

ORIGINATIONS

National Mortgage News

HMAC alleges former exec poached wholesale brand with job switch

By [Brad Finkelstein](#) June 05, 2024, 10:27 a.m. EDT 5 Min Read

While the mortgage industry continues to see [its share of employee poaching and trade secret theft cases](#), a recent filing in California says that one alleged perpetrator took it to a new extreme.

In a case filed in the Orange County, California Superior Court defendant OCMBC is accused by Home Mortgage Alliance Corp. of not only poaching a company executive and a significant number of staffers, but also allegedly seeking to capitalize on the trade name of its wholesale unit, Jet Mortgage.

The executive involved is Michael Turturro, who joined OCMBC in May; he is also listed as a defendant in this action. A press release announcing his hiring at that company described him as the "founder" of Jet Advantage Mortgage, a new doing-business-as name for OCMBC that was launched at the same time.

"Our unwavering commitment to placing people and excellence at the forefront of our operations will be strengthened by this partnership," Turturro said in the May 16 release. "We are dedicated to exceeding expectations and delivering exceptional results."

HMAC's lawsuit is without merit, a statement from OCMBC said.

"We are aware of the dramatized lawsuit filed by Home Mortgage Alliance Corporation last Friday and announced by Alfred Hannah, who claims to be the company's founder," the OCMBC statement read. "Although according to the FHFA...all parties involved in the downfall of Affiliated Funding Corporation appear to be suspended from future participation with regulated entities, such as warehouse banks."

OCMBC included a copy of that May 19, 2017 order with its statement.

In response, HMAC said in its own statement "Any attempt to cast dispersions on HMAC's co-founder based on the closure of a previous, unrelated mortgage company, in the aftermath of the 2008 mortgage meltdown, is simply a distraction.

"This has nothing to do with the actions of the Defendants in this lawsuit. The loss of a previous, unrelated company a decade ago doesn't justify what could be described as the appropriation of another company's identity, staff, and intellectual property," the HMAC statement continued.

OCMBC said it offers a comprehensive solution to wholesale sales groups; it currently works with three such groups and stated it had [no need to seek or use information from other companies.](#)

"We have not violated any California laws; this is merely a routine transition of at-will employees to a new company," the OCMBC statement continued. "All DBAs we operate under are properly filed and marketed in compliance with county laws and NMLS requirements.

"This lawsuit is a groundless attempt by a less reputable entity to extract financial gain. We are committed to robustly defending ourselves and maintaining our stellar reputation in the industry."

Adding to the name confusion is a third entity named Jet Alliance, which Turturro created in October 2022. While Turturro was a HMAc employee, he contracted with Jet Alliance, referred to in the legal filings as Marketing Co., to "perform services for HMAc for the purpose of increasing loan originations through increased brand recognition," the filing said.

Turturro was brought on board at HMAc to develop the Jet Mortgage branding in September 2022 as the divisional president. Shortly before Turturro's hiring, HMAc filed to use the fictitious business name of Jet Mortgage.

In January 2023, Turturro was given oversight over HMAc's Unite Mortgage Division and in June he was promoted again to president, the legal filing said.

On May 1, Turturro resigned his posts at HMAc; the press release about his hiring at OCMBC was dated May 16.

"Right or wrong, people jump companies all of the time and have their employees move with them, especially on the wholesale side," said Alan Lindeke of SeldenLindeke LLP, the attorney for HMAc, in an interview.

"What makes this so egregious is Turturro was hired to build the Jet Mortgage brand," Lindeke said. "He directed money to be paid to Jet Alliance, which is believed to be a marketing company he owns to help build this brand and get this brand recognized in the wholesale marketplace."

Turturro was successful at this task, he noted.

But as Turturro made the switch to his new employer, mortgage brokers were alerting HMAc giving out the impression that the Jet Mortgage under HMAc's ownership was no longer in business and that he was now at "quote-unquote Jet 2.0." Lindeke said. He added that normally it takes several months to get a fictitious business name registered with licensing regulators, which generally must be approved prior to use, alluding to these events being planned well in advance.

Mortgage brokers were also telling HMAc that Turturro's operation was purporting to be the same company. HMAc executives went on Jet Advantage website and it said "same great company, different website," he noted.

Reportedly, Turturro's staff was calling those brokers telling them to send their applications to that website, claiming it was the same company at this new contact information, Lindeke continued.

Both companies are headquartered in Orange County, California but are national operations, further blurring the distinctions.

Before Turturro left, Jet Mortgage was on track to do \$75 million per month, said Marina Hanna, who is the corporate counsel for HMAc.

Jet Mortgage was left with approximately 10 employees. After the departure, production was down to \$30 million.

But the company is out recruiting account executives and other employees, Hanna noted.

HMAc is seeking that OCMBC be restrained from using in any manner the Jet Mortgage name and marks, as well as for damages at an amount to be proven at trial. The company is also asking that it be barred from soliciting HMAc employees along with current or prospective

In addition, employees were brought in from the retail side to help fill some of the gaps.

The leadership void at Jet Mortgage has also been filled for now.

"On an interim basis, Alfred Hanna, founder of both Jet Mortgage and HMAc, will assume the day-to-day leadership of Jet Mortgage until a new executive has been appointed," an HMAc statement issued at the time the suit was filed said. "Hanna remains fully committed to invest in and grow the Jet Mortgage brand."

A speedy resolution is unlikely. For example, another case involving poaching and trade secrets, filed by [Mutual of Omaha against Waterstone Mortgage](#) in July 2022 is just getting to trial nearly two years later.

For the losing party, these suits can be costly. In a 2016 verdict also in an Orange County court, a jury found that [Mount Olympus Mortgage was damaged to the amount of \\$25 million](#) when Guaranteed Rate hired loan officers Ben Anderson and Brian Decker, who were alleged to have brought loan files, borrower information and other proprietary data to their new employer.

More recently, an [Ohio jury found in favor of Equity Resources](#) in a case against Revolution Mortgage but only assessed damages of \$70,000.