U.S. Securities and Exchange Commission

Charles J. Cole, Torben M. Welch, Beacon Heart, LLC, Heart of Humanity, LLC, Avranoc, LLC, Defendants; The indigenous Nations' Bank, Derek A. Thiess, Barry R. Taylor, Relief Defendants

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 26563 / June 11, 2026

Securities and Exchange Commission v. Charles J. Cole, Torben M. Welch, et al., No. 1:26-cv-4945 (S.D.N.Y. filed June 11, 2026)

SEC Charges North Carolina Resident and Utah Attorney in Alleged Fraudulent Stock Scheme

On June 11, 2026, the Securities and Exchange Commission filed charges against North Carolina resident Charles J. Cole, his lawyer, Utah resident Torben M. Welch, and three entities controlled by Cole, Beacon Heart, LLC, Heart of Humanity, LLC, and Avranoc, LLC, in connection with an alleged fraudulent stock scheme in which Cole and Welch defrauded Infinite Reality, Inc., now known as Napster Corp. ("Infinite Reality"), out of 239 million shares of its stock.

According to the SEC's complaint, Cole and Welch perpetrated a fraudulent scheme in which Cole falsely promised to invest $3.36 billion in Infinite Reality and, together with Welch, falsely told Infinite Reality that Cole and/or Avranoc controlled at least $55 billion in assets. As alleged, based on Cole's false representations, repeated and amplified by Welch, Infinite Reality issued over 239 million shares to Cole, Beacon Heart, and Heart of Humanity in late 2024 and early 2025, but Infinite Reality never received any money from Cole despite his promise to invest. The complaint further alleges that after fraudulently obtaining Infinite Reality's stock, Cole, with the assistance of Welch, pledged nearly 45 million shares of that stock to obtain a $1 million

loan from a third-party lender. According to the complaint, Welch provided forged documents purporting to verify Cole's assets and made misleading and false assurances to the lender in connection with the loan.

The SEC's complaint, filed in the Southern District of New York, charges Cole with violating the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; charges Welch with violating Sections 17(a)(1) and (3) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as well as with aiding and abetting Cole's violation of Section 17(a)(2) of the Securities Act; and charges Beacon Heart, Heart of Humanity, and Avranoc with violating Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) thereunder. The SEC seeks permanent injunctions against all defendants, disgorgement with prejudgment interest on a joint and several basis against Cole, Beacon Heart, Heart of Humanity, and Avranoc, and civil penalties against Cole and Welch. The SEC further seeks a conduct-based injunction against Cole. The complaint also names The indigenous Nations' Bank, Derek A. Thiess, and Barry R. Taylor as relief defendants and seeks disgorgement with prejudgment interest from each.

In a parallel action, the U.S. Attorney's Office for the Southern District of New York announced criminal charges against Cole.

The SEC's investigation is ongoing. The matter is being handled by Jeffrey Olshan, William J. Durkin, Dahlia Rin, Patrick Noone, Alfred Day and Michele T. Perillo in the SEC's Boston Regional Office. The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York and the U.S. Postal Inspection Service.

RESOURCES

- **SEC Complaint**