



U.S. Department of Justice

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**NEWS RELEASE
*FEDERAL GRAND JURY RETURNS
SUPERSEDING 19-COUNT INDICTMENT
CHARGING UTAH COUNTY RESIDENTS
IN ALLEGED MORTGAGE FRAUD SCHEME***

SALT LAKE CITY – A federal grand jury returned a 19-count superseding indictment Wednesday evening charging Portia R. Louder, age 40, and Chad Louder, age 42, both of Highland, with violations of federal law in connection with what the indictment alleges was a scheme to profit from loans fraudulently obtained from mortgage lenders. The superseding indictment also adds Portia Louder's brother, Dustin Wilcox, age 35, of Highland, as a defendant in the case.

In the initial indictment returned in October 2011, Portia Louder was charged with three counts of false statements to financial institutions; three counts of wire fraud; and one count of money laundering. Chad Louder was charged with two counts of false statements to financial institutions. The initial indictment focused on three homes in Alpine, Draper, and Highland.

The new indictment, which adds four additional properties to the alleged scheme, charges Portia Louder with five counts of false statements to financial institutions; eight counts of wire fraud; three counts of money laundering; and one count of conspiracy. Chad Louder is now charged with four counts of false statements to financial institutions; four counts of wire fraud; three counts of money laundering; and one count of conspiracy. Wilcox faces one count of false statements to financial institutions; two counts of wire fraud; two counts of money laundering; and one count of conspiracy.

According to the indictment, the defendants targeted expensive homes for purchase. They looked for homes being sold by owners and often those that had not been listed on the Multiple Listing Service. This way, the indictment alleges, the defendants could, through the substitution of nominees and straw parties, raise the purchase price of a home without the lender's learning of the sales price set by the owner. The indictment focuses on the purchase of seven homes in Alpine, Draper, and Highland.

According to the indictment, after finding a home to purchase or have purchased, the defendants offered to purchase the home at or near the seller's asking price. The defendants, the indictment alleges, typically told or had someone tell the seller that there was a new buyer for the property who would purchase the home for substantially more than the original sales price, but that the original seller would get only the price agreed upon between the seller and a defendant or a nominee. Portia Louder typically used a straw party or nominee to form a joint venture with the original seller of a property. The joint venture, acting at the direction of Portia Louder, would become entitled to a payment from the loans eventually obtained at an artificially inflated price.

Portia Louder, according to the indictment, commissioned appraisals on properties even though she often was not listed as the purchaser or the seller. The indictment alleges she paid as much as \$5,000 for an appraisal even though an appraisal on an average home would often cost \$500 or less and an appraisal on a high end home often cost about \$1,500. During 2006 through 2007, the indictment alleges she paid about \$380,000 to appraisers.

By concealing the initial sales price, the defendants were able to artificially increase the prices of the homes disclosed to lenders.

For example:

According to the indictment, the sellers of a property on West Pfeifferhorn Drive in Alpine received \$1,340,000 in June 2006 and the transaction closed for \$2,205,000.

The sellers of a property on Dry Creek Circle in Highland received \$1,500,000 in September 2006 and the transaction closed for \$2,500,000.

The sellers of a property on Sage Hollow Drive in Draper agreed to sell for \$1,095,000 on or about September 2006, and the transaction closed for \$2,700,000 in April 2007.

The sellers of a home on Deerfield Drive in Alpine agreed to sell for approximately \$839,000 in January 2007 and the transaction closed in March 2007 for \$950,000.

The sellers of a home on Healy Homestead Circle in Alpine agreed to sell for \$900,000 in May 2007 and the transaction closed for \$2,300,000 in July 2007.

The sellers of a home on East Wayne Court in Alpine agreed to sell for approximately \$725,000 in late 2007 and the transaction closed for \$1,585,000 in December 2007.

The sellers of a home on Somerset Ridge Drive in Draper received \$1,115,000 in December 2007 and the transaction closed for \$2,400,000.

The indictment alleges Portia Louder recruited straw purchasers, including the defendant Chad Louder, as well as others, to submit applications to obtain mortgages on the properties listed in the indictment. These mortgage loan applications were false and fraudulent because, at times, the buyer was a straw buyer not purchasing the property for himself or herself but at the direction of Portia Louder so she could inflate loan proceeds from mortgage lenders; the straw buyer had not made a down payment or invested his or her own funds, transferring all of the financial risk in the purchase and loan transaction to the mortgage lender; the straw buyer was to be paid a kickback from the loan proceeds as an inducement to apply for the loan; the straw buyer had no intention of living in the house or making loan payments; the straw buyer had a materially smaller income than represented on the application; and the loan closing documentation created the false appearance that the straw buyer had made a down payment to purchase the property – among other things.

The indictment includes a notice of intent to seek criminal forfeiture in the amount of \$3,900,000 million in currency received and diverted by Portia R. Louder in connection with the conduct alleged in the indictment. Prosecutors are seeking \$2,450,000 million in currency received and diverted by Chad Louder and approximately \$2,160,000 from Dustin Wilcox.

The potential maximum penalty for false statements to a financial institution is up to 30 years with a potential fine of up to \$1 million. Wire fraud carries a potential penalty of up to 20 years in prison and money laundering is up to 10 years in prison. Conspiracy carries a potential penalty of up to 10 years in prison. These counts have potential fines of up to \$250,000.

Indictments are not findings of guilt. Defendants charged in indictments are presumed innocent unless or until proven guilty in court.

The case is being investigated by special agents of the FBI and IRS Criminal Investigation and prosecuted by Assistant United States Attorneys in Salt Lake City.

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