



Utah Man Pleads Guilty in West Virginia to Charges Connected to Multi-Million-Dollar Mortgage Fraud Scheme

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Submitted at 11:09 AM November 14, 2011

The Federal Bureau of Investigation (FBI) on November 10, 2011 released the following:

“CHARLESTON, WV— A Utah man pleaded guilty today in federal court before U.S. District Judge Thomas E. Johnston to charges connected to a multi-million-dollar mortgage fraud scheme involving properties at a Hurricane, W.Va., subdivision. Michael S. Hurd, 37, of Salt Lake City, pleaded guilty to conspiracy to commit wire fraud and bank fraud. The defendant also pleaded guilty to mail fraud arising out of his involvement in a similar scheme in Modesto, Calif.

Hurd admitted that during the early and mid-2000's, he operated a company called “The Gift Program,” which he described as a “seller funded down payment assistance program” used to provide home buyer's money to make the down payment and initial mortgage payments on real estate purchases. Hurd further admitted that he used The Gift Program to create an elaborate scheme to defraud lenders by concealing the transfer of loan funds to the borrower from the lender. In essence, through the use of The Gift Program, lenders unwittingly funded their own down payment and made the initial mortgage payments.

Hurd admitted that in 2006 he became involved with Deborah and Todd Joyce of Hurricane in the “flipping” of homes in the Stonegate subdivision in that town. Deborah Joyce obtained inflated appraisals from two local appraisers, James Thornton and Mark Greenlee, and subsequently sent the appraisals on to another co-conspirator Raymond Morris in Salt Lake City. Morris identified investors to purchase those properties at

fraudulently inflated prices. Morris then got those investors in contact with Hurd, who then used The Gift Program to conceal the transfer of a portion of the loan proceeds to the investor from the lender. Hurd admitted that he paid Morris an undisclosed “commission” for this referral.

Hurd also admitted that during the scheme, he wired additional loan funds to the investor to make initial mortgage payments. Once those funds ran out, the investors defaulted on the loans and the properties went into foreclosure. All told, Hurd, Joyce and Morris illegally flipped six properties in the Stonegate subdivision. The respective lender losses total almost \$2 million.

At the same time, Morris and Hurd orchestrated a similar investment-type scheme in Modesto. Hurd acknowledged that he was involved in illegally flipping 20 properties with losses in excess of \$5.5 million. As part of his plea agreement, Hurd agreed to transfer those charges from the Eastern District of California to the Southern District of West Virginia so the matters could be disposed of jointly.

Hurd faces up to 60 years in prison and a \$2 million fine when he is sentenced on Feb. 29, 2012.

Deborah Joyce was sentenced in April 2011 to 46 months in prison for her role in the scheme. Todd Joyce received an 18-month prison sentence. Thornton and Greenlee are set to be sentenced in December 2011. Hurd's co-conspirator, Raymond P. Morris, was charged in September 2011 and his trial is set for Feb. 28, 2012.

This case is being investigated by the FBI and the Internal Revenue Service – Criminal Investigation. Assistant U.S. Attorney Thomas Ryan from the Southern District of West Virginia is in charge of the prosecution.

This case was prosecuted as part of President Obama's Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.”

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Douglas McNabb and other members of the U.S. law firm practice and write and/or report extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN Sanctions Removal.

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