



Department of Justice

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THREE CHARGED IN \$1 MILLION BANK LOAN SCHEME

CHARLOTTE, N.C. – Stanley Reginald Barron, 37, of Cornelius, N.C. and his co-conspirator, Kimberlie L. Flemings, 49, of Mt. Holly, N.C., were indicted on federal charges in connection with a \$1 million bank loan scheme, announced R. Andrew Murray, U.S. Attorney for the Western District of North Carolina. A third person, Brian Lyles, 46, formerly of Jersey City, New Jersey, was also charged separately for his role in the conspiracy.

U.S. Attorney Murray is joined in making today's announcement by David M. McGinnis, Inspector in Charge of the Charlotte Division of the U.S. Postal Inspection Service (USPIS), and Steven Perez, Special Agent in Charge of the Northeast Region of the Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG).

According to the charging documents and court proceedings, from at least 2012 to 2015, Barron, Flemings, Lyles and others executed a fraudulent scheme to obtain automobile and personal loans from at least 19 financial institutions. The co-conspirators submitted dozens of fraudulent loan applications in their names, and the names of at least 30 other individuals, to at least 19 banks and credit unions. As a result of the fraudulent scheme, the indictment alleges that the three defendants obtained more than \$1 million in fraudulent loan proceeds.

According to allegations contained in the charging documents, Barron, Flemings and Lyles submitted the fraudulent loan applications for individuals they had recruited, falsely stating the loans would be used to purchase automobiles, among other things. Many of the recruited loan applicants had negative information in their credit histories which made getting legitimate loans difficult. Because of this, Barron and others fraudulently "cleaned" or "repaired" the credit reports of certain loan applicants to improve the chances of obtaining a loan from the banks and credit unions. For example, the indictment alleges, Barron and Flemings filed police reports online in the names of certain loan applicants, falsely claiming that the loan applicants were victims of identity theft and that the negative items on their credit reports were due to the identity theft. Barron, Flemings and others also submitted falsified supporting documents with the loan applications, including false employment and income information.

The indictment alleges that to further execute the scheme, Barron and his co-conspirators created fake automobile dealerships that purported to be the sellers of vehicles purchased with the fraudulent loans. They also set up bank accounts, websites, and addresses associated with these fake automobile dealerships and created fictitious purchase orders which were submitted to the financial institutions as part of the loan application.

According to allegations contained in court documents, Barron, Flemings and Lyles deposited the fraudulently-obtained checks from the financial institutions into accounts Barron controlled. After keeping a portion of the fraudulent loan proceeds, Barron distributed the rest to his co-conspirators. In this manner, Barron and others obtained more than 25 checks, totaling more than \$1 million, from at least 12 financial institutions.

Court documents allege that after Barron and others obtained the proceeds from the fraudulent loans, the majority of the loans defaulted, causing losses to the impacted financial institutions. To cover up the fraud, Barron and others made false statements to the defrauded banks and credit unions that attempted to collect on the debts, including that borrowers had been the victims of identity theft and that they had not authorized the loans.

Baron, Flemings and Lyles are charged with one count of conspiracy to commit wire and bank fraud. Barron and Flemings are also each charged with wire fraud affecting financial institutions and nine counts of financial institution fraud. Barron also faces a money laundering conspiracy charge.

An indictment is merely an accusation, and the defendants are presumed innocent unless and until proven guilty. The wire and bank fraud conspiracy charge carries a maximum sentence of 30 years in prison and a \$1,000,000 fine. The wire fraud affecting financial institutions charge carries a maximum prison term of 20 years in prison and a \$250,000 fine. Each of the nine financial institution fraud charges carry a maximum penalty of 30 years in prison and a \$1,000,000 fine. The money laundering conspiracy charge carries a maximum penalty of 10 years in prison and a \$250,000 Fine.

USPIS and FHFA-OIG led the investigation. Assistant U.S. Attorney Daniel Ryan of the U.S. Attorney's Office in Charlotte is in charge of the prosecution.

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