported to directly or indirectly own several patents related to the conversion of waste into ethanol. In or about 2005, Masada's founder and Chief Executive Officer died. Beginning about that time and continuing to the present, Defendant **DONALD V. WATKINS, SR.** functioned as the designated manager of the Masada entities.

2. Defendant **DONALD V. WATKINS, JR.** was Defendant **DONALD V. WATKINS, SR.**'s son and was associated with the Masada entities.

3. In addition to Masada, **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** were associated with other businesses, including:

a. Alamerica Bank was a bank of which **DONALD V. WATKINS, SR.** was a co-founder, board member, and major shareholder. Alamerica Bank was insured by the Federal Deposit Insurance Corporation ("FDIC").

b. Donald V. Watkins, P.C. was a company owned and controlled by **DONALD V. WATKINS, SR.** Donald V. Watkins, P.C. held bank account number ending in XX1065 at Alamerica Bank. Defendant **DONALD V. WATKINS, SR.** used the bank account for Donald V. Watkins, P.C., an account ending in XX1065, for various purposes, including for the personal expenses of DONALD V. WATKINS, SR. and DONALD V. WATKINS, JR., and for the receipt, transfer, and holding of funds related to Masada and other investments.

c. First Highland Group, LLC was a company that owned an office building located at 2170 Highland Avenue in Birmingham, Alabama. The primary offices of Alamerica Bank, Donald V. Watkins, P.C., and Masada were located in this office building.

d. Nabirm was a foreign entity and group of entities that purported to hold the right to explore and exploit certain natural resources in the African nation of Namibia.

e. Watkins Aviation, LLC was a company owned and controlled by **DONALD V. WATKINS, SR.**

f. TradeWinds was an entity for which Watkins Aviation, LLC, was the majority shareholder, that filed for bankruptcy in 2008 and was involved with litigation in Michigan until sometime in or about 2013.

COUNT ONE
18 U.S.C. § 1349 (Conspiracy to Commit Wire and Bank Fraud)

1. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 1 through 3 of the Introduction, above, and incorporates them into Count One, as though they were restated here in their entirety.

The Conspiracy

2. Beginning in or about January 2007, and continuing until in or about January 2016, in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

did knowingly and willfully combine, conspire, confederate and agree with each other and others known and unknown to the Grand Jury to commit and attempt to

commit the following offenses against the United States, that is:

(A) to devise and intend to devise any scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and to transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, any writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343; and

(B) to knowingly execute and attempt to execute a scheme and artifice to defraud a financial institution, the deposits of which were at the time insured by the FDIC, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, a financial institution, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344.

Purposes of the Conspiracy

3. The purposes of the conspiracy were to (a) enrich **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** through purported investments in and loans for associated business entities; (b) obtain funds from Alamerica Bank for the payment of personal and business debts and expenses of **DONALD V.**

WATKINS, SR. and **DONALD V. WATKINS, JR.**; and (c) conceal from investors and lenders the manner in which **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** used the proceeds of the alleged business investments and business loans.

Manner and Means

Overview of the Conspiracy

4. It was a part of the conspiracy that **DONALD V. WATKINS, SR.** owed significant amounts of money, at various times, to a variety of entities and individuals, and needed additional cash to cover his debts and expenditures.

5. It was further a part of the conspiracy that **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** would and did solicit funds from individuals and entities (collectively, the "Investor Victims") under the pretense and by stating that the funds would be used for specific business purposes, when they then and there intended to, and did, use those funds to pay **DONALD V. WATKINS, SR.**'s and **DONALD V. WATKINS, JR.**'s business and personal expenditures that were unrelated to the specific purposes communicated to the Investor Victims. These payments included payments for personal loans, personal tax obligations, alimony, clothing, a private plane, and numerous other purposes of which the Investor Victims were not told and of which they were unaware.

6. It was further a part of the conspiracy that **DONALD V. WATKINS,**

SR. and **DONALD V. WATKINS, JR.** would and did communicate to the Investor Victims materially false information regarding Masada and Nabirm and to conceal from the Investor Victims material information regarding those companies.

7. It was further a part of the conspiracy that **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** would and did misrepresent to the Investor Victims **DONALD V. WATKINS, SR.**'s ownership interest in certain entities used to obtain funds and loans from the Investor Victims, and to conceal **DONALD V. WATKINS, SR.**'s true ownership status in those entities through material omissions.

8. It was further a part of the conspiracy that **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** would and did communicate their solicitations for funds to the Investor Victims and their representatives orally and in writing, including by way of email.

9. It was further a part of the conspiracy that **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** would and did communicate with the Investor Victims in a manner that attempted to conceal and concealed the conduct of **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** described in paragraphs 1-8 of Count One, above, and to avoid detection of such conduct.

10. It was further a part of the conspiracy that **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** would and did cause materially false

representations to be made to Alamerica Bank that Investor Victim J and an entity in which Investor Victim J had an ownership interest were seeking and obtaining loans from Alamerica Bank for Investor Victim J's benefit and the benefit of the entity in which Investor Victim J had an ownership interest, when in fact **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** intended that Investor Victim J was a borrower in name only and that proceeds of the loans that Investor Victim J and the entity in which Investor Victim J had an ownership interest obtained would in fact be used and were in fact used for the personal benefit of **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.**

Acts in Furtherance of the Conspiracy

11. **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** committed the following acts, among others, in furtherance of the conspiracy:

12. On or about May 8, 2010, **DONALD V. WATKINS, SR.** sent an email to an Investor Victim. In this email, **DONALD V. WATKINS, SR.** solicited a $1,000,000 business loan and made contained material misrepresentations and omissions. In this email, **DONALD V. WATKINS, SR.**, copying **DONALD V. WATKINS, JR.**, stated that:

> [w]e have an immediate opportunity to partner [with another individual and his family] to secure long-term waste management contracts for a Masada waste-to-ethanol [sic] in Morocco.

The email described additional international opportunities available to Masada, after

which **DONALD V. WATKINS, SR.** stated that:

> [a]ll of these projects are supported by internal funding provided by my companies and me personally. It will not possible [sic] to capitalize on the opportunity to add Morocco, Mexico, Senegal, South Africa, and South Korea to our list of ongoing projects without additional funding for project development costs. The opportunities to deploy Masada's technology are simply coming faster than we can accommodate with existing resources.

In the email, **DONALD V. WATKINS, SR.** then stated that:

> [t]he opportunity to move forward on these new markets arose this past week and I must notify the participating partners this week whether we are 'in or out', starting with a dinner meeting on Monday night in Atlanta with the president of Senegal's chief executive for economic development. If you decide to make the $1 million loan, the funds must be committed and received in our account by Friday, May 14. We do not want to commit to these potential joint-venture partners to move forward with these projects without the funding committed to cover the associated project development costs. Masada has excellent credibility in the marketplace and we do not want to promise more than we can deliver on these opportunities.

DONALD V. WATKINS, SR. also stated that:

> If we do not raise sufficient funds using this loan option to cover the project development costs for these new market opportunities, we will likely defer moving forward on them.

13. On or about May 10, 2010, **DONALD V. WATKINS, SR.** sent another email to the same Investor Victim, **DONALD V. WATKINS, JR.**, and others. This email also contained material misrepresentations and omissions. In it, **DONALD V. WATKINS, SR.** stated that:

> [w]e will split the first $1 million for Morocco and Mexico until the other funds come in. We will cover South Korea with the second $1

> million, cover South Africa with the third $1 million, and cover Senegal with the fourth $1 million. We can adjust the allocations as the funds come in and as needed.
>
> These five countries will increase our total project development from 15 to 20 countries. We are half way toward our goal of securing 40 countries with no competitor remotely close to us. This is simply incredible.

14. **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** used the funds received from the solicitations described in paragraphs 12 and 13 immediately above, for different purposes than those which **DONALD V. WATKINS, SR.** described in those emails to the Investor Victim.

15. On or about May 13, 2011, **DONALD V. WATKINS, SR.** sent an email to an Investor Victim. In this email, **DONALD V. WATKINS, SR.** solicited a $1,000,000 business loan and made material misrepresentations and omissions. In this email, **DONALD V. WATKINS, SR.**, copying **DONALD V. WATKINS, JR.**, stated that:

> [y]ou are a true friend and demonstrate it in meaningful ways all of the time. [Investor Victim A's financial adviser] approved the renewal of the existing $1 million loan yesterday.
>
> As we gear up for the anticipated [business] transaction, we will be expending significant sums of money on NY, San Francisco, and Atlanta investment bankers and lawyers. I had planned on borrowing $1 million for this special purpose from one of my commercial bankers later today or Monday. We will be repaying the loan at the closing of the [business] transaction. If you are interested in lending the money instead, we will borrow the $1 million from you at the same !0% [sic] per annum interest rate we are paying on your current loan. We will also pay you an additional $100,000 friendship kicker for the

> convenience of not having to undergo the lengthy commercial banking loan underwriting process and for the speed at which you execute your loan transactions. We will retire this special purpose loan at the closing of the [business] transaction or within 12 months, whichever occurs first.
>
> If you are interested in making this short-term loan, please have [Investor Victim A's financial adviser] wire the $1 million to our office account in Birmingham. After the funds are received, Donald Jr. will prepare and send [Investor Victim A's financial adviser] a separate executed promissory note incorporating the loan terms and conditions specified in this email.

16. **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** used the funds received from the solicitation described in paragraph 15 immediately above for different purposes than those which **DONALD V. WATKINS, SR.** described in that email to the Investor Victim.

17. On or about May 24, 2013, **DONALD V. WATKINS, SR.** sent an email to an Investor Victim soliciting a $150,000 business loan that contained material misrepresentations and omissions. In this email, **DONALD V. WATKINS, SR.**, copying **DONALD V. WATKINS, JR.**, stated that:

> I am traveling in Seoul, South Korea this week and Turkey next week on Masada-related business. I have been on the road since mid-April visiting our Masada and Nabirm business partners and project sites in Namibia, South Africa, UK, South Korea and Turkey since [sic].
>
> Earlier this week, I had to cover $600,000 in April and May expenditures related to these projects, including some substantial legal fees for Nabirm relating to the $10 million investment transaction currently being handled by [an investment firm] in London. This was way more than we had originally budgeted in ptoject-related [sic] expenses during this two-month period. I paid all of these expenses,

> but these payments have left my office account far too thin for my personal comfort. Plus, our June allotment of working capital will not hit my office account until June 1.
>
> Can you lend me $150,000 to cover my financial exposure between today and June 1? I will be able to pay it right back to you shortly after I return to the US. If you can facilitate this personal request, please have [Investor Victim A's financial adviser] call Donald Jr and take care of it today (Friday). Donald, Jr., [sic] will give him a short term 30-day promissory note for the $150,000.
>
> I have only approached you about this very personal matter. Your demonstrated commitment to confidentiality with respect to our financial arrangements have made me feel comfortable enough to make this special request.

18. **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** used the funds received from the solicitation described in paragraph 17 immediately above for different purposes than those which **DONALD V. WATKINS, SR.** described in that email to the Investor Victim.

19. On or about February 4, 2014, **DONALD V. WATKINS, SR.** sent an email to an Investor Victim. In this email, **DONALD V. WATKINS, SR.** solicited a $1,000,000 business investment and made material misrepresentations and omissions. In this email, **DONALD V. WATKINS, SR.**, copying **DONALD V. WATKINS, JR.**, stated that he, **DONALD V. WATKINS, SR.**, was in discussions to sell Masada to a member of the royal family of Saudi Arabia. **DONALD V. WATKINS, SR.** stated that:

> [i]n order to accomplish the tasks necessary to complete this deal, Masada estimates that it will require an additional capital infusion of

> $1 million. Because of your demonstrated loyalty and trust since 2007, I want to get this $1 million from you.

20. **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.**, solicited the funds for purposes different from those which **DONALD V. WATKINS, SR.** described to the Investor Victim in the email referenced in paragraph 19 immediately above.

21. On multiple occasions throughout the conspiracy, including on or about June 22, 2014 and January 30, 2016, **DONALD V. WATKINS, SR.** provided updates regarding Masada and Nabirm to Investor Victims, often including **DONALD V. WATKINS, JR.** in the updates. These updates took the form of Stakeholder Reports, Special Updates, Year-End Reports, less-formal updates via email, and other means of communicating with Investor Victims.

22. On or about the dates listed below, in furtherance of the conspiracy and to achieve the objects thereof, **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** perpetrated, and attempted to perpetrate, this conspiracy upon the following Investor Victims, among others:

Investor Victim	**Approximate Date of Investment**	**Amount of Investment**
Investor Victim A	January 18, 2007	$1,000,000
Investor Victim B	April 12, 2007	$500,000
Investor Victim C	April 16, 2007	$500,000

Investor Victim	**Approximate Date of Investment**	**Amount of Investment**
Investor Victim D	June 6, 2007	$1,000,000
Investor Victim E	November 5, 2007	$1,000,000
Investor Victim F	July 23, 2008	$1,000,000
Investor Victims G & H	March 17, 2009	$1,000,000
Investor Victim I	April 17, 2009	$1,000,000
Investor Victim C	May 29, 2009	$500,000
Investor Victim A	May 14, 2010	$1,000,000
Investor Victim F	May 14, 2010	$1,000,000
Investor Victim A	May 18, 2011	$1,000,000
Investor Victim A	April 10, 2012	$1,000,000
Investor Victim A	September 14, 2012	$1,000,000
Investor Victim J	September 21, 2012	$750,000
Investor Victim A	May 28, 2013	$150,000

23. In or about September 2012, **DONALD V. WATKINS, SR.** was in need of additional cash to cover his debts and expenditures, including substantial legal fees related to lawsuits brought against his businesses and him personally.

24. Federal regulations placed restrictions on the extension of credit by banks to executive officers, directors, and principal shareholders of those banks, and

DONALD V. WATKINS, SR. and **DONALD V. WATKINS, JR.** knew about restrictions at Alamerica Bank associated with those regulations, and that those restrictions could and would inhibit the ability of **DONALD V. WATKINS, SR.** to borrow money from Alamerica Bank.

25. **DONALD V. WATKINS, SR**. and **DONALD V. WATKINS, JR.** conceived a plan to obtain the money **DONALD V. WATKINS, SR.** needed to pay his outstanding legal and other debts by obtaining money from the custody and control of Alamerica Bank by materially false and fraudulent pretenses.

26. In or around September 2012, **DONALD V. WATKINS SR.** approached his friend and mentor, Investor Victim J, and asked him to obtain a loan from Alamerica Bank on his behalf.

27. **DONALD V. WATKINS, SR.** convinced Investor Victim J to apply for a $750,000 loan from Alamerica Bank in the name of an entity in which Investor Victim J held an ownership interest.

28. On or about September 18, 2012, Investor Victim J did apply for a $750,000 loan, the proceeds of which he then and there knew would be given to and used by **DONALD V. WATKINS, SR.**

29. **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** knew that Investor Victim J applied for the $750,000 loan from Alamerica Bank and—knowing that the loan was taken to benefit **DONALD V. WATKINS, SR.—**

DONALD V. WATKINS, SR. and **DONALD V. WATKINS, JR.** concealed that fact from the board members of Alamerica Bank.

30. Between on or about September 18, 2012, and on or about September 21, 2012, **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** facilitated the transfers of the loan proceeds described in paragraph 28 above, from Alamerica Bank in a manner which resulted in those proceeds paying **DONALD V. WATKINS, SR.**'s personal and business debts and obligations.

31. On or about November 20, 2012, **DONALD V. WATKINS, SR.** asked Investor Victim J to obtain another loan from Alamerica Bank.

32. On or about November 20, 2012, **DONALD V. WATKINS, SR.** caused Investor Victim J and an entity in which Investor Victim J had an ownership interest to originate an Alamerica Bank loan in the approximate amount of $151,739.50. While in the process of obtaining this Alamerica Bank loan, Investor Victim J represented to Alamerica Bank officials that he wished to borrow the money for an "equity injection for equity acquisition and working capital."

33. On or about November 20, 2012, Investor Victim J wrote a check to **DONALD V. WATKINS, JR.** for $150,000.

34. On or about November 20, 2012, **DONALD V. WATKINS, JR.** retrieved the $150,000 check from Investor Victim J and deposited it into his own Alamerica Bank account.

35. On or about November 20, 2012, **DONALD V. WATKINS, JR.** used the $150,000 he had received from Investor Victim J by check to transfer money to and for the benefit of **DONALD V. WATKINS, SR.**, including transfers of funds to DONALD V. WATKINS, P.C.; a payment to M.S., a woman with whom **DONALD V. WATKINS, SR.** had a romantic relationship; and a payment of another debt obligation of **DONALD V. WATKINS, SR.**

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO
18 U.S.C. §§ 1343 and 2 (Wire Fraud)

1. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 1 through 3 of the Introduction, above, and incorporates them into Count Two, as though they were restated here in their entirety.

2. Beginning in or about January 2007 and continuing to in or about February 2014, in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

aided and abetted by others known and unknown to the Grand Jury, did knowingly and with the intent to defraud, devise and intend to devise, a scheme and artifice to defraud Victim A and others of money and property and to obtain money and property from Victim A and others by means of materially false and fraudulent

pretenses, representations, and promises.

The Scheme and Artifice to Defraud

3. It was a part of the scheme and artifice that **DONALD V. WATKINS, SR.** would and did solicit and request funds from individuals and entities (collectively, "Victims") ostensibly for certain specified business purposes of Masada, Nabrim, TradeWinds and others.

4. It was further a part of the scheme and artifice that **DONALD V. WATKINS, SR.** would and did make such solicitations and requests with the intent and plan that the money, if obtained, would be used for business and personal expenditures that were (a) unrelated to the stated purposes of the solicitations and requests and (b) unrelated to the business for which those funds were purportedly sought.

5. It was further a part of the scheme and artifice that **DONALD V. WATKINS, SR.** would and did communicate his solicitations and requests for funds orally and in writing, including by way of email.

6. It was further a part of the scheme and artifice that **DONALD V. WATKINS, JR.** would and did assist **DONALD V. WATKINS, SR.** in (a) planning and crafting such messages of solicitation and request and (b) determining alternate uses for the obtained monies.

Use of Wires

7. On or about May 28, 2013, in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

for the purpose of executing the above-described scheme and artifice to defraud, did transmit and cause to be transmitted, by means of wire communication in interstate commerce, certain writings, signs, signals, pictures, and sounds, that is, defendants **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** caused an interstate wire communication between Alabama and another state to be made for transmission of $150,000 from an account controlled by Victim A to an account controlled by **DONALD V. WATKINS, SR.**, to-wit: the account ending in XX1065 at Alamerica Bank, an FDIC-insured institution.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS THREE and FOUR
18 U.S.C. §§ 1343 and 2 (Wire Fraud)

1. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 1 through 3 of the Introduction, above, and incorporates them into Counts Three and Four, as though they were restated here in their entirety.

2. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 1 through 3 of the Introduction and paragraphs 1 through 6 of Count Two,

above, and incorporates them into Counts Three and Four, as though they were restated here in their entirety.

Use of Wires

3. On or about the date set forth below for each count in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

for the purpose of executing the above-described scheme and artifice to defraud, did transmit and cause to be transmitted, by means of wire communication in interstate commerce, certain writings, signs, signals, pictures, and sounds, that is, defendants **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR** caused an interstate wire communication between Alabama and another state to be made for the purpose of transmitting email as listed below for each Count.

COUNT	DATE	SUBJECT OF EMAIL	SENDER	RECIPIENT
3	5/24/2013	Personal Request	DONALD V. WATKINS, SR.	Victim A
4	5/25/2013	FW: Personal Request	DONALD V. WATKINS, SR.	Victim A's financial advisor

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS FIVE through EIGHT
18 U.S.C. §§ 1343 and 2 (Wire Fraud)

1. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 1 through 3 of the Introduction, above, and incorporates them into Counts Five through Eight as though they were restated here in their entirety.

2. Beginning in or about January 2007 and continuing to in or about January 2016, in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

aided and abetted by others known and unknown to the Grand Jury, did knowingly and with the intent to defraud, devise and intend to devise, a scheme and artifice to defraud Investor Victims A through J and others of money and property and to obtain money and property from Investor Victims A through J and others by means of materially false and fraudulent pretenses, representations, and promises.

The Scheme and Artifice to Defraud

3. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 1 through 3 of the Introduction, paragraphs 4 through 35 of Count One, and paragraphs 3 through 6 of Count Two, above, and incorporates them into Counts Five through Eight, as though they were restated here in their entirety.

Use of Wires

4. On or about the date set forth below for each count in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

for the purpose of executing the above-described scheme and artifice to defraud, did transmit and cause to be transmitted, by means of wire communication in interstate commerce, certain writings, signs, signals, pictures, and sounds, that is, defendants **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** caused an interstate wire communication between Alabama and another state to be made for the purpose of transmitting email as listed below for each Count.

COUNT	DATE	SUBJECT OF EMAIL	SENDER	RECIPIENT	COPIED
5	2/4/2014	Private & Confidential Masada Information	DONALD V. WATKINS, SR.	Investor Victim A	Investor Victim A's financial advisor and DONALD V. WATKINS, JR.
6	2/10/2014	Status of [Investor Victim A] Investments	DONALD V. WATKINS, SR.	Investor Victim A's financial advisor	DONALD V. WATKINS, JR. and Investor Victim A
7	6/22/2014	Masada Stakeholder Report 6-22-14	DONALD V. WATKINS, SR.	DONALD V. WATKINS JR.	One or more Investor Victims, Investor Victim A's financial advisor, and others

COUNT	DATE	SUBJECT OF EMAIL	SENDER	RECIPIENT	COPIED
8	1/30/2016	Masada 2015 Year-End Stakeholder Report	DONALD V. WATKINS, SR.	DONALD V. WATKINS JR.	One or more Investor Victims, Investor Victim A's financial advisor, and others

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS NINE and TEN
18 U.S.C. §§ 1344 and 2 (Bank Fraud)

1. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 1 through 3 of the Introduction, paragraphs 4 through 35 of Count One, and paragraphs 3 through 6 of Count Two, above, and incorporates them into Counts Nine and Ten, as though they were restated here in their entirety.

2. Beginning in or about September 2012 and continuing through in or about November 2012, in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

aided and abetted by others known and unknown to the Grand Jury, knowingly did execute and attempt to execute a scheme and artifice to defraud Alamerica Bank, a financial institution then insured by the FDIC, of money and funds, and to obtain the monies, funds, credits, assets, securities, and other property owned by, and under the

custody and control of, Alamerica Bank by means of materially false and fraudulent pretenses, representations, and promises.

The Scheme and Artifice to Defraud

3. The Grand Jury repeats and re-alleges the allegations contained in paragraphs 4 through 35 in Count One above, and incorporates them into Counts Nine and Ten, as though they were restated here in their entirety.

COUNT NINE
(Execution of the Scheme and Artifice)

4. The allegations of paragraphs 1 through 3 under the heading "Counts Nine and Ten," above, are realleged for this Count as though they were restated here in their entirety.

5. Between on or about September 18, 2012, and on or about September 21, 2012, in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

aided and abetted by others known and unknown to the Grand Jury, executed and attempted to execute the scheme and artifice as set forth above by causing materially false representations to be made to Alamerica Bank that Investor Victim J and an entity in which Investor Victim J had an ownership interest were seeking and obtaining a loan in the approximate amount of $750,000 from Alamerica Bank for

Investor Victim J's benefit and the benefit of the entity in which he had an ownership interest, when in fact **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** intended that Investor Victim J was a borrower in name only and that proceeds of the loan that Investor Victim J and the entity in which he had an ownership interest obtained would in fact be used and were in fact used for the personal benefit of **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.**

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT TEN
(Execution of the Scheme and Artifice)

6. The allegations of paragraphs 1 through 3, under the heading "Counts Nine and Ten," above, are realleged for this Count as though they were restated here in their entirety.

7. On or about November 20, 2012, in Jefferson County, within the Northern District of Alabama and elsewhere, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

aided and abetted by others known and unknown to the Grand Jury, executed and attempted to execute the scheme and artifice as set forth above by causing materially false representations to be made to Alamerica Bank that Investor Victim J and an entity in which Investor Victim J had an ownership interest were seeking and

obtaining a loan in the approximate amount of $151,739.50 from Alamerica Bank for the benefit of Investor Victim J and the entity in which Investor Victim J had an ownership interest, when in fact **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.** intended that Investor Victim J was a borrower in name only and that proceeds of the loan that Investor Victim J and the entity in which Investor Victim J had an ownership interest obtained would be used and, were in fact used, for the personal benefit of **DONALD V. WATKINS, SR.** and **DONALD V. WATKINS, JR.**

All in violation of Title 18, United States Code, Sections 1344 and 2.

FIRST NOTICE OF FORFEITURE
18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)

1. The allegations contained in the Introduction and Counts One through Ten of this Superseding Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. Upon conviction of the offenses in violation of Title 18, United States Code, Sections 1343, 1344, and 1349 set forth in Counts One through Ten of this Superseding Indictment, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses, including but not limited to a forfeiture judgment.

3. If any of the property described above, as a result of any act or omission of the defendants:

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 Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

SECOND NOTICE OF FORFEITURE
18 U.S.C. § 982(a)(2)(A)

1. The allegations contained in the Introduction and Counts One through Ten of this Superseding Indictment are hereby realleged and incorporated by

reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(2)(A).

2. Upon conviction of the offenses in violation of Title 18, United States Code, Sections 1343, 1344, and 1349 set forth in Counts One through Ten of this Superseding Indictment, the defendants,

DONALD V. WATKINS, SR.
and
DONALD V. WATKINS, JR.,

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violations, including but not limited to a forfeiture judgment.

3. If any of the property described above, as a result of any act or omission of the defendants:

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 Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

All pursuant to 18 U.S.C. § 982(a)(2)(A) and 28 U.S.C. § 2461(c).

A TRUE BILL

/s/ Electronic Signature
FOREPERSON OF THE GRAND JURY

JAY E. TOWN
United States Attorney

/s/ Electronic Signature
LLOYD C. PEEPLES, III
First Assistant United States Attorney
JEFFERY A. BROWN, Jr.
Special Assistant United States Attorney

SANDRA MOSER
Acting Chief, Fraud Section
Criminal Division
U.S. Department of Justice

/s/ Electronic Signature
KYLE C. HANKEY
Trial Attorney