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Department of Justice

U.S. Attorney's Office

Northern District of Texas

FOR IMMEDIATE RELEASE

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United Development Funding Executives Convicted of Fraud

Four United Development Funding executives have been found guilty of fraud, announced U.S. Attorney for the Northern District of Texas Chad E. Meacham.

After five days of trial and almost 12 hours of deliberation, a federal jury convicted UDF CEO Hollis Morrison Greenlaw, UDF Partnership President Benjamin Lee Wissink, UDF CFO Cara Delin Obert, and UDF Asset Management Director Jeffrey Brandon Jester of ten counts, including conspiracy to commit wire fraud affecting a financial institution, conspiracy to commit securities fraud, and securities fraud.

"UDF executives shuffled money from one fund to another without disclosing the comingling to investors or regulators," said U.S. Attorney Chad Meacham. "The Justice Department takes financial improprieties seriously, and we are proud to hold these defendants accountable for their crimes. After a long battle, justice has been done."

"These executives conspired to commit multiple fraud schemes in order to mislead investors and the SEC, with multi-million dollar losses," said Matthew DeSarno, Special Agent in Charge of the FBI's Dallas Division. "One of the FBI's goals is to investigate corporate fraud in order to protect market integrity and investor confidence in the U.S. markets. I would like to thank the agents, analysts, and forensic accountants who spent years investigating these allegations, and our partners at the U.S. Attorney's Office who worked to ensure justice in this case."

According to evidence presented at trial, the defendants orchestrated a scheme to mislead investors and the SEC about their funds' performance.

Founded in 2003 and headquartered in Grapevine, UDF utilized a family of five funds – UDF I, II, III, IV, and V – to invest in various residential real estate developers and private homebuilders.

When developers failed to repay money they borrowed from one fund, triggering multi-million dollar shortfalls, the defendants transferred money out of another fund in order to pay distributions to the original fund's investors, all without disclosing the transfers to the SEC and the investing public.

The defendants now face up to 25 years each in federal prison.

The Federal Bureau of Investigation's Dallas Field Office conducted the investigation. Assistant U.S. Attorneys Tiffany H. Eggers (NDTX Criminal Chief), Rachael Jones, Elyse Lyons, and Errin Martin prosecuted the case. U.S. District Judge Reed C. O'Connor presided over the trial.

Topic(s):

Financial Fraud

Component(s):

Federal Bureau of Investigation (FBI)

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Contact:

Erin Dooley

Press Officer

214-659-8707

erin.dooley@usdoj.gov

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