

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA :

Cr. No. 04- _____

v. :

Date Filed:

**PHILIP GARLAND :
RICHARD MYFORD :
JUDY GEMMILL :
DAVID GREGORY HERB :
JAMES BALLANTYNE :**

**Violations: 18 U.S.C. § 371
(Conspiracy to make false
statements to HUD to obtain
loans and commit mail fraud–1
count)
18 U.S.C. § 1010 (False
statements to HUD–27 counts)
18 U.S.C. § 1341 (Mail fraud–5
counts)
18 U.S.C. § 2 (Aiding and
abetting)**

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this Indictment:

THE DEFENDANTS

1. Defendant PHILIP GARLAND was a Lancaster, Pennsylvania real estate developer and builder of single-family, duplex and town homes ("GARLAND homes"). Defendant GARLAND was the sole owner of, among other companies, Garland Construction, Inc., and Wandering Streams, Inc. Defendant GARLAND maintained a business office at 336 West King Street, Lancaster, Pennsylvania ("defendant GARLAND's Lancaster Office"), and sales offices at 4185 West Market Street, York,

Pennsylvania ("defendant GARLAND's York Office") and at a model home in Abbottstown ("defendant GARLAND's Model Home Office"). Defendant PHILIP GARLAND created developments and built hundreds of homes in the greater Lancaster, Pennsylvania area. The developments included townhouses, duplexes and free-standing homes in Abbottstown, Dover, New Oxford, Lititz, Penn Township, Hanover, and other areas of Lancaster, York and surrounding counties.

2. From in or about 1998 to in or about mid-2001, defendant RICHARD MYFORD sold GARLAND homes for defendant PHILIP GARLAND either as an employee or as an independent salesman. Defendant MYFORD primarily used defendant GARLAND's York and Model Home Offices. Defendant MYFORD's job included screening prospective buyers of GARLAND homes to determine whether those buyers could qualify for a mortgage.

3. Defendant JUDY GEMMILL was a Pennsylvania licensed mortgage broker. From between approximately the spring of 1999 and June 2001, defendant GEMMILL worked for defendant PHILIP GARLAND, assisting defendant RICHARD MYFORD and independently screening prospective buyers of GARLAND homes to determine whether those buyers could qualify for a mortgage. Defendant GEMMILL shared defendant GARLAND's York and Model Home Offices with defendant MYFORD and other staff.

4. Defendant DAVID GREGORY HERB was a Pennsylvania licensed real estate agent at Long and Foster in Hanover, Pennsylvania. Beginning in about 1995 and continuing for about three years, defendant HERB sold GARLAND homes on a commission basis.

5. Defendant JAMES BALLANTYNE was a loan officer at Phoenix Mortgage Company in Lancaster, Pennsylvania. From late 1995 to approximately May 1997, defendant BALLANTYNE simultaneously served as a loan officer at Phoenix Mortgage Company and North American Mortgage Company, and as a salesman for defendant

GARLAND and Garland Construction.

**HUD's FHA INSURANCE PROGRAM
TO PROMOTE HOME OWNERSHIP**

6. To obtain a conventional mortgage loan, buyers required a significant down-payment, often equal to five or ten percent of the purchase price; a good, established credit history; and enough money to cover the additional costs associated with buying the home ("closing costs"). Most of the prospective buyers interested in GARLAND homes could not qualify for conventional mortgages.

7. The Department of Housing and Urban Development ("HUD") was a department of the United States government that administered the Single Family Mortgage Insurance Program to encourage private lenders to provide mortgage loans to buyers who did not have enough money or adequate credit to qualify for a conventional mortgage.

8. The Federal Housing Administration ("FHA") was the agency within HUD that administered HUD's mortgage insurance program. For this reason, the loans are often referred to as "FHA-insured loans."

9. Under HUD's insurance program, FHA-insured home mortgages that private lenders provided to borrowers, thereby protecting the lenders from any loss in the event that the borrower defaulted on the loan. If a homeowner defaulted on payments on an FHA-insured loan, the lender foreclosed on the property, HUD paid the lender the balance due on the loan and the lender tendered right, title and interest in the property to HUD. The FHA then took the steps necessary to sell the property, and absorbed any loss between the amount that HUD paid the lender on the loan, and HUD's net proceeds on the resale.

10. By this means, HUD shifted the financial risk of issuing its insured mortgages from the lender to taxpayers.

11. HUD adopted rules and regulations applicable to the borrowers, sellers, and lenders to prevent borrowers whose mortgages it insured from becoming overburdened with debt, defaulting on their HUD-insured loans and losing their homes. HUD's rules and regulations were intended to select from among prospective buyers those who it reasonably predicted could afford the HUD-insured mortgage payments along with their other on-going expenses and debts.

12. HUD had regulations governing the minimum requirements in the documentation of every commercial mortgage loan transaction, whether conventional or FHA-insured. Additional regulations governed FHA-insured loans, including rules limiting the amount of money the seller, the realtor and the lender could give the buyers to help purchase the property, and limiting who could give money to the buyers to assist them to purchase the house.

13. In an FHA-insured loan transaction, the buyers had to pay a down-payment of at least three percent of the purchase price as their investment in the property.

14. FHA regulations allowed a seller to pay certain closing costs on behalf of the buyers, but limited the amount the seller could pay to six percent of the purchase price.

15. The FHA also allowed qualified third parties to give buyers gifts of money for the down-payment, to pay off pre-existing debt and for closing costs, as long as the gift met the FHA's conditions. Among these conditions was that the third party not be a "related party" to the transaction, that is, a person or entity with an interest in the sale of the property, such as the seller, his agents, the lender, the broker or the settlement company. Acceptable third-party gift donors included relatives, employers and qualified charities. In addition, for a gift to qualify under FHA rules, the gift had to be just that – a present that was not to be repaid. FHA regulations prohibited repayment of any such gifts and the describing as a "gift" any contribution that had to be repaid. The latter kind of contribution had to be disclosed in HUD's required documentation, as did all

interested party financial transactions relating to the purchase of the property.

16. The FHA required the parties to an FHA-insured loan transaction to disclose and certify information on several documents, including the following:

A. The real estate contract of sale, including amendments, which set forth the purchase price of the property, the mortgage and other contingencies, and the extent of any contribution of the seller toward closing costs.

B. The Uniform Residential Loan Application Form, which required the prospective buyers to represent truthfully all of their assets and liabilities on a HUD-approved form. Lending institutions used this form to evaluate whether the prospective buyers could afford the loan they needed to buy the house, that is, could make the necessary monthly mortgage payments. Each form required the borrowers to certify that their disclosures were accurate, as follows:

Certification: I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq.

C. A Statement of the Appraised Value of the property being sold.

D. A Settlement Statement on a HUD-approved form (called the "HUD-1"), prepared by the settlement company representative ("settlor") for the closing, which reflected all sources of funds for the purchase of the property, including any contributions of the seller (which are also sometimes called "concessions"), and all disbursements made by the settlor on behalf of the buyer and the seller from the proceeds of the transaction, including those made to pay off pre-existing debts. The buyers/borrowers and the seller were required to certify by their signatures on this document that "TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS A TRUE AND

ACCURATE STATEMENT OF ALL RECEIPTS AND DISBURSEMENTS MADE ON MY ACCOUNT OR BY ME IN THIS TRANSACTION." The settlor made a similar certification. Immediately below these HUD-1 certifications, HUD included a notice that it was a crime to knowingly make false statements to the United States on "THIS OR ANY SIMILAR FORM," including a violation of Title 18, United States Code, Section 1010 (the "§ 1010 Notice").

E. An Addendum to HUD-1 Settlement Statement, in which the buyer, seller and settlement agent certified that all loans and gifts made to the buyer for the purpose of financing the transaction were disclosed on a HUD-1 Settlement Statement. This form, too, included a similar § 1010 Notice.

F. In a transaction which included a gift to the borrower to help finance the home purchase, lenders also typically required the donors who gave a gift to write a letter or sign a form stating that the gift was a gift and not a loan in any form, and that repayment was not required or expected (the "Gift Letter"). Gift Letters typically included a § 1010 Notice to donors and recipients that they had to acknowledge by their signatures.

17. In FHA-insured transactions, FHA maintained all the requisite sale and loan documentation in binders and generated a Mortgage Insurance Certificate to the lender. The certificate constituted FHA's commitment to insure the loan in case of default.

THE FRAUD SCHEME

18. From in or about 1996 to in or about the end of 2001, in the Eastern District of Pennsylvania and elsewhere, defendants

**PHILIP GARLAND,
RICHARD MYFORD,
JUDY GEMMILL,
DAVID GREGORY HERB and
JAMES BALLANTYNE**

conspired and agreed, together and with others known and unknown to the grand jury, to commit offenses against the United States, that is: (1) making, passing, uttering, publishing, and aiding, abetting, and willfully causing the making, passing, uttering and publishing of false statements to HUD, knowing the same to be false, for the purpose of obtaining HUD-insured loans, and intending to influence the actions of HUD, in violation of Title 18, United States Code, Sections 1010 and 2; and (2) engaging in a mail fraud scheme, and aiding and abetting the mail fraud scheme, in violation of Title 18, United States Code, Sections 1341 and 2.

MANNER AND MEANS

It was part of the conspiracy that:

19. Defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE fraudulently made it appear that prospective buyers of homes developed and built by defendant GARLAND a) were qualified for FHA-insured loans, when they were not and b) could afford to carry HUD-insured loans when even according to HUD's more relaxed standards, their ability to pay over the term of the mortgage was an unacceptable risk.

It was a further part of the conspiracy that:

20. Defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE targeted unsophisticated customers, particularly first-time home buyers with low incomes and poor credit histories.

21. Because of their experience in the field, defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE usually knew after their initial meeting with and evaluation of prospective buyers that many of them could not qualify for conventional or FHA-insured mortgages.

22. To sell GARLAND homes to these unqualified prospective buyers,

defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE used various fraudulent techniques to make it appear that these prospective buyers were qualified for mortgage loans.

23. Defendant PHILIP GARLAND and the companies he owned and controlled sold well in excess of 250 homes from in or about January 1996 until in or about the end of 2001. Of the approximately 250 transactions reviewed by the government, over 50 percent of these sales involved FHA-insured mortgages. Among these, approximately 100 transactions involved undisclosed advances which were fraudulently made to appear to be from family, friends and employers, and undisclosed loans which GARLAND home buyers were to repay, all of which were undisclosed transactions funded directly or indirectly by defendant PHILIP GARLAND. The face value of the mortgage loans on these 100 properties was in excess of \$9.2 million.

24. As of approximately January 1, 2004, as a result of these practices of defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE, lenders have foreclosed on approximately 25 percent of the 100 transactions described above, which meant that the buyers lost their homes and the payments they had made on their mortgages. In addition, as of January 1, 2004, the defendants' practices had overburdened some GARLAND home buyers with debt, which forced them into bankruptcy.

25. The lending institutions holding FHA-insured mortgage loans called on HUD to honor its guarantees of the defaulted loans to buyers of GARLAND homes. As of approximately January 1, 2004, HUD, and the taxpayers who stand behind its programs, has paid over \$2.2 million to lenders on these claims, and has suffered to date net losses of over \$1.1 million.

26. Given that the defendants fraudulently secured both 30 year fixed-rate mortgages and shorter-term balloon variable rate mortgages for GARLAND home

buyers and that their undisclosed, unlawful sales practices continued through the year 2000, it is reasonable to expect the number of defaults and HUD's losses to increase.

27. The fraudulent techniques employed by defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE involved advancing money from defendant GARLAND, either directly or through his companies and agents, to prospective buyers and their creditors in excess of that authorized by HUD for sellers and for purposes not authorized by HUD for sellers to pay. The defendants then induced the buyers falsely to certify on relevant HUD documents that no such advances occurred.

28. By such techniques and inducements, the defendants concealed these advances from lenders, mortgage brokerage companies and HUD, and through false certifications by the defendants and the buyers, misrepresented to HUD the buyers' true financial status, that is their assets and liabilities, and hid from HUD the true extent that defendant GARLAND was funding the buyers' GARLAND home purchase.

29. Defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE told or otherwise made known to buyers who could not qualify for mortgage loans that to buy a GARLAND home they would need to hide from HUD and the lender that defendant PHILIP GARLAND, directly and indirectly, was the true source of funds they used to buy a GARLAND home in excess of and for purposes not authorized by law

30. At times, the defendants used undisclosed side loans to the buyers of GARLAND homes for which defendant PHILIP GARLAND often charged interest, to recover the sums advanced. To secure repayments of the sums advanced directly and indirectly by defendant GARLAND, the defendants had the buyers sign undisclosed promissory notes, judgment notes and confessions of judgment, and had the buyers give title to personal property to secure these side loans.

31. The advances made by and on behalf of defendant PHILIP GARLAND, including the loans, were concealed on HUD documents by omission or by misrepresentation. The misrepresentations included that the money advanced, directly and indirectly, by defendant GARLAND was the buyers' cash or was a "gift" from HUD-eligible donors such as qualified charities and the buyers' relatives, friends and employers.

32. At times, the defendants directed buyers of GARLAND homes to have their families, friends and employers who were acceptable to HUD as third-party gift donors sign phony Gift Letters. On occasion, the defendants signed or caused others acting at their direction to sign such phony Gift Letters.

33. At times, the defendants told buyers of GARLAND homes that they would need to have family members or friends run the money defendant PHILIP GARLAND was illegally and unlawfully advancing to the buyers through the bank accounts of their cooperating family members or friends, and helped them to do so.

34. At times, the defendants disguised the illegal and unlawful advances of defendant PHILIP GARLAND of money to prospective buyers of GARLAND homes as gifts from Continental Home Charities, an entity which GARLAND created, controlled and exclusively funded. On occasion, these charitable "gifts" were in fact loans from GARLAND, which the buyers had to repay.

35. At times, the defendants did not treat these undisclosed, illegal and unlawfully advanced funds to buy GARLAND homes as loans to be repaid over time by the buyers. Instead, the defendants caused all or some of the undisclosed amounts illegally advanced by defendant PHILIP GARLAND to be added to the cost of the house, and thus caused the amount of the necessary mortgage loan to be increased.

36. When defendant PHILIP GARLAND directly or indirectly advanced money to buyers that he recouped at settlement through increasing the price of the

house (rather than through a side loan), he was, in effect, increasing the amount of the mortgage loan that the buyers had to carry to buy the GARLAND home and thus increasing their monthly mortgage payments.

37. Defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE failed to disclose as required by law in the mortgage loan application documents or on the HUD-1 Settlement Statements and Addenda, defendant GARLAND's funding either of advances to GARLAND home buyers recouped at settlement or side loans with buyers of GARLAND homes.

38. At times, the defendants illegally and unlawfully advanced funds of and on behalf of defendant PHILIP GARLAND by paying off some of the GARLAND home buyers' pre-existing debts, such as for automobile loans and to credit card companies, which payments were undisclosed. On occasion, the defendants used an entity called "Contributor Consumer Discount Company" ("CCDC") to consolidate, pay off and refinance debt owed buyers' creditors. Defendant PHILIP GARLAND created, funded and controlled CCDC to make prospective buyers' credit histories appear better than they were.

39. At times, to disguise the illegal advance of funds of or on behalf of defendant PHILIP GARLAND, the defendants made it appear that the GARLAND home buyers had contributed work to the GARLAND home they were buying (sometimes called "sweat equity"), when the buyers had done no such thing.

40. To keep secret the true nature of these transactions, that is, that the seller was advancing to the buyer more than the permitted six percent of the closing costs, and for purposes not allowed by HUD, defendant PHILIP GARLAND caused defendants RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE, and defendant GARLAND's staff to use money orders, cashier's

checks, certified checks, official checks or third-party checks, because these money orders and checks did not show that defendant GARLAND was the true source of the funds. At times, the defendants used the bank accounts of GARLAND employees to conceal that defendant GARLAND was the true source of the money advanced to prospective buyers of GARLAND home or their creditors.

OVERT ACTS

In furtherance of the conspiracy and to achieve its objects, defendants PHILIP GARLAND, RICHARD MYFORD, JUDY GEMMILL, DAVID GREGORY HERB and JAMES BALLANTYNE committed the following overt acts, among others, within the Eastern District of Pennsylvania and elsewhere:

A. GARLAND/BALLANTYNE TRANSACTIONS

1. 39 Larch Drive Shippensburg, Pennsylvania

1. On or about April 10, 1997, defendant PHILIP GARLAND secretly funded L.H. and C.H.'s purchase of 39 Larch Drive, Shippensburg, a GARLAND home, for \$69,900, with an undisclosed, unlawful loan of \$9,760.

2. On or about May 16, 1996, defendants PHILIP GARLAND and JAMES BALLANTYNE caused C.H.'s brother-in-law to sign a Gift Letter, in which he falsely represented that he had given or would give the buyers \$7,300 in connection with their purchase of 39 Larch Drive, Shippensburg.

3. On or about May 16, 1996, defendant JAMES BALLANTYNE told C.H. and L.H. that the day after execution of a HUD-1 Settlement Statement, they would have to execute a promissory note to Garland Construction, in the amount of the advance defendant PHILIP GARLAND was going to make so that they could buy their home. Defendant BALLANTYNE also told them that in addition to their monthly mortgage payments, they would have to make monthly payments on this note to

Garland Construction or the CCDC.

4. On or about May 16, 1996, defendant JAMES BALLANTYNE directed C.H. and L.H. to falsely answer "no," if asked whether they borrowed any money other than their mortgage loan.

5. On or about January 6, 1997, defendant JAMES BALLANTYNE caused C.H. and L.H. to sign an Addendum/Endorsement to the Agreement of Sale for 39 Larch Drive, falsely representing that they would get a \$10,000 gift from a charity to pay off their loans.

6. On or before the settlement date, defendant JAMES BALLANTYNE caused Gift Letters to be signed in the name of M.H., falsely representing that Continental Home Charities would give the buyers \$10,000 in connection with the purchase of their home.

7. On or about April 4, 1997, M.H., Esq., a person known to the grand jury, as escrow agent for "Continental Charities [sic]," issued a certified check for \$10,000 from his escrow account, falsely describing this loan from defendant PHILIP GARLAND as a donation for C.H. and L.H.

8. On or about April 10, 1997, defendants PHILIP GARLAND and JAMES BALLANTYNE signed and caused to be signed a HUD-1 Settlement Statement that failed to disclose a secret additional loan from defendant GARLAND to the buyers of \$9,670, to be repaid with 10 percent interest over 36 months.

9. On or about April 10, 1997, defendant PHILIP GARLAND signed and caused to be signed an Addendum to HUD-1 Settlement Statement documenting the sale of 39 Larch Drive that failed to disclose defendant GARLAND's secret loan to the buyers.

10. On or about April 11, 1997, defendants PHILIP GARLAND and JAMES BALLANTYNE caused to be mailed to C.H. and L.H. a copy of their promissory note in

the amount of \$9,670, with 10 percent interest, payable to defendant GARLAND.

11. On or about May 1, 1997, defendants PHILIP GARLAND and JAMES BALLANTYNE caused L.H. to mail a check to GARLAND's Lancaster Office payable to defendant GARLAND in the amount of \$320. Defendant GARLAND caused this check to be deposited to an account that he controlled at Dauphin Bank.

12. On or about March 24, 1998, defendants PHILIP GARLAND, RICHARD MYFORD, DAVID GREGORY HERB, and JAMES BALLANTYNE, caused GARLAND's Lancaster Office staff to issue to C.H. and L.H. an amortization schedule for the loan described in their April 10, 1997 promissory note to defendant PHILIP GARLAND.

13. As a result of the fact that on or about March 1997, C.H. and L.H. abandoned making any further payments on their secret, undisclosed loan from defendant PHILIP GARLAND, in or about March 1999, defendant PHILIP GARLAND caused his employee, P.W. to mail a postcard to C.H. and L.H. telling them that a late fee of \$31.20 would be added to their monthly debt to defendant Garland if their monthly payment of \$312.02 were not paid on or before March 25, 1999.

14. On or about April 23, 1999, and again on or about May 21, 1999, defendant PHILIP GARLAND caused P.W. to mail postcards to C.H. and L.H. marked "DELINQUENT NOTICE," itemizing the amounts that they owed for March, April and May 1999 on their promissory note.

15. On or about October 27, 1999, defendant PHILIP GARLAND caused another member of GARLAND's Lancaster Office, B.D., to mail a letter to C.H. and L.H. itemizing the amount due on their April 10, 1997 promissory note to defendant GARLAND.

**2. 106 Stonecrest Court
East Cocalico Township
Lancaster County, Pennsylvania**

16. On or about June 4, 1998, defendant PHILIP GARLAND secretly funded B.L. and N.C.'s purchase of 106 Stonecrest Court, East Cocalico Township, Lancaster County, a GARLAND home, for \$79,900, with an undisclosed, unlawful loan of \$3,000.

17. In an undated letter issued no later than settlement and apparently faxed to GARLAND's Lancaster Office on May 27, 1998, defendants PHILIP GARLAND and JAMES BALLANTYNE caused M.H., to sign a Gift Letter, in which he falsely represented that the buyers B.L. and N.C. were a "client" to whom he had given or would give \$3,000 in connection with their purchase of 106 Stonecrest Court.

18. On or about June 4, 1998, defendants PHILIP GARLAND and JAMES BALLANTYNE caused B.L. and N.C. to sign a Uniform Application for a Residential Loan for 106 Stonecrest Court, falsely representing that they had or would get a \$3,200 gift.

19. On or about June 4, 1998, defendants PHILIP GARLAND and JAMES BALLANTYNE signed and caused to be signed a HUD-1 Settlement Statement that failed to disclose a secret additional loan from defendant GARLAND to the buyers of \$3,000, to be repaid at the rate of \$83.33 monthly.

20. On or about June 4, 1998, defendants PHILIP GARLAND and JAMES BALLANTYNE signed and caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose defendant GARLAND's secret additional loan to the buyers.

B. GARLAND/HERB TRANSACTIONS

3. 5 Fiddler Drive

New Oxford, Pennsylvania

21. On or about December 17, 1997, defendant PHILIP GARLAND secretly funded the purchase by J.M. of 5 Fiddler Drive, New Oxford, a GARLAND home, for \$83,500, with an undisclosed, unlawful advance of approximately \$15,500,

approximately \$12,500 of which was a loan.

22. Defendant DAVID GREGORY HERB initially quoted J.M. and his wife J.M., a price of approximately \$79,000 for 5 Fiddler Drive.

23. On or about July 26, 1997, and amended on or about October 23, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB signed and caused to be signed a Sales Agreement in which the price of 5 Fiddler Drive was inflated by approximately \$4,500, to \$83,500, so that defendant GARLAND could recoup at settlement that portion of his advance to J.M. that the defendants represented to J.M. and his wife J.M. was a grant from Continental Home Charities.

24. In or about November or December 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB caused to be signed an undated Gift Letter from Continental Home Charities falsely representing that it would give a gift of \$4,000 to J.M. and/or his wife, J.M., to be used to purchase their home at 5 Fiddler Drive.

25. On or about November 20, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB caused to be signed a Gift Letter from the buyer's parents falsely representing that they would give their son J.M. a gift of \$12,500, to be used to qualify to purchase 5 Fiddler Drive by paying off pre-existing debts.

26. On or about December 18, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB caused to be issued by Westminster Bank and Trust Company a Treasurer's check for \$12,500, payable to the buyer, J.M., which appeared to be derived from funds of the parents of J.M., but which was really secretly funded by defendant PHILIP GARLAND.

27. On or about November 26, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB caused M.H., Esq., to issue a check from his escrow account, payable to J.M. and his wife, J.M., which check was certified and was described as being an escrow disbursement from Continental Home Charities.

28. On or about December 17, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB signed and caused to be signed a HUD-1 Settlement Statement that falsely represented that J.M., the buyer of 5 Fiddler Drive, had received a gift from his father of \$12,500.

29. On or about December 17, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB signed and caused to be signed a HUD-1 Settlement Statement that falsely represented that J.M., the buyer of 5 Fiddler Drive, had received a gift from Continental Home Charities of \$4,000.

30. On or about December 18, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB signed and caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose that defendant GARLAND had made to J.M., the buyer, a secret additional loan of \$12,500 and a secret advance of \$4,000, which \$4,000 defendant GARLAND recovered at settlement from mortgage proceeds generated by the inflated sales price of \$83,500 for 5 Fiddler Drive.

31. On or about December 21, 1997, the settlement company used money which appeared to come from gifts to the buyer, J.M., to pay off two debts which together were in excess of \$12,000.

32. On or about January 21, 1998, February 2, 1998, and March 26, 1998, defendants PHILIP GARLAND and DAVID GREGORY HERB caused the buyers of 5 Fiddler Drive to issue and mail to defendant GARLAND's Lancaster Office checks in the amount of \$314.30, which were deposited to an account controlled by defendant PHILIP GARLAND.

33. Thereafter, sporadically between June 1998 and February 1999, defendants PHILIP GARLAND and DAVID GREGORY HERB caused the buyers of 5 Fiddler Drive to issue and mail checks to GARLAND's Lancaster Office payable to defendant PHILIP GARLAND in amounts varying between \$200 and \$50, after which

time they declared bankruptcy and stopped making any further payment to defendant GARLAND on J.M.'s undisclosed note.

34. To disguise the nature of his undisclosed, secret loan to J.M., the buyer of 5 Fiddler Drive, defendant PHILIP GARLAND caused a member of his Lancaster Office staff to misrepresent on documents maintained for tax and accounting purposes that the buyer's installment payments were rental income.

**4. 15 Oxford Court
New Oxford, Pennsylvania**

35. On or about December 18, 1997, defendant PHILIP GARLAND secretly funded the purchase by J.E., Jr. of 15 Oxford Court, New Oxford, a GARLAND home, for \$75,000, with an undisclosed, unlawful advance of approximately \$22,500.

36. Defendant DAVID GREGORY HERB initially quoted J.E., Jr. and his wife K.E., a price of approximately \$71,000 for 15 Oxford Court, New Oxford. At the time they owed about \$18,000 on two car loans.

37. On or about December 18, 1997, defendant PHILIP GARLAND provided to defendant DAVID GREGORY HERB two treasurer's checks, each in the amount of \$9,300, and each falsely appearing to have been purchased by the parents of J.E., Jr.

38. On or about December 18, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB caused each of J.E., Jr.'s parents to endorse a cashier's check in the amount of \$9,300 and make it payable to J.E., Jr. and K.E., the contract buyers of 15 Oxford Court.

39. On or about December 9, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB caused a Gift Letter to be signed by the parents of J.E., Jr., falsely representing that they had or would give to their son J.E., Jr. a gift of \$18,600 to purchase 15 Oxford Court.

40. On or about December 19, 1997, defendants PHILIP GARLAND and

DAVID GREGORY HERB signed and caused to be signed a HUD-1 Settlement Statement for 15 Oxford Court that falsely represented that the buyer had received gifts of \$18,600 and \$3,900 to purchase that home, when in fact, the seller, defendant GARLAND, had secretly funded the advances to the buyer.

41. On or about December 19, 1997, defendants PHILIP GARLAND and DAVID GREGORY HERB signed and caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose that the seller had advanced to the buyer \$22,500 to purchase 15 Oxford Court.

42. On or about December 19, 1997, defendant DAVID GREGORY HERB represented to buyer J.E., Jr., that defendant HERB had forgotten to include the Continental Home Charities' gift in the note, and that he needed to add that sum to the Promissory Note or he would not receive a commission on the transaction.

43. On or about December 19, 1997, J.E., Jr. signed a promissory note payable to defendant PHILIP GARLAND for \$22,500, at 10.9 percent interest, which obligation was not disclosed on HUD-1 Settlement Statement.

44. On or about December 22, 1997, defendant DAVID GREGORY HERB provided the buyer with an amortization schedule for his additional \$22,500 secret loan from defendant PHILIP GARLAND.

45. On or about December 28, 1999, defendants PHILIP GARLAND and JUDY GEMMILL caused J.E., Jr. to sign a new promissory note dated November 30, 1999, for \$15,147.64, at 10.9 percent interest, payable in monthly installments of \$427.11 to defendant GARLAND. The note was also signed by defendants GARLAND and GEMMILL, the latter of whom also notarized the note. To secure the note, defendant RICHARD MYFORD had the buyer assign title to two cars to defendant MYFORD.

46. On or before January 26, 2000, J.E., Jr., defendants PHILIP GARLAND,

RICHARD MYFORD and DAVID GREGORY HERB caused to be issued and mailed to defendant GARLAND's Lancaster Office a monthly installment check payable to defendant PHILIP GARLAND in the amount of \$433, that defendant GARLAND caused to be deposited to an account he controlled at Harris Savings Bank on or about January 26, 2000.

47. In or about the end of 2001, in satisfaction of their remaining debt to defendant PHILIP GARLAND, the defendants had the buyer, J.E., Jr., and his wife turn over the cars securing the loan to Garland Construction.

C. GARLAND/MYFORD TRANSACTIONS

5. 2041 Wyatt Circle Dover, Pennsylvania

48. On or about October 30, 1998, defendant PHILIP GARLAND secretly funded the purchase by R.S. and D.S. of 2041 Wyatt Circle, Dover, a GARLAND home, for \$94,500, with an undisclosed, unlawful advance of at least \$6,708.

49. On or about July 27, 1998, defendant RICHARD MYFORD caused to be signed by J.E., who was described as the son of one of the buyers of 2041 Wyatt Circle, a Gift Letter that falsely represented that J.E. had given or would give his father a gift of \$5,000 to buy 2041 Wyatt Circle.

50. On or about September 11, 1998, in response to the mortgage lender's condition of settlement that the buyers pay off debts totaling \$1708 to four creditors, defendants PHILIP GARLAND and RICHARD MYFORD caused to be issued a Garland Construction check dated September 17, 1998 to Summit Bank for \$1,708.

51. On or about September 18, 1998, defendants PHILIP GARLAND and RICHARD MYFORD caused to be issued to Continental Home Charities, at the address of P.W., a Garland Construction check for \$5,200.

52. On or about September 23, 1998, defendants PHILIP GARLAND and

RICHARD MYFORD caused to be issued to Summit Bank a Garland Construction check for \$5,000, which in turn they caused to be used to generate a Summit Bank Treasurer's check payable to R.S. and D.S. and Realty Settlement [Services of York] for \$5,000.

53. On or about October 30, 1998, defendants PHILIP GARLAND and RICHARD MYFORD signed and caused to be signed a HUD-1 Settlement Statement that failed to disclose defendant GARLAND's secret advances to the buyers.

54. On or about October 30, 1998, defendants PHILIP GARLAND and RICHARD MYFORD caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose defendant PHILIP GARLAND's secret advances to the buyers.

D. GARLAND/MYFORD/GEMMILL TRANSACTIONS

6. 81 Fiddler Drive New Oxford, Pennsylvania

55. On or about May 14, 1999, defendant PHILIP GARLAND secretly funded the purchase by W.B. of 81 Fiddler Drive, New Oxford, a GARLAND home, for \$95,500, with an undisclosed, unlawful advance of approximately \$6,643.

56. On or about May 14, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be issued to Summit Bank a Garland Construction check for \$6,643, which in turn they caused to be used to generate a Summit Bank Treasurer's check payable to W.B. and R.S.S.Y. [Realty Settlement Services of York] for \$6,643.

57. On or about May 14, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be signed a Uniform Residential Loan Application Form that falsely represented that W.B., the buyer, would receive a gift of

approximately \$6,600.

58. On or about May 14, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed a HUD-1 Settlement Statement that failed to disclose defendant GARLAND's secret advances to the buyers.

59. On or about May 14, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose defendant PHILIP GARLAND's secret advances to the buyers.

7. 75 Fiddler Drive New Oxford, Pennsylvania

60. On or about May 21, 1999, defendant PHILIP GARLAND secretly funded the purchase by W.S. and K.S. of 75 Fiddler Drive, New Oxford, a GARLAND home, for \$91,500, with an undisclosed, unlawful advance of approximately \$11,777.98, which was to be used to pay off pre-existing debt.

61. On or about May 17, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused W.S., the father of buyer W.S. to sign a gift letter falsely representing that he had given or would give his son approximately \$13,000 toward the purchase of 75 Fiddler Drive.

62. On or about May 17, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused W.S., the father of buyer W.S. to sign a gift letter falsely representing that he had given or would give his son approximately \$11,777.98 toward the purchase of 75 Fiddler Drive.

63. On or about May 20, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be issued to Summit Bank a Garland Construction check for \$12,418.98, of which \$11,418.98 was for the 75 Fiddler Drive

transaction.

64. On or about May 21, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be signed a Uniform Residential Loan Application Form that falsely represented that W.S. and K.S., the buyers, would receive a gift of approximately \$13,000.

65. On or about May 21, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed a HUD-1 Settlement Statement that falsely represented that the buyers W.S. and K.S. had received a gift of \$11,777.98 from a third party, when in fact the money was defendant GARLAND's secret advance to the buyers of approximately \$11,777.98.

66. On or about May 21, 1999, defendants PHILIP GARLAND and RICHARD MYFORD caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose defendant PHILIP GARLAND's secret advance to the buyers of \$11,777.98.

**8. 158 Abbotts Drive
Abbottstown, Pennsylvania**

67. On or about May 28, 1999, defendant PHILIP GARLAND secretly funded the purchase by C.S. of 158 Abbotts Drive, Abbottstown, a GARLAND home, for \$114,059.56, with an undisclosed, unlawful advance of approximately \$3,500.

68. On or about April 20, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused J.S., the mother of C.S., the buyer, to sign a Gift Letter falsely representing that she had given or would give her son approximately \$3,500 toward the purchase of 158 Abbotts Drive.

69. On or about May 28, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be issued to Summit Bank a Garland Construction check for \$3,500, which in turn they caused to be used to generate a

Summit Bank Treasurer's check for \$3,500.

70. On or about May 28, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be signed a Uniform Residential Loan Application Form that falsely represented that C.S., the buyer, had an "undeposited" gift of approximately \$3,500.

71. On or about May 28, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed a HUD-1 Settlement Statement that failed to disclose defendant GARLAND's secret advance to the buyer of approximately \$3,500.

72. On or about May 28, 1999, defendants PHILIP GARLAND and RICHARD MYFORD caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose defendant PHILIP GARLAND's secret advance to the buyer of \$3,500.

**9. 77 Fiddler Drive
New Oxford, Pennsylvania**

73. On or about August 13, 1999, defendant PHILIP GARLAND secretly funded the purchase by F.K. and W.B. of 77 Fiddler Drive, New Oxford, a GARLAND home, for \$92,000, with an undisclosed, unlawful advance of approximately \$8,700.

74. On or about August 10, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused P.M., who was represented to be the daughter of W.B. and F.K., to sign a Gift Letter falsely representing that she had given or would give her mother approximately \$8,700 toward the purchase of 77 Fiddler Drive.

75. On or about August 12, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be issued to Summit Bank a Garland Construction check for \$15,714, which in turn they caused to be used to generate a Summit Bank Treasurer's check for \$8,700 payable to F.K., W.B. and R.R.S.Y. [sic]

[Realty Settlement Services of York] for the purchase of 77 Fiddler Drive.

76. On or about August 13, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be signed a Uniform Residential Loan Application Form that falsely represented that W.B., the buyer, had received a gift of approximately \$8,700.

77. On or about August 13, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed a HUD-1 Settlement Statement that failed to disclose defendant GARLAND's secret advance to the buyer of approximately \$8,700.

**10. 180 Abbotts Drive
Abbottstown, Pennsylvania**

78. On or about September 24, 1999, defendant PHILIP GARLAND secretly funded the purchase by R.S. of 180 Abbotts Drive, Abbottstown, a GARLAND home, for \$117,000 with an undisclosed, unlawful advance of approximately \$3,500.

79. On or about September 8, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused N.S. to sign a Gift Letter, falsely representing that she and her husband had given or would give their son, R.S., \$3,500 toward the purchase of 180 Abbotts Drive, Abbottstown.

80. On or about September 8, 1999, defendants RICHARD MYFORD and JUDY GEMMILL sent and caused to be sent a memo to the Lancaster Office, in connection with 180 Abbotts Drive, asking for six money orders in the following approximate amounts: \$465.37, \$24.00, \$404.00, \$184.00, \$51.00 and \$28.00. Defendants RICHARD MYFORD AND JUDY GEMMILL asked that there be no names on the money orders "at this time," that copies of the blank money orders in these amounts be faxed to GARLAND's York Office and that they be dropped off at the "sales office, Thursday or Friday."

81. On or about September 10, 1999, defendants PHILIP GARLAND, RICHARD MYFORD, and JUDY GEMMILL caused to be issued from Garland Construction's Summit Bank account a check payable to Summit Bank in the amount of \$3,507.

82. On or about September 10, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused to be issued a Summit Bank Treasurer's check payable to N.S. and R.S. in the amount of \$3,500.

83. On or about September 14, 1999, defendants RICHARD MYFORD and JUDY GEMMILL sent and caused to be sent a memo to defendant GARLAND's Lancaster Office, in connection with 180 Abbotts Drive, asking for two \$100 money orders with the names blank and asking that copies of these blank money orders be faxed to defendant MYFORD when GARLAND's Lancaster Office had them.

84. On or about September 15, 1999, defendant JUDY GEMMILL caused N.S. to withdraw from her checking account at Allfirst Bank \$3,500 in the form of an official check made payable to her son, R.S., his wife, R.S., and Realty Settlement Services [of York].

85. On or about September 24, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed a HUD-1 Settlement Statement documenting the sale of 180 Abbotts Drive that failed to disclose that defendant PHILIP GARLAND secretly advanced \$3,500 to the buyers, that was falsely represented to be a gift from N.S. and her husband, R.S.

86. On or about May 21, 1999, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed an Addendum to HUD-1 Settlement Statement, that was made part of the September 24, 1999 Settlement package forwarded to HUD, that failed to disclose that to sell the GARLAND home, defendant PHILIP GARLAND had secretly advanced to the buyers \$3,500.

**11. 2042 Wyatt Circle
Dover, Pennsylvania**

87. On or about May 22, 2000, defendant PHILIP GARLAND secretly funded the purchase by T.T. of 2042 Wyatt Circle, Dover, a GARLAND home, for \$101,500 with an undisclosed, unlawful advance of approximately \$10,326.78.

88. At the direction of defendant JUDY GEMMILL, T.T. and the father of T.T.'s child, D.Y., created receipts falsely representing that D.Y. paid T.T. child support payments of approximately \$100 a week.

89. On or about May 18, 2000, defendant JUDY GEMMILL caused M.D. to sign a Gift Letter in which M.D. falsely represented that the buyer, T.T., was his niece and that he had given or would give her a gift of \$9,000.

90. On or about May 23, 2000, Summit Bank issued a Treasurer's Check in the amount of \$1,426.78, payable to the order of the settlement company at which settlement occurred.

91. On or about May 22, 2000, defendants PHILIP GARLAND and JUDY GEMMILL signed and caused to be signed a HUD-1 Settlement Statement for 2042 Wyatt Circle, that failed to disclose that defendant GARLAND had secretly advanced to the buyer \$10,476.78.

**12. 2028 Wyatt Circle
Dover, Pennsylvania**

92. On or about June 23, 2000, defendant PHILIP GARLAND secretly funded the purchase by N.P. and K.W. of 2028 Wyatt Circle, Dover, a GARLAND home, for \$102,100, with an undisclosed, unlawful advance of approximately \$23,000.

93. On or about April 24, 2000, defendant RICHARD MYFORD signed a sales agreement for 2028 Wyatt Circle, with buyers N.P. and K.W.

94. On or about June 30, 2000, A.K.P., the mother of N.P., signed a Gift

Letter falsely representing that she was giving a gift of \$23,000 to her son N.P. and to K.W. to assist them in the purchase of 2028 Wyatt Circle.

95. On or about June 23, 2000, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused Summit Bank to generate a treasurer's check in the amount of \$23,000.

96. On or about June 23, 2000, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed by the buyers of 2028 Wyatt Circle a HUD-1 Settlement Statement documenting the sale of that home, that failed to disclose that \$23,000, which appeared to come from the buyers to pay off pre-existing debts, was money that had been secretly advanced to them by defendant GARLAND.

97. On or about June 23, 2000, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL signed and caused to be signed an Addendum to HUD-1 Settlement Statement that failed to disclose that to sell the GARLAND home, defendant GARLAND secretly advanced to the buyers \$23,000.

98. On or about June 26, 2000, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL caused a Commerce Bank Official Check in the amount of \$7,000 dated June 23, 2000, generated with the personal funds of N.P., which on its face represented that it was issued "Re: 2028 Wyatt Circle, Dover," to be deposited to a Garland Construction account controlled by defendant GARLAND.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH TWENTY-EIGHT

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 17 and 19 through 40 of Count One and overt acts 1 through 98 of Count One are realleged here.

2. On or about the dates listed below, each transaction constituting a separate count of this indictment, in the Eastern District of Pennsylvania and elsewhere, defendants

**PHILIP GARLAND,
RICHARD MYFORD
and
JUDY GEMMILL,**

made, passed, uttered and published, and aided, abetted and willfully caused the making, passing, uttering and publishing of a false statement, knowing the same to be false, intending to influence the action of HUD, and for the purpose of obtaining a loan from a lender with the intent that such loan be offered to and accepted by HUD for insurance, that is, falsely certified and caused false certifications at closing that defendant GARLAND had not loaned or advanced money in excess of that lawfully permitted in connection with the purchase of the properties listed below, when in fact, the defendants knew that defendant GARLAND loaned or advanced a substantial portion of those funds, and the defendants disguised and caused to be disguised the true source of those funds:

COUNT	DOCUMENT	DATE	ADDRESS OF PROPERTY PURCHASED	AMOUNT INVOLVED IN FALSE STATEMENT OR OMISSION
2	HUD-1	05.14.99	81 Fiddler Drive, New Oxford	\$6,643.00
3	HUD-1 Addendum	05.14.99	81 Fiddler Drive, New Oxford	\$6,643.00
4	Loan Application	05.14.99	81 Fiddler Drive, New Oxford	\$6,600.00
5	HUD-1	05.21.99	75 Fiddler Drive, New Oxford	\$11,777.98
6	HUD-1 Addendum	05.21.99	75 Fiddler Drive, New Oxford	\$11,777.98
7	Loan Application	05.21.99	75 Fiddler Drive, New Oxford	\$13,000.00
8	Gift Letter	05.17.99	75 Fiddler Drive, New Oxford	\$13,000.00
9	Gift Letter	05.17.99	75 Fiddler Drive, New Oxford	\$11,777.98
10	HUD-1	05.28.99	158 Abbots Drive, Abbottstown	\$3,500.00
11	HUD-1 Addendum	05.28.99	158 Abbots Drive, Abbottstown	\$3,500.00
12	Loan Application	05.28.99	158 Abbots Drive, Abbottstown	\$3,500.00
13	Gift Letter	04.20.99	158 Abbots Drive, Abbottstown	\$3,500.00
14	HUD-1	08.13.99	77 Fiddler Drive, New Oxford	\$8,700.00

15	Loan Application	08.13.99	77 Fiddler Drive, New Oxford	\$8,700.00
16	Gift Letter	08.10.99	77 Fiddler Drive, New Oxford	\$8,700.00
17	HUD-1	09.24.99	180 Abbots Drive Abbottstown	\$3,500.00
18	HUD-1 Addendum	09.24.99	180 Abbots Drive Abbottstown	\$3,500.00
19	Loan Application	09.24.99	180 Abbots Drive Abbottstown	\$3,500.00
20	Gift Letter	09.08.99	180 Abbots Drive Abbottstown	\$3,500.00
21	HUD-1	05.25.00	2042 Wyatt Circle, Dover	\$10,426.78
22	HUD-1 Addendum	05.25.00	2042 Wyatt Circle, Dover	\$10,426.78
23	Loan Application	05.22.00	2042 Wyatt Circle, Dover	\$10,426.78
24	Gift Letter	05.18.00	2042 Wyatt Circle, Dover	\$10,426.78
25	HUD-1	06.23.00	2028 Wyatt Circle, Dover	\$23,000
26	HUD-1 Addendum	06.23.00	2028 Wyatt Circle, Dover	\$23,000
27	Loan Application	06.23.00	2028 Wyatt Circle, Dover	\$23,000
28	Gift Letter	06.30.00	2028 Wyatt Circle, Dover	\$23,000

All in violation of Title 18, United States Code, Sections 1010 and 2.

COUNT TWENTY-NINE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 17 and 19 through 40 of Count One and overt acts 1 through 98 are incorporated here.

2. From in or about 1996 through in or about December 2001, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL, with others known and unknown to the grand jury, knowingly devised and intended to devise a scheme to defraud HUD, corporations, entities and institutions, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

3. On or about April 12, 1999, in the Eastern District of Pennsylvania and elsewhere, defendants

**PHILIP GARLAND,
RICHARD MYFORD
and**

JUDY GEMMILL,

for the purpose of executing and attempting to execute the scheme, caused to be delivered by mail from the buyer of 5 Fiddler Drive, New Oxford, according to the directions thereon, an envelope addressed to defendant GARLAND's Lancaster Office, containing a \$50 check payable to defendant GARLAND as partial payment of an undisclosed loan defendant GARLAND made to allow the buyer to purchase his GARLAND home.

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS THIRTY THROUGH THIRTY-THREE

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations of paragraphs 1 through 17 and 19 through 40 of Count One and overt acts 1 through 98 are incorporated here.
2. From in or about 1996 through in or about December 2001, in the Eastern District of Pennsylvania and elsewhere, defendants PHILIP GARLAND, RICHARD MYFORD and JUDY GEMMILL knowingly devised and intended to devise a scheme to defraud HUD, corporations, entities and institutions, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.
3. On or about the dates listed below, each transaction constituting a separate count of this indictment, in the Eastern District of Pennsylvania and elsewhere, defendants

**PHILIP GARLAND,
RICHARD MYFORD
and
JUDY GEMMILL,**

for the purpose of executing and attempting to execute the scheme, caused to be delivered by mail according to the directions thereon, post cards and envelopes addressed to the buyers of 39 Larch Drive, Shippensburg, containing the following:

COUNT	APPROXIMATE DATE OF MAILING	CONTENTS
30	04.23.99	Delinquent Notice Regarding Secret Loan
31	05.03.99	Delinquent Notice Regarding Secret Loan
32	05.21.99	Delinquent Notice Regarding Secret Loan
33	10.27.99	Letter Itemizing Amount Owed under Secret Loan

All in violation of Title 18, United States Code, Sections 1341 and 2.

A TRUE BILL:

FOREPERSON

PATRICK L. MEEHAN
United States Attorney