

JAN 03 2023

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
SOUTHERN DIVISION

PETER A. MOORE, JR., CLERK
US DISTRICT COURT, EDNC
BY CPB DEP CLK

No. 7:23-CR-1-130
No. 7:23-CR-1-230

UNITED STATES OF AMERICA)

v.)

JOSEPH WALKER FLOYD, IV, and)
WILLIAM FREDERICK FLOYD, JR.)

CRIMINAL INFORMATION

The United States Attorney charges, at all relevant times, the following:

Individuals and Entities

1. JOSEPH WALKER FLOYD, IV (J. FLOYD), resided in Whiteville, North Carolina, and/or Myrtle Beach, South Carolina.
2. WILLIAM F. FLOYD, JR. (W. FLOYD), resided in Whiteville, North Carolina, and/or Supply, North Carolina.
3. Floyd's Insurance Agency, Inc. (FIA), was a North Carolina corporation with its principal place of business in Whiteville, North Carolina. FIA was co-owned and operated by brothers J. FLOYD and W. FLOYD. FIA sold traditional insurance products and services to consumers, including home and auto insurance policies. Additionally, FIA sold unregistered securities to the public in the form of a promissory note offering, as described below.
4. Monthly Payment Plan, Inc. (MPP), was a North Carolina corporation with its principal place of business in Chapel Hill, North Carolina. At all relevant times, MPP was majority-owned and controlled by J. FLOYD and W. FLOYD. MPP

was in the business of providing loans that enabled consumers to finance a portion of their annual insurance premiums.

Securities Registration Requirements

5. Federal law required the registration of securities with the Securities Exchange Commission (SEC). The purpose of the registration requirement was to facilitate the SEC's efforts to prevent deceit, misrepresentations, and other fraud in connection with the sale of securities in the United States. As part of the registration process, the SEC required businesses to provide important financial information that allowed investors to make informed investment decisions. This information included a description of the company's assets and liabilities, comprehensive details about the securities offered for sale, and financial statements certified by independent accountants.

The FIA Loan Program

6. J. FLOYD and W. FLOYD, through FIA, offered an investment program in which individuals and businesses in southeastern North Carolina and elsewhere invested funds in exchange for interest-bearing promissory notes (hereinafter, the "Loan Program"). J. FLOYD and W. FLOYD signed the notes as personal guarantors.

7. The notes offered, sold, and issued through the Loan Program were securities as defined by law and therefore required to be registered with the SEC. J. FLOYD and W. FLOYD did not file a registration statement with the SEC at any

point on FIA's behalf. As a result, the only information available to investors about the offering was in the form of J. FLOYD and W. FLOYD's representations.

8. The promissory notes stated that investor principal was repayable within one year and interest was paid on a monthly basis. The interest rate on the notes varied over time. For example, between 2012 and 2020, the interest rate was six percent. Prior to that period, the interest rate was as high as 10 percent.

9. Although the promissory notes were entered into by FIA and individual investors, FIA did not use the borrowed funds to finance insurance premiums itself. Rather, FIA loaned the funds to MPP on an "as-needed" basis for this purpose. MPP, in turn, was obligated to repay the principal balance to FIA with interest.

10. The Loan Program investors were led to believe that, at all relevant times, FIA was earning sufficient profits from which to pay the promised rate of return and fund redemptions of principal, in whole or in part, upon demand. In truth, by 2012, FIA had borrowed more than \$20 million from the Loan Program investors and did not have the means to service the debt through any legitimate business source, including MPP's note receivable. J. FLOYD and W. FLOYD, as personal guarantors, were also unable to satisfy the debt obligation.

11. In order to forestall bankruptcy, the Loan Program was operated as a Ponzi scheme in which principal and profits were paid to existing investors with funds raised from more recent investors. The investors were never advised of this fact.

CHARGE

12. Paragraphs 1 through 11 are re-alleged and incorporated herein as though fully set forth in this charge.

13. From at least in or about 2012, and continuing until at least in or about March 2020, both dates being approximate and inclusive, in the Eastern District of North Carolina and elsewhere, the defendants, JOSEPH WALKER FLOYD, IV, and WILLIAM FREDERICK FLOYD, JR., did knowingly and willfully combine, conspire, and confederate to commit an offense against the United States, that is, selling and delivering unregistered securities, in violation of 15 U.S.C. §§ 77(a) and 77(x).

Object of the Conspiracy

14. The object of the conspiracy was to perpetuate the Loan Program and conceal FIA's insolvency and inability to pay by failing to register the promissory notes as required, thereby preventing investors from making informed decisions and inducing them to maintain or increase their investment positions to their detriment.

Manner and Means of the Conspiracy

The manner and means used to accomplish the object of the conspiracy included, but were not limited to, the following:

15. It was a part of the conspiracy that J. FLOYD and W. FLOYD, on behalf of FIA, accepted monies from Loan Program investors for the stated purpose of financing insurance premiums for others.

16. It was a further part of the conspiracy that J. FLOYD and W. FLOYD, issued promissory notes to Loan Program investors evidencing and personally guaranteeing repayment of the debt.

17. It was a further part of the conspiracy that J. FLOYD and W. FLOYD sold and delivered the promissory notes without registering the offering with the SEC as required, thereby depriving investors of critical information regarding the investment and FIA's financial condition, among other things.

18. It was a further part of the conspiracy that J. FLOYD and W. FLOYD caused the promissory notes and interest payments to be sent to investors in the Eastern District of North Carolina and elsewhere via the United States mail.

Overt Acts

In furtherance of the conspiracy, and to achieve the unlawful object thereof, the following overt acts, among others, were committed in the Eastern District of North Carolina and elsewhere:

19. On or about November 30, 2011, J. FLOYD and W. FLOYD signed and caused FIA to issue a letter advising Loan Program investors that their monthly interest rate would be reduced from eight percent to six percent, effective January 30, 2012.

20. On or about January 3, 2020, J. FLOYD and W. FLOYD signed and caused FIA to issue an unregistered promissory note to investor K.S., a Loan Program investor, following the receipt of K.S.'s additional investment of \$25,000.

21. On or about January 27, 2020, J. FLOYD and W. FLOYD caused FIA to issue an unregistered promissory note to S.D., a Loan Program investor, following the receipt of S.D.'s additional investment of \$5,000.

22. On or about February 13, 2020, J. FLOYD and W. FLOYD caused FIA to issue an unregistered promissory note to B.A., a Loan Program investor, following the receipt of B.A.'s additional investment of \$5,000.

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

FORFEITURE NOTICE

Each defendant is hereby provided notice that all of the defendant's interest in all property specified herein is subject to forfeiture to the United States.

Upon conviction of the offense alleged in this Criminal Information, the defendant shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), made applicable to this proceeding by 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived, directly or indirectly, from proceeds traceable to the offense.

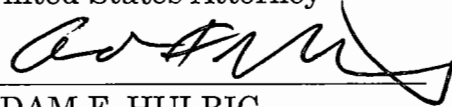
If any of the above-described forfeitable property, as a result of any act or omission of the defendants,

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the court;
- (4) has been substantially diminished in value; or

(5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

MICHAEL F. EASLEY, JR.
United States Attorney



ADAM F. HULBIG
Assistant United States Attorney
Criminal Division

Date: January 3, 2023