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U.S. DISTRICT COURT

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Case: 2:20-cr-00323  
Assigned To : Barlow, David  
Assign. Date : 9/16/2020  
Description: USA v. Hales

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH, CENTRAL DIVISION

<p>UNITED STATES OF AMERICA,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">vs.</p> <p>CHRISTOPHER HALES,</p> <p style="text-align: center;">Defendant.</p>	<p style="text-align: center;"><u>FELONY INFORMATION</u></p> <p>Count 1: 18 U.S.C. § 1349 (Wire Fraud Conspiracy)</p> <p>Count 2: 18 U.S.C. § 1956(h) (Money Laundering Conspiracy)</p>
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The United States Attorney alleges:

**Count 1**  
**18 U.S.C. § 1349**  
**(Wire Fraud Conspiracy)**

**I. BACKGROUND**

At all times relevant to this Felony Information:

1. Defendant CHRISTOPHER HALES was a resident of Salt Lake County and Utah County, Utah. HALES was released from federal prison on February 8, 2018 and resided at a Halfway House in Salt Lake City, Utah until around August 8, 2018.

2. Sindakit Software LLC was a company formed in Nevada. Nevada Secretary of State records show Sindakit Software LLC was formed on August 6, 2018, by a coconspirator known to the United States (CC1), and CC1 was listed as the sole officer. CC1 was listed on the

Sindakit Software LLC bank account as the “Manager” and was the only authorized signor.

3. HALES used the alias “Chris Christian” to conceal his true identity as a convicted felon.

## **II. THE CONSPIRACY**

4. Beginning in and around August 11, 2018 and continuing to and around July 30, 2019, within the Central Division of the District of Utah and elsewhere,

### **CHRISTOPHER HALES,**

defendant herein, did knowingly and willfully combine, conspire, confederate, and agree with CC1, with interdependence among the members of the conspiracy, to commit a fraud crime listed in United States Code, Title 18 Chapter 63, namely: Wire Fraud in violation of Title 18, United States Code, Section 1343.

## **III. OBJECT OF THE CONSPIRACY**

5. It was the object of the conspiracy for the defendant CHRISTOPHER HALES and CC1 to defraud investors and potential investors by offering and inducing them to purchase investments in a sports betting software through false statements, misrepresentations, deception, fraudulent conduct, and omissions of material facts; and thereafter cause the money to be diverted for their own personal use and benefit.

## **IV. MANNER AND MEANS OF THE CONSPIRACY**

6. The manner and means by which defendant CHRISTOPHER HALES and CC1 sought to accomplish the objects and purpose of the conspiracy included, among other things, the following:

7. While residing at the federal halfway house, Defendant HALES and other coconspirators known to the United States, devised a scheme and artifice to defraud and to obtain

money by false and fraudulent pretenses.

8. Defendant HALES purported to own a sports betting software that “beat the house” to induce investors to give him money to place sports bets.

9. In furtherance of the conspiracy, defendant HALES made one or more of the following false and fraudulent statements of material fact to investors and potential investors, including but not limited to the following:

- a) That 100% of investor funds would be used to place sports bets, when in fact, defendant HALES diverted nearly all investor funds received to his and CCI’s personal use, and to make payments to other investors;
- b) That he was Chris Christian, when in fact, he was Christopher Hales, a convicted felon on supervised release;
- c) That HALES would match all investor funds, when in fact, he would take out a line of credit with the sports betting website, and use the line of credit to hedge bets;
- d) That the sports betting websites and spreadsheets shown to investors and potential investors purporting to show balances of the investors and their winnings were true and correct, when in fact, they were not;
- e) That the investors’ money would be kept separate from other investors in the sports gambling websites, when in fact HALES would consistently move money from one sports betting account to another or would combine accounts to make it look like the investors had more money in the account than they actually did;
- f) That HALES had developed software that could predict the outcome of sports games and where they should place the sports bets but in actuality there was no algorithm or sports betting software that was completed;
- g) That HALES’ sports betting was producing a rate of return for the investors around 10 percent a week, when that amount was made up by HALES to entice investors to provide funds;
- h) That there were potential buyers willing to purchase the software HALES developed for tens of millions of dollars, when there were actually no buyers; and
- i) That the investors’ money would be used to show the potential buyers that the

software developed by HALES was successful, when in fact the money provided to HALES was used for his personal use and to make payments to other investors.

10. It was a part of the conspiracy that defendant HALES communicated his misrepresentations regarding his scheme, both directly and indirectly, to investors and potential investors through various means including meetings, phone calls, and text messages. HALES and CC1 communicated with each other to further the scheme in phone calls and text messages and through Telegram.

11. In furtherance of the conspiracy, defendant CHRISTOPHER HALES and CC1 failed to disclose to investors the following material facts, among others:

- a) Investor funds would be used for purposes other than to place sports bets;
- b) Defendant HALES was in fact Christopher Hales, a convicted felon and not “Chris Christian”;
- c) HALES and CC1 diverted investor funds for their own personal use;
- d) HALES and CC1 did not actually own an algorithm or a sports betting software;
- e) Defendant HALES and CC1 laundered investor funds through transfers in and out of the Sindakit Software LLC account;
- f) Sports betting account statements provided to investors were false and were inflated based on HALES’ line of credit and his ability to manipulate the statements; and
- g) Part of the investors’ money was used to pay commissions to those that introduced the investors to Sindakit.

12. It was further part of the conspiracy that in order to convince investors and potential investors that their investments were profitable and to convince potential investors that they were winning sports bets, defendant HALES and CC1 operated a “Ponzi scheme.” That is, defendant HALES and CC1 used investment money from later investors to pay the promised

winnings to earlier investors. In this way, defendant HALES and CC1 created the false impression that the sports betting was profitable and the “software” was picking winning bets. Defendant HALES and CC1 made or caused to be made Ponzi payments to investors, representing these payments as profits from the sports betting. The false and fraudulent statements made by HALES enticed investors into losing at least \$7,000,000.

**V. OVERTACTS**

13. In furtherance of the conspiracy and in order to achieve the objects of their conspiracy, the Defendant, aiding and abetting CC1 and other coconspirators, used and caused the use of wire communications in interstate and foreign commerce, to communicate with each other, with banks, and with investors.

14. CC1 opened a bank account at JP Morgan Chase Bank under the name Sindakit Software LLC on August 8, 2018. CC1 was the only signer on the account.

15. CC1 received wire transfers from numerous individuals and entities and made Ponzi payments through wire transfers or cash transactions at the direction of HALES.

16. Defendant HALES caused investor money to be diverted in cash for his own personal use and benefit. CC1 caused investor money to be diverted to his personal bank accounts.

17. Overt acts in furtherance of the conspiracy and attempts to further said conspiracy are also outlined below in the allegations and counts charged in this Felony Information; All in violation of 18 U.S.C. § 1349.

**Count 2  
18 U.S.C. § 1956(h)  
(Money Laundering Conspiracy)**

18. All of the factual allegations set forth in this Felony Information are incorporated

by reference and realleged as though fully set forth herein.

19. Beginning in and around August 11, 2018 and continuing to and around July 30, 2019, within the Central Division of the District of Utah and elsewhere,

**CHRISTOPHER HALES,**

defendant herein, did knowingly and intentionally combine, conspire, confederate, and agree with CC1 to:

(a) conduct financial transactions affecting interstate and foreign commerce, which transactions involved the proceeds of specified unlawful activity, that is, Wire Fraud, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and that while conducting and attempting to conduct such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, contrary to Title 18, United States Code, Section 1956(a)(1)(B)(i); and

(b) engage in monetary transactions by, through and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a specified unlawful activity, that is Wire Fraud, contrary to Title 18, United States Code, Section 1957.

In furtherance of the conspiracy and to effect its illegal objects, CHRISTOPHER HALES and CC1 did the following things, among others, in the Central Division of the District of Utah and elsewhere:

20. CC1 opened a bank account at JP Morgan Chase under the name Sindakit Software LLC on August 11, 2018. CC1 and HALES began immediately utilizing the account to launder fraud proceeds.

21. On September 26, 2018, October 5, 2018, and October 15, 2018, Victim #1 wired \$50,000, \$125,000, and \$230,000, respectively, to Sindakit Software's account at JPMorgan Chase. Victim #1 sent this money to Sindakit, representing proceeds of wire fraud, to be used for sports betting after HALES had told Victim #1 that the betting software HALES had developed was successful and was providing investors with 10 percent winnings every week. Instead of using the money for sports betting, CC1, knowing the funds were from criminally derived property, sent the funds to other investors, including \$13,550 on September 26, 2018, \$49,173 on October 22, 2018, and \$42,750 on October 22, 2018. CC1 also transferred \$15,000 to his law firm's account on October 22, 2018. All of the funds CC1 sent were monetary transaction greater than \$10,000;

All in violation of 18 U.S.C. § 1956(h).

**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 charged herein in violation of 18 U.S.C. § 1349, 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 or conspiracy to commit the same. The property to be forfeited includes, but is not limited to, the following:

- A money judgment representing the value of any property, real or personal, constituting or derived from proceeds traceable to the scheme to defraud or conspiracy to commit the same and not available for forfeiture as a result of any act or omission of the defendant(s) for one or more of the reasons listed in 21 U.S.C. § 853(p).
- Substitute property as allowed by 28 U.S.C. § 2461(c) and 21 U.S.C. § 853(p).

Pursuant to 18 U.S.C. § 982(a)(1), upon conviction of any offense charged herein in violation of 18 U.S.C. § 1956(h), the defendant shall forfeit to the United States of America any property, real or personal, involved in such offenses, and any property traceable to such property.

The property to be forfeited includes, but is not limited to, the following:

- A money judgment equal to all property involved in the money laundering charges and not available for forfeiture as a result of any act or omission of the defendant(s) for one or more of the reasons listed in 21 U.S.C. § 853(p).
- Substitute property as allowed by 18 U.S.C. § 982(b) and 21 U.S.C. § 853(p).

JOHN W. HUBER  
United States Attorney

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