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**FORMER WINNEBAGO RESIDENT SENTENCED TO ONE YEAR  
IN PRISON ON FEDERAL BANK FRAUD CONVICTION**

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:

Late yesterday afternoon, in Rockford Federal Court, United States District Judge Frederick J. Kapala sentenced **KIMBERLY K. HURD**, 48, of Verona, Wisconsin, formerly of Winnebago, Illinois, to one year in prison, for bank fraud. Hurd’s bank fraud conviction arose from her scheme to defraud Northwest Bank of Rockford (“Northwest Bank”) and other lenders. Specifically, Hurd deceived Northwest Bank and other lenders into providing financing for an individual to purchase houses from Hurd at inflated prices.

Hurd pled guilty on January 21, 2011. In pleading guilty, 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, 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, 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.

In addition to the 12 month prison sentence, Hurd was ordered to serve 5 years of supervised release following her release from prison. The court also ordered Hurd to pay restitution in the total amount of \$385,500 to the defrauded lenders.

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

The investigation was conducted under the auspices of the Financial Fraud Enforcement Task Force, which includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit: [www.StopFraud.gov](http://www.StopFraud.gov)

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