

United States v. Hollis Morrison Greenlaw et al. (Case No. 4:21-CR-00289-O)
United Development Funding Entities

Court Assigned

This case is assigned to the U.S. District Court for the Northern District of Texas, Eldon B. Mahon Federal Courthouse, 501 W. 10th Street, Room 201, Fort Worth, Texas 76102. The case is assigned to U.S. District Court Judge Reed O'Connor.

Summary of Offenses

On October 19, 2021, defendants Hollis Morrison Greenlaw, Benjamin Lee Wissink, Cara Delin Obert, and Jeffrey Brandon Jester were arraigned on a federal Indictment charging one count of Conspiracy to Commit Wire Fraud Affecting a Financial Institution, one count of Conspiracy to Commit Securities Fraud, and eight counts of Securities Fraud and Aiding and Abetting, in violation of federal law. All defendants appeared before United States Magistrate Judge Jeffrey L. Cureton in Fort Worth, Texas, pled not guilty, and were released on conditions of release pending trial.

The Indictment alleged that from on or about January 1, 2011, through on or about December 29, 2015, the defendants Greenlaw, Wissink, Obert, and Jester, and others, led by Greenlaw, engaged in a scheme to defraud using investment fund entities known as United Development Funding III LP, United Development Funding IV, and United Development Funding Income Fund V (collectively "UDF entities"). The UDF entities were presented as companies that would provide loans to residential housing developers who needed funds to build residential developments. Utilizing money obtained from investors and financial institutions, Greenlaw, Wissink, and others caused loans to be issued to developers for residential developments. As part of the UDF entities' investment opportunity, investors were led to believe that the residential housing developers, who obtained loans from the UDF entities, would be required to pay back the loans with interest, which money would then serve as the source of distributions paid to the investors. However, developers were not paying loans obtained from UDF III quickly enough, thereby leaving UDF III without sufficient cash to pay distributions to investors from its own revenues. At the direction of the defendants, UDF IV began raising money from investors using representations that the funds would be used to provide loans to developers. However, cash raised from UDF IV investors was used to repay loans previously issued to developers in UDF I and UDF III, and to pay distributions to UDF III investors. Thereafter, UDF V was created in a similar manner and loans issued by it were used to repay loans previously issued to developers by UDF III and IV. Further, UDF V's investors' money was used to pay distributions to UDF III and IV's investors, and pay other UDF III financial obligations.

A jury trial on these charges was held between January 12 and January 20, 2022. On January 21, 2022, the jury returned a guilty verdict for each defendant and all counts in the Indictment.

Scheduled Court Hearings

The defendants are scheduled for sentencing on May 20, 2022 at 9:00 am in Fort Worth, Texas, before United States District Judge Reed O'Connor at the Eldon B. Mahon Federal Courthouse, 2nd Floor Courtroom at 501 W. 10th Street, Fort Worth, Texas 76102.

Note: Please check the Court's updated protocol pertaining to COVID-19 for information on courthouse access and policies. The Court's updated COVID-19 guidance is available here: <https://www.txnd.uscourts.gov/>.

Victims Impacted

If you believe you are an investor who was harmed by the defendants' actions described above, you may submit a victim impact statement orally and/or in writing at the sentencing hearing. A sample Victim Impact statement is provided in the below link. So that Victim Impact Statements are received in a timely manner, please submit your Victim Impact Statement to the following email address USATXN.UDFVictims@usdoj.gov by **March 14, 2022**.

Victim Impact Statement Link

Court Documents

United States v. Hollis Morrison Greenlaw et al. – Indictment, Verdict Form, and Sentencing Scheduling Order.

Victim Information

Pursuant to the Crime Victims' Rights Act, 18 U.S.C. § 3771, the Department of Justice is required to provide notice to individuals who may have been harmed as a direct result of the criminal offenses of which a defendant has been convicted. In this context, "harmed" is defined broadly and is not limited to monetary loss. This office uses the Victim Notification System ("VNS") and other methods, including web pages and press releases, to ensure potential victims receive timely notice of public events related to a case. For more information, go to <https://www.justice.gov/usao/resources/crime-victims-rights-ombudsman/victims-rights-act>.

A different federal law, the Mandatory Victim Restitution Act ("MVRA"), 18 U.S.C. § 3663A, governs restitution in this case. Restitution is a determination by the judge that a victim is entitled to monetary compensation for losses suffered as a direct result of a crime for which a defendant has been convicted. It is not a guarantee of payment. Under the MVRA, if a defendant is convicted of a crime carrying restitution as a penalty, the

judge at sentencing determines who is a victim and in what amount they are entitled to restitution. In cases involving property crimes, including the fraud offenses with which the defendants are charged, restitution may generally only be awarded for the value of the property lost by the victim as a direct result of a defendant's crime of conviction less the value of any property returned to the victim. Victims may also be entitled to restitution for expenses incurred while participating in the criminal investigation or prosecution or traveling to court proceedings for the case, such as lost income, childcare, transportation, and other expenses. Restitution is generally not available for medical care, pain and suffering, emotional distress, or lost income caused by the defendant's conduct, except in the limited context described above.