

ORIGINAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

MICHAEL BRACKETT,

Defendant.

SEALED INDICTMENT

23 Cr.

23 CRIM 392

COUNT ONE
(Securities Fraud)

The Grand Jury charges:

Overview

1. From at least in or about May 2021 through in or about June 2021, MICHAEL BRACKETT, the defendant, defrauded investors in Centricity Inc. ("Centricity"), a start-up technology company that he founded in 2019. BRACKETT misled investors about Centricity's financial condition by, among other things, sending an investor a falsified customer list that included multiple companies who were not paying customers, and that included grossly inflated revenue numbers. In or around June 2021, Centricity abruptly ran out of funds and ceased operations, shortly after BRACKETT resigned from the company.

Background

2. In or around June 2019, MICHAEL BRACKETT, the defendant, incorporated Centricity, a start-up technology company based in New York, New York. At all times relevant to this Indictment, BRACKETT was the Chief Executive Officer ("CEO") of Centricity.

3. Centricity was meant to give retailers, especially grocery stores, better insight into consumers' preferences. The company stated publicly that it would use artificial intelligence to help companies predict consumer demand for specific products in particular communities.

According to public statements, Centricity's artificial intelligence algorithms would analyze some 2.5 billion data points' worth of internet traffic a day to predict demand for products so that retailers could stock their shelves accordingly.

4. In or around April and May 2021, MICHAEL BRACKETT, the defendant, sent a number of emails to short-term lenders seeking funding for Centricity. In some of those emails, BRACKETT attached a purported January 2021 bank statement for Centricity. Although the actual ending balance in Centricity's account for January 2021 was \$94,420.06, BRACKETT altered the bank document so that Centricity's ending balance falsely appeared to be \$594,420.06. At least one prospective lender noted that the bank statements BRACKETT sent appeared to have been "manipulate[d]."

Victim-1's Investment in Centricity

5. In or around May 2021, MICHAEL BRACKETT, the defendant, approached the Chief Executive Officer ("Victim-1") of a New York City-based venture capital firm ("Firm-1") about investing in Centricity. As part of his discussions with Victim-1, BRACKETT sent emails to Victim-1 from the Southern District of New York that were processed on servers located outside of New York State. In connection with Victim-1's research into the investment, BRACKETT provided a number of documents to Victim-1.

6. On or about June 4, 2021, MICHAEL BRACKETT, the defendant, sent Victim-1 an email that attached a spreadsheet titled "MRR By Customer Centricity" (the "Customer Spreadsheet"). "MRR" is a common abbreviation for "monthly recurring revenue." The Customer Spreadsheet listed the names of 13 companies, most of which were large, U.S.-based manufacturers and retailers. Next to each customer was a dollar amount for the months between April 2020 and April 2021. Based on Victim-1's communications with BRACKETT, Victim-1

understood the Customer Spreadsheet to represent the list of Centricity's customers—which Victim-1 had asked for—as well as the monthly revenue that had been generated from each customer over the previous year. The spreadsheet also contained a column labeled “yearly revenue,” with dollar amounts corresponding to each purported customer. In total, the purported yearly revenue from the 13 customers on the Customer Spreadsheet totaled over \$3.7 million.

7. The information in the Customer Spreadsheet that MICHAEL BRACKETT, the defendant, provided to Victim-1 was false. First, only two of the 13 “customers” in the Customer Spreadsheet had ever paid any money to Centricity, and the funds they paid were nominal amounts to test Centricity's product—far less than the hundreds of thousands of dollars represented in the Customer Spreadsheet. Second, although the Customer Spreadsheet represented that Centricity had generated over \$3 million in revenue, Centricity had actually generated only a fraction of that amount.

8. Based at least in part on the information that MICHAEL BRACKETT, the defendant, had provided, including the falsified Customer Spreadsheet, Victim-1 signed a convertible promissory note on behalf of Firm-1, in which Firm-1 committed to invest \$500,000 in Centricity. On or about June 17, 2021, at Victim-1's direction, another employee of Firm-1, while in New York, initiated a wire transfer of \$500,000 of Firm-1's funds to Centricity's bank account at a California-based bank.

9. Within days of Firm-1's \$500,000 wire to Centricity's account, Victim-1 learned about the true state of Centricity's business and repeatedly asked Centricity's bank to reverse the wire transfer. By that time, however, MICHAEL BRACKETT, the defendant, had transferred Firm-1's funds out of the account. BRACKETT resigned several days later and, soon afterward, Centricity ceased operations. Victim-1 ultimately was unable to recover any of the \$500,000

invested on behalf of Firm-1.

Statutory Allegations

10. From at least in or about May 2021 through in or about June 2021, in the Southern District of New York and elsewhere, MICHAEL BRACKETT, the defendant, willfully and knowingly, directly and indirectly, by the use of a means and instrumentality of interstate commerce and of the mails, and of a facility of a national securities exchange, used and employed, in connection with the purchase and sale of a security, a manipulative and deceptive device and contrivance, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing a device, scheme, and artifice to defraud; (b) making and causing to be made an untrue statement of a material fact and omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in an act, practice, and course of business which operated and would operate as a fraud and deceit upon a person, to wit, BRACKETT falsely represented Centricity's financial condition and revenue to Victim-1 in connection with Victim-1's investment of \$500,000 in Centricity.

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

COUNT TWO
(Wire Fraud)

The Grand Jury further charges:

11. The allegations contained in paragraphs 1 through 9 of this Indictment are hereby repeated, realleged, and incorporated by reference, as if fully set forth herein.

12. From at least at least in or about May 2021 through at least in or about June 2021, in the Southern District of New York and elsewhere, MICHAEL BRACKETT, the defendant, knowingly having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, for the purpose of executing such scheme and artifice, to wit, BRACKETT engaged in a fraudulent scheme to induce Victim-1 to invest in Centricity by making false and misleading statements about Centricity's financial condition and revenue, and sent and received, and caused others to send and receive, wire transfers, emails, and other electronic communications, to and from the Southern District of New York and elsewhere, in furtherance of that scheme.

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATION

13. As a result of committing the offense alleged in Counts One and Two of this Indictment, MICHAEL BRACKETT, the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offenses, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said

offenses.

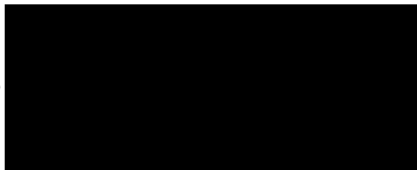
Substitute Assets Provision

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

- 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 subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), and Title 28, United States Code Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Section 981;
Title 21, United States Code, Section 853; and
Title 28, United States Code, Section 2461.)



A handwritten signature in cursive script that reads "D Williams" followed by a flourish.

DAMIAN WILLIAMS
United States Attorney