

# Levinthal Wilkins Secures \$15M Jury Verdict in Mortgage Loan Fraud, Conspiracy

3 Star Properties, Houston lawyer, real estate broker liable in 'long con'

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**Levinthal Wilkins** →

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HOUSTON, March 28, 2019 /PRNewswire/ -- A federal jury in Houston has awarded \$15 million to investors who were defrauded in a conspiracy involving non-performing mortgage loans sold by a shell company that didn't actually own the loans.

After an eight-day trial in U.S. District Judge Vanessa Gilmore's court, jurors on March 26 found that 3 Star Properties, LLC, of North Carolina conspired with other parties to defraud SED Holdings LLC of Durham, North Carolina. Others found liable in the conspiracy include Houston real estate broker Mark Hyland and affiliated entities Biltmore Funding, TM Property Solutions LLC, and TMPS LLC; Houston lawyer Mark Dykes, formerly of The Nations Law Firm; and Brown & Associates of Houston.

"This was a long con in which my client was convinced to buy a bunch of loans that 3 Star Properties never actually owned, many of which had been released years before the purchase," said Jared Levinthal of Houston law firm Levinthal Wilkins, who represents SED Holdings.

"Uncovering this scheme was like peeling back layers of a rotten onion."

In 2014, SED Holdings contracted to buy 1,235 non-performing residential mortgage loans for nearly \$14 million from 3 Star Properties. SED agreed to pay \$4 million in cash with the remaining balance to be paid over several months.

But SED discovered that 3 Star did not actually own the loans and was merely serving as a pass-through entity to flip the assets for cash. Also in on the scheme was Mr. Dykes who served as escrow agent, funneling SED's payments to the Hyland affiliates.

"I'm beyond pleased for our client that the jury saw these defendants for the fraudsters they are, holding them accountable and punishing them to help make SED whole," said Mr. Levinthal. Doug Hanna of Graebe Hanna & Sullivan PLLC of Raleigh, North Carolina, served as co-counsel.

Levinthal Wilkins is a Houston-based trial boutique that approaches each case with only one goal in mind: achieving victory. The firm represents plaintiffs and defendants in a wide range of disputes throughout the U.S. Practice areas include oil and gas, breach of contract, negligence and injury, business fraud, shareholder disputes, partnership dissolution, defamation, securities fraud, securities employment disputes, FINRA, product liability and consumer class actions. For more information visit <http://levinthalwilkins.com>.

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