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UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF WEST VIRGINIA
CHARLESTON GRAND JURY 2010-01
SEPTEMBER 13, 2011 SESSION

SEP 14 2011

TERESA L. DEPPNER, CLERK
U.S. District Court
Southern District of West Virginia

UNITED STATES OF AMERICA

v.

CRIMINAL NO.

2:11-cr-00211

RAYMOND P. MORRIS

18 U.S.C. § 1343
18 U.S.C. § 1344
18 U.S.C. § 1349
18 U.S.C. § 2

I N D I C T M E N T

The Grand Jury charges:

COUNTS ONE THROUGH FIFTEEN
(Wire Fraud)

At all relevant times:

The Scheme

1. From at least April 2006 through and until at least December 2007, in or near Charleston, Kanawha County, Hurricane, Putnam County, and Beckley, Raleigh County, West Virginia, and within the Southern District of West Virginia and elsewhere, Defendant RAYMOND P. MORRIS, Deborah L. Joyce, Michael Hurd, and others known and unknown to the Grand Jury, aided and abetted by each other and others, did knowingly devise and intend to devise a scheme and artifice to defraud and to obtain money from real estate mortgage lenders by means of materially false and fraudulent

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pretenses, representations, and promises and the concealment and omission of material facts that affected one or more financial institutions (the "scheme").

2. Defendant RAYMOND P. MORRIS, Deborah L. Joyce, Michael Hurd and others accomplished the scheme by arranging for the purchase of homes in the Stonegate subdivision in or near Hurricane, West Virginia, at or near the then-current market value, thereafter obtaining false and inflated appraisals, and immediately selling or "flipping" said properties to out-of-state borrowers at inflated prices with mortgages funded by lenders who relied upon materially false statements, misrepresentations and omissions made or caused by Defendant RAYMOND P. MORRIS and his co-schemers, including the following:

- a. the true sales price agreed to with the underlying owner;
- b. the home's fair market value concealed through a false and inflated appraisal;
- c. the nature and source of the down payment, which, in truth and in fact, was derived from the lender's own funds;
- d. cash paid to the out-of-state borrower from the loan proceeds; and
- e. undisclosed "commissions" paid to Defendant RAYMOND P. MORRIS and others purposefully concealed from the lender.

Background

3. Defendant RAYMOND P. MORRIS was associated with a real estate investment club, 100X, Inc. ("100X"), a closely-held corporation incorporated under the laws of Utah, which typically met at locations in or near Salt Lake City, Utah.

4. Defendant RAYMOND P. MORRIS was the sole principal in Integrity Financial Solutions, Inc. ("Integrity Financial"), a closely-held corporation incorporated under the laws of Nevada.

5. Deborah L. Joyce, named herein as an unindicted co-schemer, was a member of a real estate development company, Prime Developers, LLC ("Prime Developers"), a limited liability company incorporated under the laws of West Virginia, which owned the undeveloped lots and acreage in the Stonegate subdivision, a single-family-home residential subdivision situated in or near Hurricane, Putnam County, West Virginia.

6. Todd W. Joyce, named herein as an unindicted co-schemer, was a member of Prime Developers.

7. Michael Hurd, named herein as an unindicted co-schemer, was a principal in The Gift Program, Inc. ("The Gift Program"), doing business as "Advanced Capital Services" or "ACS," a closely-held corporation incorporated under the laws of Utah.

8. The Gift Program, Inc., which was described as a "seller-funded down payment assistance program," was used as a conduit for the sale of real estate and had the intended effect of concealing from lenders the fact that loan proceeds were used to not only finance the purchase of the real estate by paying the seller, but also to conceal the transfer of loan proceeds back to the borrowers for the down payment, closing costs, as well as, to pay initial mortgage payments and to funnel loan proceeds to Defendant RAYMOND P. MORRIS and others.

9. James R. Thornton, named herein as an unindicted aider and abettor, was a licensed real estate appraiser with his primary office situated in or near Charleston, West Virginia.

10. Mark E. Greenlee, named herein as an unindicted aider and abettor, was a licensed real estate appraiser licensed with his primary office situated in or near Charleston, West Virginia.

11. "Closing Attorney" was a two-member law firm situated in or near Beckley, Raleigh County, West Virginia.

12. J.P. Morgan Chase Bank, N.A. was a financial institution within the meaning of 18 U.S.C. § 20.

13. Wells Fargo Bank, N.A. was a financial institution within the meaning of 18 U.S.C. § 20.

The Purpose of the Scheme

14. It was a purpose of the scheme for Defendant RAYMOND P. MORRIS and his co-schemers to enrich themselves by unlawfully obtaining a portion of loan proceeds from the sale of Stonegate properties.

Manner and Means of the Scheme

15. It was part of the scheme that Defendant RAYMOND P. MORRIS, together with Deborah L. Joyce, Michael Hurd and others, would and did use the following manner and means in furtherance of the scheme:

- a. Deborah L. Joyce would and did identify Stonegate properties for Defendant RAYMOND P. MORRIS that could be "flipped" to 100X members.
- b. Deborah L. Joyce, Todd W. Joyce, individually and through their company Prime Developers, and others would and did negotiate a sales price with the underlying owner close to the then-current market value of \$350,000 to \$500,000.
- c. Defendant RAYMOND P. MORRIS would and did arrange to "flip" said properties to 100X members at an inflated sales price in the \$600,000 to \$750,000 range.
- d. Defendant RAYMOND P. MORRIS and Deborah L. Joyce would and did obtain false and inflated appraisals from James R. Thornton and Mark E. Greenlee to support the inflated sales prices.
- e. Defendant RAYMOND P. MORRIS and Deborah L. Joyce, through a mortgage brokerage company, would and did provide the lenders false and inflated appraisals supporting the inflated sales prices.

- f. Defendant RAYMOND P. MORRIS and Deborah L. Joyce would and did conceal the actual sales price from the lenders.
- g. Defendant RAYMOND P. MORRIS would and did arrange with Michael Hurd for 100X members to use The Gift Program to close on Stonegate properties.
- h. Defendant RAYMOND P. MORRIS would and did agree with Michael Hurd that Defendant RAYMOND P. MORRIS would receive an undisclosed "commission" paid through Integrity Financial for each Stonegate property closed using The Gift Program.
- i. Notwithstanding the then-current market value in the \$350,000 to \$500,000 range, Defendant RAYMOND P. MORRIS would and did arrange for 100X members to use The Gift Program to purchase said properties at inflated sales prices in the \$600,000 to \$750,000 range.
- j. Michael Hurd would and did set up joint checking accounts in the name of the respective 100X member and himself and would and did deposit funds into the joint checking account.
- k. Defendant RAYMOND P. MORRIS and Michael Hurd would and did cause the lenders to rely upon said funds in the joint checking account as a Verification of Deposit ("VOD") for the 100X member, thus falsely misrepresenting to the lender that the 100X member had personal funds available to make the down payment.
- l. Deborah L. Joyce would and did arrange for Closing Attorney to close the real estate transactions.
- m. Defendant RAYMOND P. MORRIS, Deborah L. Joyce and Michael Hurd would and did cause the Closing Attorney to prepare a real estate settlement statement, known as a "HUD-1 Settlement Statement," indicating that underlying owner was selling the Stonegate property for the inflated sales price when, in truth and in fact, the underlying owner was only receiving the concealed actual sales price.
- n. Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others would and did execute and would and did cause documents to be executed related to The Gift

Program, directing the Closing Attorney to wire the portion of the loan proceeds constituting the difference between the actual sales price and the inflated sales price to The Gift Program intended for the 100X member.

- o. Michael Hurd would and did wire funds from the joint checking account to the Closing Attorney so it was falsely misrepresented to the lender that the 100X member provided the down payment.
- p. Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others would and did cause the Closing Attorney to prepare a false and fraudulent HUD-1 Settlement Statement in that the document materially omitted that the 100X member was receiving cash back from the closing intended to pay initial mortgage payments.
- q. Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others would and did cause the Closing Attorney to prepare a false and fraudulent HUD-1 Settlement Statement in that the document materially misrepresented the true source of the down payment, which essentially was the lender's own funds.
- r. Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others would and did cause the Closing Attorney to prepare a false and fraudulent HUD-1 Settlement Statement in that the document materially omitted that Defendant RAYMOND P. MORRIS would and did receive an undisclosed "commission" from the loan proceeds for arranging the transaction, which was purposefully concealed from the lender.
- s. Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others would and did cause the Closing Attorney to close on the sale of six Stonegate properties to 100X members.
- t. Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others would and did cause the Closing Attorney to wire loan proceeds from an account maintained in West Virginia to an account held in the name of The Gift Program maintained by Michael Hurd in or near Salt Lake City, Utah.

- u. Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others would and did cause the Closing Attorney to record a deed at the Putnam County Courthouse reflecting a false and inflated sales price for the transfer of the six Stonegate properties, thus artificially inflating the real estate market.
- v. Defendant RAYMOND P. MORRIS would and did receive undisclosed commissions from the closing of the Stonegate properties, including the following:
 - i. On or about July 27, 2006, Michael Hurd would and did wire \$75,810.97 to Defendant RAYMOND P. MORRIS after the sale of 7 Stonegate;
 - ii. On or about August 18, 2006, Michael Hurd would and did wire \$19,827 to Defendant RAYMOND P. MORRIS after the sale of 45 Spruce Ridge;
 - iii. On or about December 6, 2006, Michael Hurd would and did wire \$5,000 to Defendant RAYMOND P. MORRIS after the sale of 42 Spruce Ridge;
 - iv. On or about January 11, 2007, Michael Hurd would and did wire \$71,775 to Defendant RAYMOND P. MORRIS after the sale of 62 Stoneridge; and
 - v. On or about February 13, 2007, Defendant RAYMOND P. MORRIS would and did deposit a \$60,851 check received from Michael Hurd after the sale of 66 Stoneridge.
- w. 100X members defaulted on the loans for all six Stonegate properties shortly after The Gift Program payments they were provided were exhausted.
- x. The lenders, or their successors, lost approximately \$1.9 million as a result of the scheme.

Use of Wires in Furtherance of the Scheme

16. On or about the following dates, at or near the locations set forth below, within the Southern District of West

Virginia and elsewhere, Defendant RAYMOND P. MORRIS, Michael Hurd, Deborah L. Joyce, and others known and unknown to the Grand Jury, aided and abetted by each other and others, for the purpose of executing the scheme, and attempting to do so, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce writing, signs, signals, pictures and sounds, the following:

Count	Date	Description
One	December 4, 2006	Wire transfer of \$649,637.60 initiated in or near Grive, California, by Fremont Investment & Loan to the escrow account of Closing Attorney maintained in or near Beckley, West Virginia, to fund the sale of a property known as 42 Spruce Ridge
Two	December 6, 2006	Wire transfer of \$112,739.76 initiated in or near Salt Lake City, Utah by Michael Hurd from a joint account established in the name of a 100X member and Michael Hurd to the escrow account of the Closing Attorney maintained in or near Beckley, West Virginia for the down payment on 42 Spruce Ridge
Three	December 6, 2006	Wire transfer of \$175,000 initiated in or near Beckley, West Virginia from the escrow account of the Closing Attorney to an account held in the name of The Gift Program d/b/a ACS maintained by Michael Hurd in or near Salt Lake City, Utah, from the closing of 42 Spruce Ridge

Count	Date	Description
Four	January 5, 2007	Wire transfer of \$516,000 initiated in or near Bethesda, Maryland, by Home Builder's Mortgage Co., LLC, a subsidiary of Presidential Bank, to the escrow account of Closing Attorney maintained in or near Beckley, West Virginia, to fund the sale of a property known as 62 Stoneridge
Five	January 8, 2007	Wire transfer of \$133,049.25 initiated in or near Salt Lake City, Utah, by Michael Hurd from a joint account established in the name of a 100X member and Michael Hurd to the escrow account of the Closing Attorney maintained in or near Beckley, West Virginia, for the down payment on 62 Stoneridge
Six	January 10, 2007	Wire transfer of \$290,000 initiated in or near Beckley, West Virginia, from the escrow account of the Closing Attorney to an account in the name of The Gift Program d/b/a ACS maintained by Michael Hurd in or near Salt Lake City, Utah, from the closing of 62 Stoneridge
Seven	February 8, 2007	Wire transfer of \$525,953.50 initiated in or near Columbus, Ohio by JP Morgan Chase Bank, N.A., to the escrow account of Closing Attorney maintained in or near Beckley, West Virginia, to fund primary mortgage for the sale of a property known as 66 Stoneridge
Eight	February 8, 2007	Wire transfer of \$66,300 initiated in or near Chicago, Illinois by Chase Home Finance to the escrow

Count	Date	Description
		account of Closing Attorney maintained in or near Beckley, West Virginia, to fund secondary mortgage for the sale of 66 Stoneridge
Nine	February 9, 2007	Wire transfer of \$72,299.01 initiated in or near Salt Lake City, Utah, by Michael Hurd from a joint account established in the name of a 100X member and Michael Hurd to the escrow account of the Closing Attorney maintained in or near Beckley, West Virginia, for the down payment on 66 Stoneridge
Ten	February 13, 2007	Wire transfer of \$217,606 initiated in or near Beckley, West Virginia, from the escrow account of the Closing Attorney to an account in the name of The Gift Program d/b/a ACS maintained by Michael Hurd in or near Salt Lake City, Utah, from the closing of 66 Stoneridge
Eleven	February 27, 2007	Wire transfer of \$138,325 initiated in or near Minneapolis, Minnesota, by Wells Fargo Bank, N.A., to the escrow account of Closing Attorney maintained in or near Beckley, West Virginia to fund purchase of the lot and initial construction draw for a property known as 12 Woodvale Heights

Count	Date	Description
Twelve	February 27, 2007	Wire transfer of \$56,213.03 initiated in or near Salt Lake City, Utah, by Michael Hurd from a joint account established in the name of a 100X member and Michael Hurd to the escrow account of the Closing Attorney maintained in or near Beckley, West Virginia, for the down payment on 12 Woodvale Heights
Thirteen	February 27, 2007	Wire transfer of \$62,054.33 initiated in or near Beckley, West Virginia, from the escrow account of the Closing Attorney to an account in the name of The Gift Program d/b/a ACS maintained by Michael Hurd in or near Salt Lake City, Utah, from the closing of 12 Woodvale Heights
Fourteen	October 22, 2007	Wire transfer of \$2,000 initiated in or near Hurricane, West Virginia, by Deborah L. Joyce to an account maintained at a financial institution in or near Garden Grove, California, by one of the 100X members who purchased 42 Spruce Ridge
Fifteen	December 19, 2007	Wire transfer of \$4,863.88 initiated in or near Hurricane, West Virginia, by Deborah L. Joyce to an account held by a 100X member in or near Salt Lake City, Utah, to make mortgage payments on 45 Spruce Ridge

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT SIXTEEN
(Bank Fraud)
(66 Stonerige)

17. The Grand Jury incorporates paragraphs One through Fifteen of Count One as if set forth fully herein.

18. From in or about April 2006 through and until at least February 2007, in or near Charleston, Kanawha County, Hurricane, Putnam County, and Beckley, Raleigh County, West Virginia, and within the Southern District of West Virginia and elsewhere, Defendant RAYMOND P. MORRIS, Deborah L. Joyce, Michael Hurd, and others known and unknown to the Grand Jury, aided and abetted by each other and others, did knowingly execute and attempt to execute a scheme and artifice to defraud JP Morgan Chase Bank, N.A., and to obtain moneys, funds, credits, assets, securities, and other property owned by and under the custody and control of said financial institution, by means of materially false and fraudulent pretenses, representations, promises and omissions of material facts.

In violation of Title 18, United States Code, Sections 1344 and 2.

COUNT SEVENTEEN
(Bank Fraud)
(12 Woodvale Heights)

19. The Grand Jury incorporates paragraphs One through Fifteen of Count One as if set forth fully herein.

20. From in or about April 2006 through and until at least February 2007, in or near Charleston, Kanawha County, Hurricane, Putnam County, and Raleigh County, West Virginia, and within the Southern District of West Virginia and elsewhere, Defendant RAYMOND P. MORRIS, Deborah L. Joyce, Michael Hurd, and others known and unknown to the Grand Jury, aided and abetted by each other and others, did knowingly execute and attempt to execute a scheme and artifice to defraud Wells Fargo Bank, N.A., and to obtain moneys, funds, credits, assets, securities, and other property owned by and under the custody and control of said financial institution, by means of materially false and fraudulent pretenses, representations, promises and omissions of material facts.

In violation of Title 18, United States Code, Sections 1344 and 2.

COUNT EIGHTEEN
(Conspiracy to Commit Wire Fraud and Bank Fraud)

21. The Grand Jury incorporates paragraphs One through Fifteen of Count One as if set forth fully herein.

22. From at least April 2006 through and until at least December 2007, in or near Charleston, Kanawha County, Hurricane, Putnam County, Beckley, Raleigh County, West Virginia and within the Southern District of West Virginia and elsewhere, Defendant RAYMOND P. MORRIS, Deborah L. Joyce, Michael Hurd, and others known and unknown to the Grand Jury, did, and attempting to do so, knowingly conspire together to commit offenses under Chapter 63 of Title 18 of the United States Code, that is:

- a. having devised and intended to devise a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and the concealment and omission of material facts, did knowingly transmit and cause to be transmitted by means of wire communications in interstate commerce, writings, signs, signals, pictures, and sounds in violation of 18 U.S.C. § 1343, which scheme and artifice to defraud affected one or more financial institutions; and
- b. knowingly executed, or attempted to execute, a scheme and artifice to defraud a financial institution and obtain moneys, funds, credits, assets, securities, and other property owned by and under the custody and control of, a financial institution, by means of materially false and fraudulent pretenses, representations, promises and omissions in violation of 18 U.S.C. § 1344.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE

In accordance with 28 U.S.C. § 2461(c), 18 U.S.C. §§ 981(a)(1)(C) and (a)(2), and Rule 32.2(a) of the Federal Rules of Criminal Procedure, and premised upon the conviction of the Defendant RAYMOND P. MORRIS of a violation of 18 U.S.C. §§ 1343 (wire fraud), 1344 (bank fraud), 2 (aiding and abetting wire fraud or bank fraud), or 1349 (conspiracy) as set forth in this Indictment, Defendant shall forfeit to the United States any property, real or personal, which constitutes or is derived from proceeds traceable to such offense, including but not limited to the sum of \$1,901,000, more or less, in United States currency in that such sum in aggregate constitutes the gross proceeds derived by Defendant and his co-schemers and co-conspirators from the offenses in the Indictment, for which sum the United States intends to seek the entry of a judgment.

NOTICE OF INTENT TO FORFEIT SUBSTITUTE ASSETS

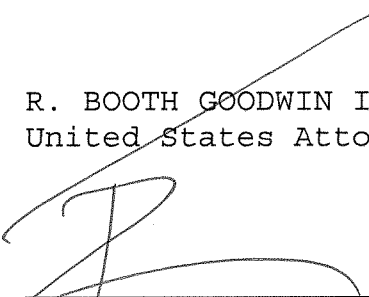
If any of the property described above as being subject to forfeiture, as a result of any act or omission of Defendant RAYMOND P. MORRIS:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred to, sold to, or deposited with a third person;
- 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 that cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 28 U.S.C. § 2461(c), 18 U.S.C. § 982(b)(1) and 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant up to the value of said property listed above as being subject to forfeiture.

R. BOOTH GOODWIN II
United States Attorney

By:



THOMAS C. RYAN
Assistant United States Attorney