



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
Erick Martinez, Special Agent in Charge

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Prepared by: Special Agent Linda Lowery, Public Information Officer
IRS – Criminal Investigation
300 North Los Angeles Street, Room 5016
Los Angeles, CA 90012
Office: (213) 576-3252
Mobile: (213) 305-9859
Email: linda.lowery@ci.irs.gov
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Washington State Man Sentenced to 16 Months Imprisonment for his Participation in a So Cal Mortgage Fraud Scheme

SEATTLE – A Seattle, Washington man was sentenced today to 16 months in federal prison for his participation in a Southern California mortgage-elimination scheme that promised to prevent foreclosure through the paying off of the distressed homeowner's mortgage.

William Beard, 40, was further ordered by Chief U.S. District Judge Marsha J. Pechman to pay restitution of \$1,343,618 to the IRS and victim banks and spend 3 years on supervised release following his prison term.

In February of this year, Beard pleaded guilty to a one-count information charging him with evading taxes on his 2005 tax return for his failure to report as income the proceeds of the mortgage-elimination scheme.

According to documents filed with the court, after falling behind on his mortgage payments for his Los Angeles home in 2005, Beard enrolled in a mortgage-elimination program recommended by his mother. That scheme, run by Jeff McGrue, Ronald Morgan, and another defendant whose indictment is under seal, involved a series of false documents, including a fraudulent Full Reconveyance purportedly authorized by the lender that was instead signed by Beard's two roommates. The purpose of the Reconveyance was to make it appear as if Beard had paid off his mortgage through the false representation that Beard's roommates were authorized to declare the mortgage satisfied.

In June of 2005, the unidentified co-schemer obtained a \$800,000 loan from WMC Mortgage and purchased Beard's Los Angeles home. Beard caused a payoff demand to be sent from McGrue's company North West Capital for the false loan. Based on that payoff demand, the escrow company sent \$800,000 to North West Capital's bank account in Washington. No proceeds were paid to Wells Fargo Mortgage, the true holder of the mortgage lien, because the title company did not recognize the Reconveyance as fraudulent and treated the Wells Fargo Mortgage lien as having been satisfied. The \$800,000 was divided amongst the co-schemers with Beard receiving the largest portion, \$400,000.

As planned by the schemers, Morgan did not issue IRS Forms 1099 to the schemers to show their receipt of the scheme proceeds, so the payments remained off of the IRS' radar. Beard filed his 2005 tax return failing to report the \$400,000 of scheme proceeds, causing a tax loss to the government of at least \$117,905.

Beard remains obligated to pay his original mortgage, which was not satisfied through the mortgage-elimination scheme. In addition, Beard participated in a second mortgage-elimination scheme involving a residence owned by his friend, John Pierre Rivera. In the second scheme Beard received just over \$40,000, again failing to report the proceeds of the scheme as income on his individual income tax return.

This case is related to three cases filed against a total of five defendants in the Central District of California, all of which arose out of the same or similar mortgage-elimination schemes. Jeff McGrue, the mastermind of the scheme that involved duping 300 homeowners to pay thousands of dollars for mortgage elimination, received a 300-month sentence of imprisonment in 2011.

<http://www.justice.gov/usao/cac/Pressroom/2011/100.html>.

Cooperators Gerald Guidry and Ronald Morgan received 36 and 33-month sentences, respectively. John Pierre Rivera, a homeowner whom Beard told about the scheme awaits sentencing based on his expected cooperation against a fifth defendant, whose indictment is under seal.

This investigation was conducted by IRS Criminal Investigation and the Federal Bureau of Investigation, in conjunction with the United States Attorney's Offices for the Central District of California and Western District of Washington.

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United States Attorney's Office contact:

Assistant United States Attorney for the Central District of California
Evan J. Davis
(213) 894-4850