



## U.S. Department of Justice

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### **FORMER WINNEBAGO RESIDENT PLEADS GUILTY TO FEDERAL BANK FRAUD**

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation, and BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”), today made the following announcement:

**KIMBERLY K. HURD**, 48, of Verona, Wisconsin, formerly of Winnebago, Illinois, pled guilty today in federal court in Rockford to bank fraud. Hurd profited from this fraud scheme by deceiving Northwest Bank of Rockford (“Northwest Bank”) and other lenders into providing financing for an individual to purchase houses from Hurd at inflated prices.

In pleading guilty today, Hurd admitted that she owned and operated a business known as Hurd Properties, LLC (“Hurd Properties”). Hurd Properties bought and sold houses on the west and south sides of Rockford. Hurd Properties rented out many of these houses. Later, Hurd attempted to sell these properties for a profit.

In the plea agreement filed today, Hurd admitted that from October 31, 2005, through January 31, 2006, she sold ten houses in Rockford to an individual (the “purchaser”), at prices she knew to be inflated and which were substantially higher than the prices she had paid for the properties only a few years before. Hurd acknowledged that she assisted the purchaser in obtaining financing from Northwest Bank and other lenders for those ten properties.

As a condition of lending, Northwest Bank and other lenders often require borrowers to pay a percentage of the purchase prices of the houses from their own funds. By requiring borrowers to invest equity in the houses they purchase, the lenders reduce their risk of loss due to default.

During the plea hearing today, Hurd admitted that she deceived Northwest Bank and the other lenders into believing that the purchaser invested his own funds in the houses he purchased from her. In reality, as Hurd acknowledged, the funds that were used to show an equity investment in the houses were provided by Hurd. Specifically, Hurd admitted that she provided cash for the down payments to the purchaser either shortly before or immediately after the closings. Hurd also admitted that she was aware that, for some of the loans, fraudulent documents were given to the lenders which falsely represented that the purchaser had obtained the down payment funds from legitimate sources, such as gifts or inheritances from family members.

As stated in the plea agreement, Hurd was paid a total of \$256,645.63 in profits at the closings for the ten houses. Hurd admitted that she paid a total of \$117,687.99 to the purchaser in connection with these transactions, who in turn paid a total \$71,387.11 to the lenders at the closings as alleged "equity" in the ten houses.

The bank fraud charge to which Hurd pled guilty carries a maximum potential sentence of up to 30 years in prison without parole, a term of supervised release following imprisonment of up to five years, and a fine of up to \$1,000,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater, as well as any restitution ordered by the court. The actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines. United States District Judge Frederick J. Kapala has set Hurd's sentencing hearing for April 20, 2011, at 2:30 p.m.

The case was investigated by the Rockford Office of the Federal Bureau of Investigation and the Chicago office of HUD-OIG. The case is being prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

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