



United States Attorney
Southern District of West Virginia

Robert C. Byrd United States Courthouse

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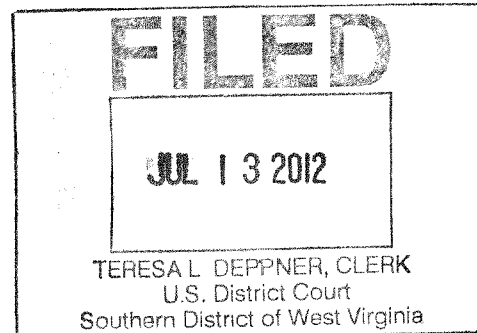
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June 21, 2012

John A. Carr, Esq.
John A. Carr, Attorney at Law, PLLC
179 Summer Street, Suite 209
Charleston, WV 25301



Re: United States v. Raymond P. Morris
Criminal No. 2:11-00211 (USDC SDWV)

Dear Mr. Carr:

This will confirm our conversations with regard to your client, Raymond P. Morris (hereinafter "Mr. Morris"). As a result of these conversations, it is agreed by and between the United States and Mr. Morris as follows:

1. **PENDING CHARGES.** Mr. Morris is charged in an eighteen-count indictment as follows:

- (a) Counts One through Fifteen charges Mr. Morris with violations of 18 U.S.C. §§ 1343 and 2 (wire fraud);
- (b) Counts Sixteen and Seventeen charges Mr. Morris with violations of 18 U.S.C. §§ 1344 and 2 (bank fraud); and
- (c) Count Eighteen charges Mr. Morris with a violation of 18 U.S.C. § 1349 (conspiracy to commit wire fraud and bank fraud).

2. **RESOLUTION OF CHARGES.** Mr. Morris will plead guilty to Count Eighteen of said indictment, which charges him with a violation of 18 U.S.C. § 1349. Following final disposition, the United States will move the Court to dismiss Counts One through Seventeen in Criminal No. 2:11-00211 as to Mr. Morris.

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3. **MAXIMUM POTENTIAL PENALTY.** The maximum penalty to which Mr. Morris will be exposed by virtue of this guilty plea is as follows:

- (a) Imprisonment for a period of 30 years;
- (b) A fine of \$1,000,000, or twice the gross pecuniary gain or twice the gross pecuniary loss resulting from defendant's conduct, whichever is greater;
- (c) A term of supervised release of five years;
- (d) A mandatory special assessment of \$100 pursuant to 18 U.S.C. § 3013; and
- (e) An order of restitution pursuant to 18 U.S.C. §§ 3663A and 3664, or as otherwise set forth in this plea agreement.

4. **SPECIAL ASSESSMENT.** Prior to the entry of a plea pursuant to this plea agreement, Mr. Morris will tender a check or money order to the Clerk of the United States District Court for one-hundred dollars, which check or money order shall indicate on its face the name of defendant and the case number. The sum received by the Clerk will be applied toward the special assessment imposed by the Court at sentencing. Mr. Morris will obtain a receipt of payment from the Clerk and will tender a copy of such receipt to the United States, to be filed with the Court as an attachment to this plea agreement. If Mr. Morris fails to provide proof of payment of the special assessment prior to or at the plea proceeding, the United States will have the right to void this plea agreement. In the event this plea agreement becomes void after payment of the special assessment, such sum shall be promptly returned to Mr. Morris.

5. **RESTITUTION.** Notwithstanding the offense of conviction, Mr. Morris agrees that he owes restitution in an amount to be determined by the Court and agrees to pay such restitution, with interest as allowed by law, to the fullest extent financially feasible. In aid of restitution, Mr. Morris further agrees as follows:

- (a) Mr. Morris agrees to fully assist the United States in identifying and locating any assets to be applied toward



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restitution and to give signed, sworn statements and testimony concerning assets upon request of the United States.

- (b) Mr. Morris will fully complete and execute, under oath, a Financial Statement and a Release of Financial Information on forms supplied by the United States and will return these completed forms to counsel for the United States within seven calendar days from the date of the signing of this plea agreement.
- (c) Mr. Morris agrees not to dispose of, transfer or otherwise encumber any real or personal property which he currently owns or in which he holds an interest.
- (d) Mr. Morris agrees to fully cooperate with the United States in the liquidation of assets to be applied towards restitution, to execute any and all documents necessary to transfer title of any assets available to satisfy restitution, to release any and all right, title and interest he may have in and to such property, and waives his right to exemptions under the Federal Debt Collection Procedures Act upon levy against and the sale of any such property.
- (e) Mr. Morris agrees not to appeal any order of the District Court imposing restitution unless the amount of restitution imposed exceeds \$8,262,018. However, nothing in this provision is intended to preclude the Court from ordering Mr. Morris to pay a greater or lesser sum of restitution in accordance with law.

6. **PAYMENT OF MONETARY PENALTIES.** Mr. Morris agrees not to object to the District Court ordering all monetary penalties (including the special assessment, fine, court costs, and any restitution that does not exceed the amount set forth in this plea agreement) to be due and payable in full immediately and subject to immediate enforcement by the United States. So long as the monetary penalties are ordered to be due and payable in full immediately, Mr. Morris further agrees not to object to the District Court imposing any schedule of payments as merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment.



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7. **COOPERATION.** Mr. Morris will be forthright and truthful with this office and other law enforcement agencies with regard to all inquiries made pursuant to this agreement, and will give signed, sworn statements and grand jury and trial testimony upon request of the United States. In complying with this provision, Mr. Morris may have counsel present except when appearing before a grand jury. Further, Mr. Morris agrees to be named as an unindicted co-conspirator and unindicted aider and abettor, as appropriate, in subsequent indictments or informations.

8. **USE IMMUNITY.** Unless this agreement becomes void due to a violation of any of its terms by Mr. Morris, and except as expressly provided for in paragraph ten below, nothing contained in any statement or testimony provided by Mr. Morris pursuant to this agreement, or any evidence developed therefrom, will be used against Mr. Morris, directly or indirectly, in any further criminal prosecutions or in determining the applicable guideline range under the Federal Sentencing Guidelines.

9. **LIMITATIONS ON IMMUNITY.** Nothing contained in this agreement restricts the use of information obtained by the United States from an independent, legitimate source, separate and apart from any information and testimony provided pursuant to this agreement, in determining the applicable guideline range or in prosecuting Mr. Morris for any violations of federal or state laws. The United States reserves the right to prosecute Mr. Morris for perjury or false statement if such a situation should occur pursuant to this agreement.

10. **STIPULATION OF FACTS AND WAIVER OF FED. R. EVID. 410.** The United States and Mr. Morris stipulate and agree that the facts comprising the offenses of conviction and relevant conduct include the facts outlined in the "Stipulation of Facts," a copy of which is attached hereto as "Plea Agreement Exhibit A."

Mr. Morris agrees that if he withdraws from this agreement, or this agreement is voided as a result of a breach of its terms by Mr. Morris, and he is subsequently tried on any of the charges in the indictment, the United States may use and introduce the Stipulation of Facts in the United States case-in-chief, in cross-examination of Mr. Morris or of any of his witnesses, or in rebuttal of any testimony introduced by Mr. Morris or on his behalf. Mr. Morris knowingly and voluntarily waives, see United States v. Mezzanatto, 513 U.S. 196 (1995), any right he has pursuant to Fed. R. Evid. 410 that would prohibit such use of the



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Stipulation of Facts. If the Court does not accept the plea agreement through no fault of the defendant, or the Court declares the agreement void due to a breach of its terms by the United States, the Stipulation of Facts cannot be used by the United States.

The United States and Mr. Morris understand and acknowledge that the Court is not bound by the Stipulation of Facts and that if some or all of the Stipulation of Facts is not accepted by the Court, the parties will not have the right to withdraw from the plea agreement.

11. **AGREEMENT ON SENTENCING GUIDELINES.** The United States and Mr. Morris agree that the following provisions of the United States Sentencing Guidelines apply to this case.

Count Eighteen:

USSG § 2B1.1

Base offense level(a) (1)	7
Loss greater than \$7 million(b) (1) (k)	+ 20
More than ten victims	+ 2
Sophisticated Means	+ <u>2</u>

USSG § 3B1.1

Role Enhancement	+ <u>2</u>
Adjusted Offense Level	33

USSG § 3E1.1

Acceptance of Responsibility	- 3
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USSG § 5K1.1

Substantial Assistance	- <u>7</u>
Total Offense Level	23

The United States and Mr. Morris acknowledge and understand that the Court and the Probation Office are not bound by the parties' calculation of the United States Sentencing Guidelines set forth above and that the parties shall not have the right to

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withdraw from the plea agreement due to a disagreement with the Court's calculation of the appropriate guideline range.

12. **RELEVANT CONDUCT.** The parties acknowledge that the loss amount set forth in the paragraph above constitutes relevant conduct attributable to Mr. Morris for losses suffered in the Southern District of West Virginia in the amount of \$1,927,197. Further, as set forth in Exhibit A, Mr. Morris agrees that relevant conduct includes losses for purposes of USSG § 1B1.3 in the amount of \$6,334,821 arising out of properties situated in the Eastern District of California. The United States acknowledges that the losses associated from these two districts are the only properties for which the United States can prove losses associated to the conspiracy set forth in Count Eighteen of the indictment.

13. **MOTION FOR SUBSTANTIAL ASSISTANCE.** The United States agrees to file a motion before the sentencing in Mr. Morris's case based on the substantial assistance he has already provided moving for a seven level decrease to the Adjusted Offense Level as set forth in paragraph 11. This motion is based upon information initially provided by Morris pursuant to a June 14, 2012 proffer agreement with the United States Attorney's Office for the District of Utah in a criminal investigation and prosecution of others in the District of Utah. The United States agrees to file this motion if the following conditions are met, or the United States Attorney for the Southern District of West Virginia otherwise determines that Mr. Morris's assistance has been substantial:

- (a) Mr. Morris must fully comply with all of the terms of this plea agreement;
- (b) Mr. Morris must testify truthfully and consistently with the information he has already provided to the United States Attorney's Office for the District of Utah, if he is called to testify; and,
- (c) Mr. Morris must not violate any state or federal law pending final disposition of his case.

The United States and Mr. Morris acknowledge and understand that the Court will have the final decision on the impact Mr. Morris's substantial assistance has on his sentencing guideline range calculation. Regardless of the Court's final determination of the impact of Mr. Morris's substantial assistance on his sentencing guideline range, both parties shall not have the right to withdraw


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from the plea agreement due to a disagreement with the Court's evaluation of Mr. Morris's substantial assistance.

14. **VARIANCE.** Based on the offense of conviction, relevant conduct, Mr. Morris' conduct to date demonstrating acceptance of responsibility, and substantial assistance referenced in paragraph 11, the United States and Mr. Morris agree not to request a variance from a sentence within the advisory guideline range of 23.

Both parties recognize that the Court is not bound by this agreement and sentencing is within the discretion of the Court.

15. **WAIVER OF APPEAL AND COLLATERAL ATTACK.** Mr. Morris knowingly and voluntarily waives his right to seek appellate review of any sentence of imprisonment or fine imposed by the District Court, or the manner in which the sentence was determined, on any ground whatsoever including any ground set forth in 18 U.S.C. § 3742, so long as that sentence of imprisonment or fine is below or within the Sentencing Guideline range corresponding to offense level 33. The United States also waives its right to seek appellate review of any sentence of imprisonment or fine imposed by the District Court, or the manner in which the sentence was determined, on any ground whatsoever including any ground set forth in 18 U.S.C. § 3742, so long as that sentence of imprisonment or fine is within or above the Sentencing Guideline range corresponding to offense level 23.

Mr. Morris also knowingly and voluntarily waives the right to challenge his guilty plea and his conviction resulting from this plea agreement, and any sentence imposed for the conviction, in any collateral attack, including but not limited to a motion brought under 28 U.S.C. § 2255.

The waivers noted above shall not apply to a post-conviction collateral attack or direct appeal based on a claim of ineffective assistance of counsel.

16. **THE UTAH INVESTIGATION.** Mr. Morris understands that he is under criminal investigation in the District of Utah on charges related to an investment fraud scheme unrelated to the charges set forth in the indictment. Mr. Morris acknowledges that no promises or representations have been made regarding the disposition of any charges in Utah to induce him to enter into this guilty plea.

17. **WAIVER OF FOIA AND PRIVACY RIGHT.** Mr. Morris knowingly and voluntarily waives all rights, whether asserted directly or by



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a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without any limitation any records that may be sought under the Freedom of Information Act (FOIA), 5 U.S.C. § 552, or the Privacy Act of 1974, 5 U.S.C. § 552a, following final disposition.

18. **FINAL DISPOSITION.** The matter of sentencing is within the sole discretion of the Court. The United States has made no representations or promises as to a specific sentence. The United States reserves the right to:

- (a) Inform the Probation Office and the Court of all relevant facts and conduct;
- (b) Present evidence and argument relevant to the factors enumerated in 18 U.S.C. § 3553(a);
- (c) Respond to questions raised by the Court;
- (d) Correct inaccuracies or inadequacies in the presentence report;
- (e) Respond to statements made to the Court by or on behalf of Mr. Morris;
- (f) Advise the Court concerning the nature and extent of Mr. Morris' cooperation; and
- (g) Address the Court regarding the issue of Mr. Morris' acceptance of responsibility.

19. **VOIDING OF AGREEMENT.** If either the United States or Mr. Morris violates the terms of this agreement, the other party will have the right to void this agreement. If the Court refuses to accept this agreement, it shall be void.

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John Carr, Esquire
June 21, 2012

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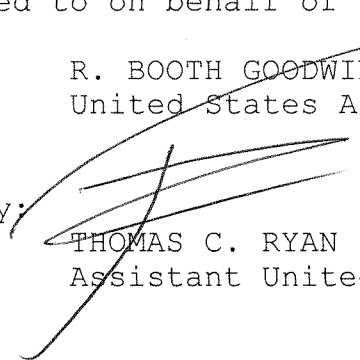
Re: Raymond P. Morris

20. **ENTIRETY OF AGREEMENT.** This written agreement constitutes the entire agreement between the United States and Mr. Morris in this matter. There are no agreements, understandings or recommendations as to any other pending or future charges against Mr. Morris in any Court other than the United States District Court for the Southern District of West Virginia.

Acknowledged and agreed to on behalf of the United States:

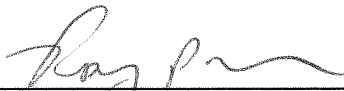
R. BOOTH GOODWIN II
United States Attorney

By:



THOMAS C. RYAN
Assistant United States Attorney

TCR/sdw

I hereby acknowledge by my initials at the bottom of each of the foregoing pages and by my signature on the last page of this nine-page agreement that I have read and carefully discussed every part of it with my attorney, that I understand the terms of this agreement, and that I voluntarily agree to those terms and conditions set forth in the agreement. I further acknowledge that my attorney has advised me of my rights, possible defenses, the Sentencing Guideline provisions, and the consequences of entering into this agreement, that no promises or inducements have been made to me other than those in this agreement, and that no one has threatened me or forced me in any way to enter into this agreement. Finally, I am satisfied with the representation of my attorney in this matter.


RAYMOND P. MORRIS
Defendant

7-12-2012
Date Signed


JOHN A. CARR
Counsel for Defendant

12 Jul 12
Date Signed


Defendant's
initials

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF WEST VIRGINIA
CHARLESTON

UNITED STATES OF AMERICA

v.

CRIMINAL NO. 2:11-00211

RAYMOND P. MORRIS

STIPULATION OF FACTS

1. The United States and Raymond Morris stipulate and agree that the facts comprising the offense of conviction and relevant conduct for Count Eighteen of the Indictment, include the following:

2. Sometime in late 2005 or early 2006, Morris became affiliated with "100X, Inc.," an investment group centered in Salt Lake City, Utah, which focused on identifying potential opportunities for quick profits in speculative real estate investments across the country. Morris began trying to identify potential real estate deals for the group and presenting those opportunities to the group's members during the 100X meetings.

3. In early 2006, Morris became involved with Deborah Joyce, who owned a real estate development company called Prime Developers and lived in the Stonegate subdivision situated in or near Hurricane, Putnam County, West Virginia, which is within the Southern District of West Virginia.

4. Ms. Joyce owned the undeveloped portion of the Stonegate subdivision and sought investors willing to purchase lots from her and build "spec" homes that would be sold on the open market once each home was built. Joyce estimated that new homes could be built in the Stonegate subdivision for approximately \$500,000 and quickly resold in the \$600,000 to \$700,000 range. Morris agreed to pitch this investment opportunity to the 100X members.

PLEA AGREEMENT EXHIBIT A

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5. In April 2006, Morris traveled to Hurricane and viewed the undeveloped lots and Joyce's personal residence in the Stonegate subdivision.

6. While Morris and Joyce waited for the new build project to develop, after a couple of months Morris suggested that he and Joyce begin "flipping" existing properties in the Stonegate subdivision. Morris told Joyce that 100X members were willing to purchase them at the appraised value.

7. To entice the purchase by the 100X member, Morris explained to the 100X members that they could use a program operated by an associate of Morris, Michael Hurd, called the "The Gift Program, Inc." d/b/a "Advanced Capital Service or "ACS." Hurd claimed his company was a "seller-funded down payment assistance program." Morris advised Joyce that The Gift Program could be used to cover the down payment and closing costs on the investment property in the Stonegate subdivision, and that the buyers could also receive additional cash from the closing. Morris told Joyce how he used The Gift Program personally to purchase a home in Rippon, California.

8. For her part, Joyce agreed to identify existing properties to flip, obtain an appraisal and then she would market the purchased property after the closing at an even greater price for a lease option, or the appraisal price.

9. Hurd and Morris agreed that Morris would receive an undisclosed "commission" for every Stonegate property that closed through The Gift Program. Since Morris was not a licensed real estate agent, Hurd and Morris agreed that his commission would be paid through The Gift Program and not disclosed on the HUD-1 Settlement Statement to the lenders. Further, Morris did not disclose the agreement between Hurd and him to any of the 100X members.

10. In the spring and summer of 2006, Morris began pitching the Stonegate investment opportunity to 100X members claiming the project was a good investment. Morris provided 100X members appraisals obtained by Joyce of existing Stonegate properties reflecting values in the \$600,000 to \$750,000 range.

11. Morris and Joyce identified a 100X member ("Buyer") to purchase a residential property located at 45 Spruce Ridge in

PLEA AGREEMENT EXHIBIT A



the Stonegate subdivision. Joyce arranged for her company, Prime Developers, to purchase 45 Spruce Ridge from the underlying owner for \$395,000 and then "flip" the property to Buyer for \$615,000.

12. On May 9, 2006, Hurd opened a joint checking account in his name and Buyer at a JP Morgan Chase Bank branch in Utah ("Joint Account"). Hurd deposited \$45,000 into the account.

13. Hurd, Morris, and Deborah Joyce arranged for the loan to be handled by a mortgage broker at Excellence Mortgage, Inc., a mortgage brokerage company situated in or near Sandy, Utah (the "Mortgage Broker"). The Mortgage Broker arranged for Buyer to obtain a loan through Dana Capital Group, a subprime mortgage lender.

14. As part of the loan process, the Mortgage Broker contacted JP Morgan Chase on behalf of Dana Capital and verified that Buyer had \$45,000 in personal funds available as a down payment for the property. In fact, the funds represented the monies from The Gift Program deposited into the Joint Account by Hurd. Further, the Mortgage Broker submitted Buyer's loan application to Dana Capital, which stated that Buyer was not receiving any "gift" funds to assist with the closing.

15. Prior to closing, Joyce directed the underlying owner of 45 Spruce Ridge to execute an "ACS seller's agreement" with The Gift Program, allowing a West Virginia closing attorney (the "Closing Attorney") to wire \$134,660 to The Gift Program from the proceeds of the "flip" of 45 Spruce Ridge.

16. On August 14, 2006, the Closing Attorney closed the sale of 45 Spruce Ridge between the underlying owner and Deborah Joyce for the sale price of \$395,000. That same day, the Closing Attorney closed on the "flip" of the same property between Joyce and Buyer for \$615,000.

17. The Closing Attorney used the loan proceeds to pay the underlying owner the \$395,000 from the underlying sale. The Closing Attorney gave Deborah Joyce a \$65,000 check from the escrow account.

18. The HUD-1 Settlement Statement for the "flip" failed to disclose to Dana Capital that Buyer was receiving any funds through The Gift Program.

19. On August 15, 2006, Hurd wired \$31,729.95 from the Joint Account to the Closing Attorney's escrow account maintained at a BB&T branch in Beckley, Raleigh County, West Virginia, so it appeared to Dana Capital that the down payment was coming from Buyer.

20. On August 18, 2006, after the loan was funded by Dana Capital, the Closing Attorney wired \$134,660 to an account held in the name of The Gift Program maintained in Utah. Hurd then wired \$70,000 to Buyer as promised.

21. That same day, Hurd also wired \$19,827 as a "commission" to an account held in the name of Integrity Financial Solutions, Inc., a corporation solely owned by Morris. The Gift Program retained approximately \$13,000 as a fee for Buyer's use of The Gift Program.

22. Morris and his co-conspirators failed to disclose to Dana Capital that Buyer received approximately \$101,000 of loan proceeds from the August 14, 2006 sale of 45 Spruce Ridge. Further, Morris and his co-conspirators failed to disclose to Dana Capital that Morris received approximately \$20,000 from the closing, in part, because Morris was not a licensed real estate agent.

23. After closing, Joyce was not able to resell 45 Spruce Ridge. Buyer tried unsuccessfully to sell the property for almost two years, but could not get any interest near the \$615,000 previous purchase price. Buyer ultimately defaulted. On December 15, 2008, the note holder for 45 Spruce Ridge foreclosed on the property. On April 7, 2009, the property was sold out of foreclosure for \$305,000.

24. Morris was interviewed by an FBI agent in February 2007. During that interview, Morris admitted that he knew that the monies paid to the buyers through The Gift Program came from the lender.

25. Morris was a knowing participant in the conspiracy and understood the object of the conspiracy was to defraud the



lenders, but was unaware of all of the details of the participants' conduct as it occurred, including that Deborah Joyce had obtained inflated appraisals and arranged for double closings.

Relevant Conduct: Other Stonegate properties

26. Morris and the United States agree that the following six properties situated in the Stonegate subdivision were a part of the mortgage fraud scheme set forth in Count Eighteen and losses associated with those properties are attributable as relevant conduct.

Property	Lender Loss	Morris Commission Payments
45 Spruce Ridge	\$370,197	\$19,827
7 Stonegate Drive	\$233,500	\$75,810.97
42 Spruce Ridge	\$158,000	\$5,000
66 Stone Ridge	\$557,500	\$60,851
62 Stone Ridge	\$250,500	\$71,775
12 Woodvale Heights	\$357,500	New construction that was never completed
Total	\$1,927,197	\$233,263.97

Relevant Conduct: Modesto, California

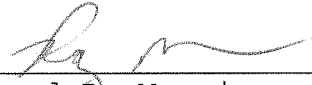
27. In addition to the Stonegate properties, Morris also solicited 100X members to purchase "flip" properties in or near Modesto, California, using The Gift Program. Morris and the United States agree that the following properties situated in or near Modesto, California, were a part of the mortgage fraud scheme and losses associated with those properties are attributable as relevant conduct.

Property	Lender Loss
1505 Rose Garden Court Modesto, California	\$575,182
3404 Vancouver Drive Modesto, California	\$274,000
473 Poelstra Ct. Ripon, California	\$460,000
2816 Abingdon Court Modesto, California	\$365,000
3817 Banyon Tree Dr. Modesto, California	\$438,000
1263 N. Acacia Ave Ripon, California	\$471,364
415 W. Shasta Avenue Ripon, California	\$360,000
1109 Notre Dame Modesto, California	\$302,000
2060 Iberis Ct. Tracy, California	\$396,928
726 Bouma Ln. Ripon, California	\$289,097
3333 Palliser Modesto, California	\$335,000

PLEA AGREEMENT EXHIBIT A

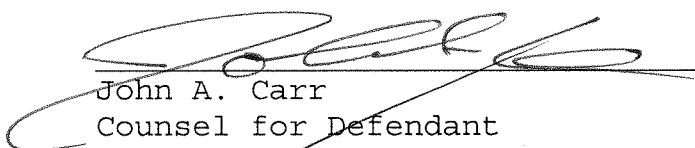
383 W. Shasta Ave Ripon, California	\$360,000
3144 Bramham Ct. Modesto, California	\$267,500
2004 Dayton Ave Modesto, California	\$516,000
2428 Kaslin Dr. Modesto, California	\$350,000
725 Carboro Ln Modesto, California	\$294,750
1311 North Ripon Rd. Ripon, California	\$280,000
Total	\$6,334,821

Stipulated and agreed to:



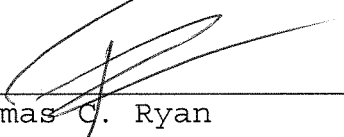
 Raymond P. Morris
 Defendant

7-12-2012
 Date



 John A. Carr
 Counsel for Defendant

12 Jul 12
 Date



 Thomas C. Ryan
 Assistant United States Attorney

7/12/12
 Date

