

# Pie in the Sky

**A pair of Utah mortgage brokers are selling dreams of high finance, sometimes with a little help from LDS emeritus General Authority Paul H. Dunn.**

At this moment Murray's largest hotel and office complex remains ink on a drawing board. Last August developers and city officials, including the mayor, broke ground for the \$80 million 5300 Corporate Center located at the southwest corner of I-15 and 5300 South. But before building could begin, a construction loan, which developers thought had been arranged, vanished.

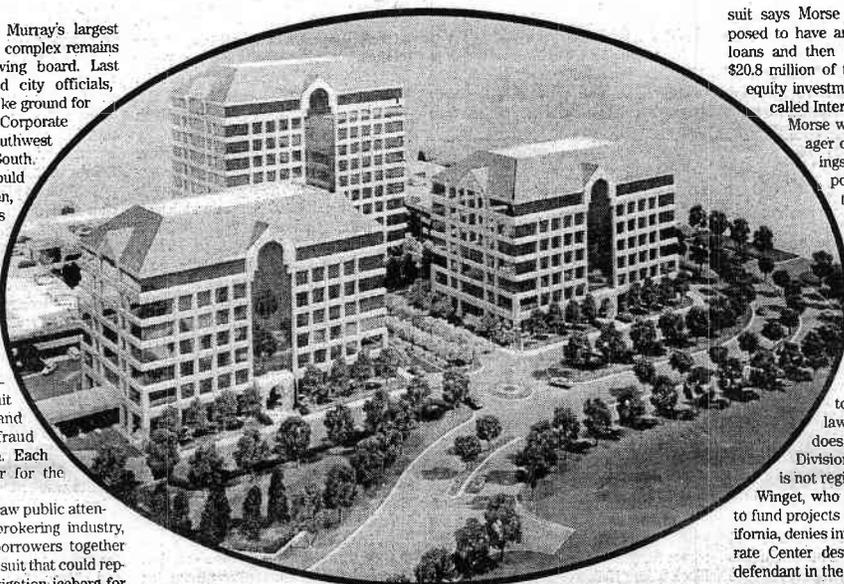
At that Aug. 29 ribbon-cutting the developers and their lender shared the podium. But now the two parties are engaged in a knock-down, drag-out lawsuit involving charges and counter-charges of fraud and misrepresentation. Each side blames the other for the funding failure.

It's a suit that will draw public attention to the mortgage-brokering industry, the people who put borrowers together with lenders. It's also a suit that could represent the tip of the litigation iceberg for Utah mortgage brokers Clarence "Clare" T. Morse, 47, and Jeril D. Winget, 48; both named defendants in the 5300 Corporate Center suit.

Several other developers are contemplating legal action against Morse and Winget. The Utah brokers were engaged to fund funding for a hotel in San Francisco, another in Palm Springs, a subdivision near Phoenix and a restaurant/theater near St. George. Morse, though, blames some borrowers for botching loan applications, by submitting incomplete paper work or by overestimating the value of their collateral.

The contention between the Utah brokers and borrowers has already spilled over into the criminal arena. Sufficient borrowers have complained to prompt an FBI inquiry into whether financial crimes are involved with the advance fees already paid to the brokers. The FBI won't say whether it's working the case. "If there were such an investigation I could not provide any information," *Private Eye Weekly* was told by an agent. Nevertheless, several parties have told the paper they have had contact with FBI agents in Utah and California.

The federal probe could also foreshadow embarrassment for the LDS Church. LDS emeritus General Authority Paul H.



A development of contentions: The 5300 Corporate Center, a twin, seven-story office building and 14-story hotel near I-15.

Dunn, 72, is Winget's father-in-law and a participant in at least two of the deals being looked into by the FBI: the Palm Springs hotel and the St. George cowboy theater. It was just more than a decade ago that Dunn's link to the well-publicized Afco fraud tarnished the church's image and prompted LDS conference speeches about greed.

Dunn's attorney, Steve Call, says his client declines comment. And Winget did not return our call. Morse would only chat briefly before denying further comment.

## 5300 CORPORATE CENTER

The twin, seven-story office building and 14-story hotel at 5300 South and I-15 were supposed to be financed with a combination of loans and investments arranged by Clare Morse's Security National Land and Mortgage Corporation, which allegedly had been paid \$41,000 in good-faith deposits by the developers.

5300 Corporate Center Manager Dick Willden, who resides in Arizona, directed his attorney to file a lawsuit Dec. 19 against Morse, Winget and related companies alleging fraud and racketeering. The

suit says Morse and Winget were supposed to have arranged \$64.7 million in loans and then to have added another \$20.8 million of their own money, as an equity investment, through a company called Intercontinental Holdings.

Morse was supposedly the manager of Intercontinental Holdings, L.L.C., and Winget supposedly a member. Winget, the suit says, "signed an operating agreement on behalf of Intercontinental Holdings in which, among other things, they represented that the company did exist and would perform on its commitments such as providing capital contributions to the project." But the lawsuit says that company does not exist and the Utah Division of Corporations says it is not registered with the state.

Winget, who was working with Morse to fund projects in Utah, Arizona and California, denies involvement in 5300 Corporate Center despite his being named a defendant in the action. "I am not a party to this lawsuit and request that my name be removed," Winget wrote Judge David Young, who was assigned the case. Morse told *Private Eye Weekly*, during a brief interview, that Winget was not involved in the 5300 South deal. "I don't know how his name ever got into that," he said.

Morse responded by counter-suing his former clients. Morse counter-claimed for \$30 million in damages. He accuses the 5300 Corporate Center developer of providing false information to use for packaging a loan. Morse's attorney, Timothy Willardson, sent Willden a letter blaming him for being in default on the loan agreement. "Those defaults include, without limitation, failure to timely provide documents and take out financing for the subject project," the letter said. The letter also put some of the blame on Morse's former employee, Grant Orton, saying he has been "defaming my client to their customers and otherwise tortiously interfering with my client's business."

The primary lawsuit alleges Morse claimed to have set up almost \$65 million in construction loans through Salt Lake City financial institution A.G. Edwards & Sons, Inc. That is, Morse was a lender and a broker. His Security National was to be the lender for the construction loan, but he disclosed he was getting the money

**"That Clare Morse and Jeril Winget are engaged in high finance projects at all, dealing with multi-million dollar projects in three states, is a bit baffling in light of their own failures in low-finance."**

from A.G. Edwards. The \$41,000 in good-faith deposits paid to Morse was supposedly deposited with A.G. Edwards for Security National to secure its loan. The complaint alleges the \$41,000 was not deposited with A.G. Edwards but that the defendants converted that money "to their own use."

A. G. Edwards though, denies any such deal with Winget and Morse. "We were in no way associated with them or any of their business ventures," manager Mike Ford told *Private Eye Weekly*. He said Security National had an account there but the brokers were told to invest the money or remove it. "We do not do any private funding out of this branch," Ford said. "They may have used our name, maybe they were looking for some

"Everyone is looking at Morse and pointing fingers at Morse," says his friend and co-trustee of the Morse Family Trust, real estate agent Dan Simons, "but Morse is not the culprit. I think when all is done we're going to find out it was the people around him that did the bad." Simons says Morse has lodged a complaint against R.R.I. with federal regulators. Advance loan fees Morse collected, "in one instance \$600,000 and another \$100,000," went to R.R.I., not into Morse's pocket, he said.

## THE PLAYERS

That Morse and Winget are engaged in high finance projects at all, dealing with multi-million dollar projects in three states, is a bit baffling in light of their own

trust under his supervision because Winget, himself, lacked the money and credit history required to deal with wholesale lenders. Dunn also hosted and attended meetings in which clients were pitched by Morse and Winget.

Winget and Morse, at first glance, are an unlikely match. Morse, bearded and stocky, is a Bingham High School graduate with no college education. He usually wears Wrangler jeans, reptile-skin cowboy boots and other western apparel. Until recently he drove Jaguar and Rolls Royce sedans. Winget, in contrast, is clean-shaven, dapper and a political science graduate who attended Brigham Young University on an athletic scholarship. Lacking the credit to buy his own car, Winget drives a Mercedes sedan Dunn provided him.

What Morse and Winget do share, along with their personal bad credit histories, is a desire to do big deals. Winget's role, in some of them, was as middleman or, in industry terms, broker to find and bring potential borrowers to Morse. Potential borrowers reportedly paid advance fees on the loans the two were attempting to broker.

A typical advance fee scam, according to the Federal Trade Commission, involves companies that claim they can guarantee a loan for a fee paid in advance. "Once the con artists have your money, they disappear and you never get your loan," according to an FTC bulletin.

Instead of brokering small, residential loans typical of many suspected advance fee swindlers, Winget's and Morse's deals, on commercial projects, were usually in the millions. The biggest that Morse's Security National Land & Mortgage tried to pull off was a massive, 32-story hotel planned for downtown San Francisco, kitty-corner from the Masonic Convention Center. California's Hampshire Properties sought funding for the 440-room facility from Security National and may have paid advance fees up to \$77,500, according to internal documents. Spokesperson Mimi Cary declined answering questions because

The two met in the New England LDS Mission where Dunn was president and Winget was one of his missionaries. Afterwards Winget married Dunn's oldest daughter, Marsha.

Dunn's business dealings with his son-in-law date back nearly two decades when Winget opened a Jiffy Lube in Provo and a newspaper advertisement touted the fact that "Elder Dunn" would appear at the grand opening to autograph books. For this wheeling and dealing team the line between religion and business, from there forward, would often be blurred.

In 1990, Dunn and Winget founded the American Values Foundation, an ill-fated attempt at organizing sports camps with famous Mormon athletes like Danny Ainge and Steve Young as camp instructors. The concept, which touted LDS values and sports heroes, included a St. George golf course/condo complex as a possible headquarters for the camps. The plan floundered after only one or two camps were staged.

Dunn and Winget formed two brokerage companies in 1995, Mortgage Centre Incorporated and Mortgage Capital Incorporated, when Winget was trying to recover from a string of failed real estate ventures. Winget was launching a new career brokering loans for home buyers and developers. But, having been sued repeatedly in connection with earlier developments, he lacked the resume and solid credit report brokers need to qualify to broker loans with wholesale lenders.

One wholesale lender, which required Winget to qualify Mortgage Capital, says Dunn was with Winget when he applied. Another lender said Dunn, as trustee of the family trust, was listed as a principal and officer of Mortgage Capital when it certified in November, 1995. A third industry source understood Dunn was a "financial backer, maybe an advisor" to Mortgage Capital.

Dunn, as trustee of the Jeanne C. Dunn Family Trust, provided the cash for Winget's brokerage companies. Dunn also lent his resume and credit report to help Winget qualify to arrange loans through lenders. In exchange for his Mortgage Centre "credit enhancement" Dunn was to get a share of each mortgage origination fee. Dunn's attorney, Call, says if Dunn had received any money "he would have received it as a trustee" for the family trust, not for himself.

Call denies his client has any current business involvement with Winget. Call said he understands Dunn is "not out there engaging in business transactions" for Mortgage Capital. But Call was unaware of Dunn's participation in hosting meetings at his posh, half-million-dollar Highland, Utah home a year ago when Winget and Morse met with potential clients from Hawaii (to discuss a St. George golf course project) and from Palm Springs (to discuss a hotel project in California and a golf course deal in Bullhead City, Ariz.). Call was likewise unaware that Dunn later flew to California for follow-up meetings with the Palm Springs borrowers and Nevada developers.

The Mortgage Capital case could reopen old wounds suffered by the Mor-



Emeritus General Authority Paul H. Dunn: leading business developers to his son-in-law Winget.



Jenif D. Winget: sued dozens of times in the past 10 years, he lives in his father's house.



Clarence "Clare" T. Morse: Until recently he drove Jaguar and Rolls Royce sedans.

credibility, but we had no tie to them whatsoever."

The \$300 South Corporate Center civil complaint also alleges that defendants Winget and Morse falsely claimed to have deposited \$23 million in escrow with First Utah Bank in account number 11-10618-5, to provide collateral for the project. John Hanson, president of First Utah Bank, was familiar with Morse and Winget but told *Private Eye Weekly* they never deposited \$23 million in his bank.

The complaint also alleges that Morse had arranged the long-term or permanent financing that would replace the construction loan once the hotel and business offices were built. The so-called "take-out" funding was said to have been committed to by the California company Residential Resources, Inc. The suit alleges the R.R.I. deal was rescinded "through fraudulent misrepresentations and concealment of information from the officers and directors of R.R.I."

Morse was secretary of the California finance company R.R.I. But Residential Resources officials began an investigation into their Utah representative, Morse, and terminated him as secretary in November. R.R.I. filed a report with the Securities and Exchange Commission alleging that Morse had "entered into unauthorized transactions on behalf of the Company without board approval." The SEC filing also said that further information had been presented to R.R.I. that Morse "has engaged in other serious acts of a potential unlawful nature." The company also sent Winget a letter ordering him to cease saying he represented R.R.I.

failures in low finance. Morse has filed for bankruptcy seven times in the last 10 years; an eighth time if you include the recent filing of the Morse Family Trust to block a Jan. 13 foreclosure on his South Jordan home. Winget has not taken out bankruptcy. But he suffered numerous legal judgments after having been sued dozens of times in the past 10 years. He fled the Murray home he once owned under notice of default and now lives in his father's house.

Despite their personal financial fail-

ures, both Winget and Morse formed finance-related companies, the vehicles for their efforts to line up millions for clients. Morse operates Security National Land & Mortgage Corp. (recently renamed Security National Public Relations) out of a Draper business office, which also houses his medical-billing business along with a company engaged in proposed projects in Tonga.

Winget's brokering company is Mortgage Capital Incorporated, a company he runs out of his Murray home. Winget's father-in-law, Dunn, helped establish and stake Mortgage Capital through the family

of possible civil litigation and because of the high-profile nature of the project. She said she even declined providing much information to the FBI because of the sensitivity of the hotel deal.

## DUNN'S FINANCIAL CONNECTION

If the FBI follows the money and tries to discover what happened to the tens of thousands of dollars paid in advance fees for as-of-yet undelivered loans, some of it may lead to Dunn's doorstep via Winget, if their past business connection is an indication.

**"They [Winget and Morse] may have used our name, maybe they were looking for some credibility, but we had no tie to them whatsoever."**

—A.G. Edwards' manager Mike Ford

mon Church in the mid-'80s when Dunn was linked to the Afco fraud. Dunn's picture had been used in salesmen's flip-charts to add credibility to the confidence scheme. Dunn served on an advisory board to Grant Affleck who was eventually convicted of swindling dozens of Utahns in connection with the Sherwood Hills condominiums near Logan and the Glenmoor Village subdivision in South Jordan. When authorities began investigating Afco, Dunn produced a letter of dubious origin to show he had resigned the company years earlier.

In the early '90s Dunn caused more embarrassment when this reporter uncovered Dunn's bogus war and baseball stories he related in books and speeches. Those revelations led to his being placed on emeritus status, although church officials said at the time that he was retired for health reasons.

Clare [Morse] was going to fund it.

In the background at that get-together, serving as what one observer called "Elder Statesman," Dunn. He was the person, according to sources, who introduced the California developers to the purported Utah money source. Dunn was friends with one of the California partners, John Lake, a Mormon dentist. Winget reportedly introduced his father-in-law using the term "Elder" to emphasize Dunn's ecclesiastic status. "Paul, in my impression, was there as a good old boy," said one who was at the meeting, "shaking hands and giving whatever credibility Jeril has, and then Jeril takes over."

One source familiar with the developers' position said the connection between Winget and Morse was never clear. "They represented at one time that they were separate entities," he said, "and that Jeril was doing this but doing it through Clare

**"Paul, in my impression, was there as a good old boy, shaking hands and giving whatever credibility Jeril has, and then Jeril takes over."**

—Palm Springs, Calif., business meeting attendee

### PALM SPRINGS, CALIF.

The setting for a meeting to discuss big money and big projects in mid-June last year was appropriate: a conference room at the Willow Springs Country Club near Palm Springs, Calif. Players from Utah, Nevada and California met to talk about financing a proposed golf course/condo project in Arizona and a hotel deal in Palm Springs.

The golf course would be built in Bullhead, Ariz., just under the bottom tip of Nevada, across the border—and Colorado River—from the gaming city of Laughlin. Over a buffet power lunch, the movers and shakers also discussed purchasing and re-badging—that is renovating and renaming—the Palm Springs Holiday Inn.

In that meeting two Utahns and their entourages were there acting as middleman and lender, promising funds for the California and Nevada developers. "Jeril [Winget] was the conduit, that's the way he represented it," said a meeting attendee. "He found the funding source.

Morse's company. But as time went on they claimed to be partners," he said, calling them "a two-headed animal."

After the country club get-together the Utah delegation toured the Palm Springs Holiday Inn, the hotel for which they were supposed to line up financing. Dunn, an avid golfer, mixed business with pleasure by playing a few holes of golf. "He was down here to talk about a project and to vacation," said one observer.

Winget and Morse wanted money up front, even before they arranged a loan. One source said Morse's company was paid an advance fee of about \$31,000 to provide money for the hotel.

Morse, in his one brief conversation with *Private Eye Weekly*, said he had lined up funding for the hotel, but the deal fell through when the hotel appraised for less than expected. "We worked on one down in California that we got committed to do and then their appraisal came in for less than the loan amount."

*Private Eye Weekly* learned that Morse and Winget were attempting to get the

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- 6) Lynda on a roller coaster.
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Cover Story *continued*

Southern California company Alliance Mining, Inc. to fund the Palm Springs hotel. A spokesman for the A.M.I. commercial mortgage division said the Palm Spring developers were trying to over-borrow and he expressed surprise that they had paid the brokers an advance fee.

**WAY OUT WEST COWBOY DINNER THEATER**  
ST. GEORGE

When school teachers John and Sharron Lamont moved from Merced, Calif., to St. George, Utah, this past year they were pursuing their dream. They quit their jobs after they had saved for years to open a dinner theater they wanted to call *The Way Out West Cowboy Dinner Theater* in the St. George suburb of Washington.

The Lamonts, converts to the LDS Church, placed everything on the line. They would need a construction loan

and after that a so-called take-out loan or long-term financing in a timely manner in order to keep financially afloat. Their connection to the Utah financiers was through Dunn.

Lamont had used one of Dunn's books, "Look At Your World," to read to his students in California. Last year his class wrote Elder Dunn, thanking him for the moral direction his book had provided. At the close of the letter Lamont mentioned he owned land near St. George and was trying to find funding for a dinner theater/chuck wagon.

"He wrote me a very nice letter thanking me for complimenting him on his book," Lamont said. "And he said if you need help with your financing my son-in-law, Jeril Winget, is in the business." That led Lamont to Winget who, in turn, brokered a purported deal for the funds with Clare Morse.

Morse required a "good-faith" \$5,000 deposit to put together the long-term,

\$1.1 million finance package. Lamont says, though, Zions Bank refused to make a construction loan because the bank "could not verify that Clare's company was able to make anything happen."

Lamont said Morse explained that one of his sources of money had been A.G. Edwards & Sons, Inc., the same company he had told the 5300 Corporate Center developers was backing his loan to them. Morse reportedly told Lamont he had lost Edwards because of the disgruntled, former employee, former in-house attorney, Orton, the same person Morse's attorney had blamed in connection with the 5300 Corporate Center funding failure.

So the Lamonts turned to Morse for the construction loan, paying him another \$11,000 and Winget \$2,500 in advance fees. So far no money has appeared, either for construction or for a mortgage. "It will just wipe us out," Lamont said, if the money does not come through. "Jeril Winget has worked very hard to do this thing," Lamont said. Lamont believes Morse was stonewalling Winget. "I think Jeril got mixed up with the wrong guy."

Last month, as *Private Eye Weekly* was making inquiries and after Lamont appealed to Dunn, directly, Winget and Morse placed a conference call to Lamont. "Clare had never once called me," Lamont said. "I had sent him faxes and letters. Tonight he called me and has assured me he has placed this with a company that can and will fund it."

Lamont would not disclose the potential source of the new loan, only to say it was "unusual" and "oddball." He would not comment further fearing it would endanger chances of getting the loan. "I guess I am so naive because I have been told and put off for so many months but here I am believing that he is actually going to do this," he said.

Beyond St. George, Winget and Morse have had other proposals in the works. The Arizona subdivision project Winget and Morse were supposed to fund is now floundering. Two Arizona joint venturers say they may go to the FBI after Winget and Morse failed to deliver financing for a 500-lot project in North Scottsdale, near Desert Mountain. The developers say they paid a \$90,000 advance fee to get the loan, but no money was lined up. So far Winget and Morse have not responded to a demand letter to return the fee.

The Utah pair continue scrambling to deliver loans on the St. George and Palm Springs projects. Even a belated delivery of the promised cash could blunt the FBI investigation as well as diminish the likelihood of more civil suits. Morse told a KTVX television reporter he was able to patch up the \$6 million Palm Springs hotel package. And he says the Lamont financing has been approved and that Lamont now has a loan commitment letter for his cowboy chuck wagon theater near St. George. ■

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