

# ***DEPARTMENT OF JUSTICE***

**United States Attorney Anne M. Tompkins  
Western District of North Carolina**

**FOR IMMEDIATE RELEASE  
MONDAY, OCTOBER 31, 2011**

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**FORMER MANUFACTURED HOUSING SALES MANAGER PLEADS GUILTY TO \$4.8 MILLION MORTGAGE AND CONSUMER FRAUD CHARLOTTE, N.C.** – A Hickory man and former manufactured-housing sales manager pled guilty today in U.S. District Court in Charlotte to conspiring with others to defraud buyers of manufactured housing and the mortgage lenders used for their financing, announced Anne M. Tompkins, U.S. Attorney for the Western District of North Carolina.

U.S. Attorney Tompkins is joined in making today's announcement by Kenneth R. Taylor, Jr., Special Agent in Charge, Office of the Inspector General, Office of Investigation of the Department of Housing and Urban Development (HUD-OIG); North Carolina Attorney General Roy Cooper; Karen Citizen-Wilcox, Special Agent in Charge, Office of the Inspector General, Office of Investigation of the U.S. Department of Agriculture (USDA-OIG); Joseph A. Smith, Jr., North Carolina Commissioner of Banks (NCCOB); and Keith Fixel, Inspector in Charge of the Charlotte Division of the U.S. Postal Inspection Service (USPIS).

A criminal bill of information filed on October 14, 2011, charged Roger Dean Bailey, Jr., 38, of Hickory, N.C., with one count of conspiracy to commit wire fraud and making false statements to HUD; two counts of making false statements to HUD; and two counts of wire fraud. Bailey was formerly the manager of Homes America in Hudson, N.C., a sales branch of Phoenix Housing Group, a manufactured housing retailer previously headquartered in Greensboro, N.C.

According to the criminal information, Bailey was involved with the origination of up to 154 HUD/FHA-insured mortgage loans from 2004 to 2008, totaling more than \$16 million, with losses currently exceeding \$4.8 million. While the loans were originated by various lenders, 74 of them, totaling more than \$9 million, were originated by a single loan officer in Asheville, N.C. The criminal information states that Bailey solicited consumers by misrepresenting financing terms, including ads claiming Homes America had a rent-to-own program when it did not. According to the bill of information, Bailey also collected down payment funds for which borrowers received no credit. Bailey also obtained, as an interested third-party and in violation of FHA regulations, borrower information and documents and provided these, along with altered and forged documents and false information related to customers' income, assets, and credit, to lenders in order to qualify customers for mortgage loans they were not truly qualified for or able to repay. The bill of information states Bailey also obtained inflated appraisals, misrepresented the source of down payment funds, and coerced consumers to sign closing documents.

Phoenix Housing Group, a privately owned partnership with seven to twelve sales branches doing business as Homes America or Southern Showcase Housing in North and South Carolina and Virginia, ceased doing business in January 2011 as part of a settlement with the Consumer Protection Division of

the North Carolina Attorney General's Office. This settlement stemmed from a state civil action filed in November 2009, claiming Bailey, then the owner of K and B Home Builders in Hickory, N.C., along with other employees and/or managers of Phoenix Housing Group, as well as other lenders, businesses and individuals, were involved in deceptive consumer practices.

Bailey faces a maximum sentence of up twenty-nine years imprisonment and \$1,250,000 for all counts in the bill of information, including five years for conspiracy, two years each for making false statements to HUD and twenty years imprisonment for each count of wire fraud, and fines of up to \$250,000 for each count. Bailey's sentence will be influenced by the Federal Sentencing Guidelines, which the Court consults in order to determine the defendant's actual sentence.

Sentences are based upon a formula that takes into account the severity and characteristics of the offense and the defendant's criminal history, if any. A sentencing date for Bailey has not been set yet.

The prosecution for the case is being handled by Assistant United States Attorney Michael Savage of the U.S. Attorney's Office in Charlotte. The investigation is being handled by HUD-OIG and USDA-OIG, investigators with North Carolina's State Bureau of Investigation, the NCCOB, the Consumer Fraud Divisions of the North Carolina Attorney General's Office, and USPIS.