



Department of Justice

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

FOR IMMEDIATE RELEASE
WEDNESDAY, August 13, 2014
<http://www.usdoj.gov/usao/ncw>

CONTACT: Lia Bantavani
704-338-3140
Lia.Bantavani@usdoj.gov

**HICKORY MAN HANDED DOWN 30 MONTH PRISON SENTENCE IN
CONNECTION WITH MULTI-MILLION DOLLAR MORTGAGE AND CONSUMER
FRAUD SCHEME**

STATESVILLE, N.C. – Roger Dean Bailey, Jr., 41, of Hickory, N.C. was sentenced to 30 months in prison today for his role in a mortgage and consumer fraud conspiracy involving manufactured and modular homes, announced Anne M. Tompkins, U.S. Attorney for the Western District of North Carolina. U.S. District Judge Richard L. Voorhees also ordered Bailey to serve two years under court supervision and to pay restitution, the amount of which will be determined at a later date. Bailey pleaded guilty in October 2011 to conspiracy and fraud charges related to his and his conspirators' lies to buyers of manufactured and modular homes, to lenders who financed the home sales, and to the U.S. Department of Housing and Urban Development, which guaranteed the loans.

U.S. Attorney Tompkins is joined in making today's announcement by Nadine Gurley, Special Agent in Charge, Office of the Inspector General, Office of Investigation of the Department of Housing and Urban Development (HUD-OIG); Karen Citizen-Wilcox, Special Agent in Charge, Office of the Inspector General, Office of Investigation of the U.S. Department of Agriculture (USDA-OIG); Thomas L. Noyes, Inspector in Charge of the Charlotte Division of the U.S. Postal Inspection Service (USPIS); North Carolina Attorney General Roy Cooper; and Ray Grace, North Carolina Commissioner of Banks (NCCOB).

According to filed documents and statements made in court today, Bailey was a former sales manager with Homes America in Hudson, N.C. Homes America was a sales branch of manufactured housing retailer Phoenix Housing Group (PHG), previously headquartered in Greensboro, N.C. Court records indicate that from 2004 to 2008 Bailey was involved with the origination of up to 154 fraudulent HUD/FHA-insured mortgage loans worth over \$16 million. As a sales manager, court records show that Bailey convinced customers to purchase manufactured and modular homes which they could not afford by misrepresenting the financing terms, including that Homes America had a rent-to-own program, when it did not. Court records indicate that Bailey was able to secure mortgage loans for unqualified consumers by providing lenders with documents that contained fraudulent customer information, including false income, false assets, and false credit. According to court records, in some instances Bailey also obtained inflated appraisals, misrepresented the source of down payment funds, and coerced consumers to

sign closing documents. On some occasions, Bailey also collected down payment money for which borrowers received no credit.

In imposing the 30 month sentence on Bailey, Judge Voorhees emphasized that Bailey, who was the first defendant to plead guilty in the case, provided “exceptional cooperation.” However, in describing the customers defrauded during the scheme—many of whom were not familiar with the home buying process – Judge Voorhees cited that the fraud “visited losses on impecunious people.”

According to court records, of the 154 loans issued based on the false information provided by Bailey, 74 of those loans (totaling more than \$9 million) were originated by a single loan officer, Marina McCuen. McCuen worked in the Asheville office of W.R. Starkey Mortgage (WRSM), a mortgage loan company approved to originate loans insured by the FHA or guaranteed by USDA. McCuen, 50, was sentenced on August 4, 2014 to 50 months in prison and to one year of supervised release for her role in the conspiracy.

In addition to Bailey and McCuen, five other conspirators in this case have pleaded guilty and are awaiting sentencing:

- **Dennis Wayne Parris**, 56, of Pinehurst, N.C. was a Senior Vice President at PHG. He pleaded guilty in April 2014 to conspiracy to make false statements to a federal agency, submit false statements to HUD, and destroy records in a federal investigation.
- **Fabian Sparrow**, 36, of Burlington, N.C. was a sales manager at PHG’s sales center in Burlington. He pleaded guilty in June 2014 to conspiracy to make false statements to a federal agency and submit false statements to HUD.
- **Andrew B. McKeown**, 40, of Asheboro, N.C. was a sales manager at PHG’s sales center in Asheboro. He pleaded guilty in January 2014 to concealing the conspiracy to defraud the government and consumers.
- **Isaac “Ike” A. Vinson, IV**, 47, of Pawley’s Island, S.C. pleaded guilty in November 2013 to conspiracy to make false statements to a federal agency, submit false statements to HUD, and destroy records in a federal investigation. Vinson was a WRSM branch manager and loan officer in Myrtle Beach, S.C. He also supervised McCuen.
- **Joseph Klakulak**, 37, of Charlotte, was a loan officer for WRSM’s Charlotte office. He pleaded guilty in August 2013 to conspiracy to make false statements to a federal agency and submit false statements to HUD.

Court records show that Parris, Sparrow, McKeown, and Bailey sold over 1,100 homes to North Carolina consumers from PHG stores in Burlington, Asheboro, Granite Falls, and elsewhere, financed with more than \$158 million in government-insured loans. The fraudulent loans resulted in hundreds of mortgage insurance claims totaling more than \$24 million and net losses to the United States exceeding \$16 million at the time that charges were filed. In January 2011, PHG ceased business operations as part of a settlement with the Consumer Protection Division of the North Carolina Attorney General’s office.

The prosecution for the case was handled by Assistant United States Attorneys Michael Savage and Benjamin Bain-Creed, 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. In making today's announcement, U.S. Attorney Tompkins noted that substantial assistance in financial analysis was provided by the United States Marshals Service. Tompkins also thanked the U.S. Department of State for their assistance in the apprehension of Sparrow, who fled the United States for Doha, Qatar.

#