

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK PART 82

THE PEOPLE OF THE STATE OF NEW YORK

-against-

ROLAND SCAHILL,

Defendant.

STATEMENT OF FACTS

Indictment No. 3303/2016

The defendant, a producer of Broadway plays, maintains a production company called RMS2 Productions. Beginning in October 2014, the defendant solicited investments from seven individuals - most of whom were his close friends - purportedly for the purpose of investing in a new Broadway play to be produced by the defendant. Relying on defendant's false representations, the victims invested \$165,000 in a play which, in fact, never existed.

The prospective play, referred to as the "KB Project", was supposedly based on the life of opera singer Kathleen Battle. In order to induce each investor to commit money to his show, defendant claimed that he had purchased the "life rights" to Kathleen Battle's life story, he had secured actress Lupita Nyong'o to star in the play, and he had contracted with the Shubert Organization to procure the Booth Theatre as the play's venue. Based on these representations, between October 24, 2014 and January 8, 2015, seven victims gave defendant a total of \$165,000 to be used as capital contributions in furtherance of the production of the play. Ultimately, the victims discovered that the play was a complete farce. Representatives for Kathleen Battle, Lupita Nyong'o, and the Shubert Organization all confirm that they were never approached by defendant, never contracted with the defendant, and have never heard of the KB Project.

The aforementioned investors/victims include an individual who had been one of the defendant's best friends for nearly twenty years prior to this theft. In October 2014, the defendant approached said individual and informed her that he had a special investment opportunity that he was initially reserving for friends and family. Defendant informed said individual that he had purchased the "life rights" to opera singer Kathleen Battle's life story and that defendant would be producing a one woman Broadway show about "a fateful day in 1994" when Ms. Battle was fired by the New York Metropolitan Opera. The defendant presented said individual with a detailed "information sheet" laying out the parameters of the KB Battle Project and outlining that Ms. Battle had, "agreed not to censor any material put on the stage, allowing for a view of what makes a person be viewed as a "diva", what did a young African American girl have to change about herself to be accepted into the classical music community, and what really happens behind closed doors when you are the subject of global gossip." The defendant also informed said individual that he had contracted with Lupita Nyong'o to star as Kathleen Battle in the play, and that he had reserved the Booth Theatre on Broadway to hold the event.

The defendant then informed said individual that he was raising capital (initial funding of \$300,000) at the cost of \$15,000 per share, to fund the early stages of the production. Each share was to represent 1% of the total investment and return in the production. Said individual was told that only investors who participated in the early stages of the investment process (1st capitalization phase), would receive subsidiary rights (i.e. only initial investors could share in subsequent book or movie deals based on the play) in the production, allowing each investor the potential to garner multiple income streams as a result of their early investment. Based on defendant's false representations, said individual and her husband purchased one share in the KB Battle Project for \$15,000 which was wired to defendant's Chase bank account.

The defendant encouraged said individual to reach out to friends, family, and co-workers to inquire about their interest in purchasing shares in the KB Battle Project. As a result, said individual unknowingly steered several co-workers and mutual friends to defendant, who stole their money as well. During the remainder of October 2014, defendant spoke to and solicited \$15,000 investments from each of five additional victims. This set of investors included said individual's co-workers and two of defendant's long-term friends.

To induce the additional victims to invest, defendant repeated the same false representations he had used to induce the above described individual. The defendant communicated these representations to investors in person, via telephone, via email, and through text messages. Additionally, because defendant knew most of his victims personally, he was able to use knowledge he had gleaned about each individual investor to personally induce them to invest. For example, the defendant knew that one investor had been an African American studies major in college and thus defendant stressed the "social importance" of the success of his play since it was based on the life of an African American woman.

In December 2014, using the same false representations, the defendant solicited an investment in the KB Battle Project from another individual, who also gave the defendant \$15,000 as an investment constituting one share in the play. This other individual is a retired special education teacher and the mother of another of the defendant's closest friends.

In January 2015, the defendant sent out correspondence to all of the investors informing them that he contracted with Netflix, and that Netflix was planning to film a stage performance of the KB Battle Project which would then be available to Netflix subscribers. The defendant claimed that the Netflix contract had made the show and the investment "profitable" and asked if any of the investors wished to participate in a second round of investing before the defendant made this prospective investment available to a larger group of outsiders. Based on the strength

of the defendant's representations about the show's success, two of the previous investors chose to each invest an additional \$30,000. These additional investments brought the total amount invested with the defendant in the KB Project to \$165,000.

In 2015, the defendant made several additional representations about the KB Project, none of which turned out to be true. He told investors that the New York Times would announce their play, that tickets would go on sale via Telecharge, and that Ms. Nyong'o would announce she was starring in the KB Project while presenting an award at the Tony Awards. None of these representations, as well as the myriad of additional lies told to investors by the defendant, came to fruition.

By autumn 2015, it was revealed publically that Ms. Nyong'o was to star in the Broadway play "Eclipsed". The defendant continued to insist to all investors that the announcement was made by mistake and that Ms. Nyong'o was still contractually obligated to star in the KB Project. The defendant even went so far as to send emails purportedly from Ms. Nyong'o to one of the investors, ensuring her that she was still committed to the KB Project and apologizing for the mix-up.

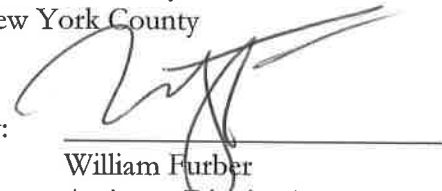
After several investors demanded the return of their money, the defendant sent some of the investors checks; however, all of the checks "bounced" for insufficient funds. The defendant then ceased communicating with the victims.

An analysis of defendant's bank accounts reveals that, shortly after the defendant received the victims' money, defendant spent over \$23,000 of these funds to pay off credit card debt, nearly \$18,000 to pay rent on his apartment, and nearly \$10,000 on various food, alcohol, and entertainment expenditures. Further analysis shows that defendant transferred the vast majority of the victims' money, over \$129,000, to a TD Ameritrade Investment Account in defendant's name and then began buying stocks and stock option contracts. During calendar year 2014, and

prior to engaging in this scheme, defendant had suffered losses of over \$140,000 in his TD Ameritrade account.

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