



Department of Justice

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FORMER BANK V-P PLEADS GUILTY TO BANK FRAUD CONSPIRACY

GAINESVILLE, GA - ROBERT RANDAL JONES, 50, of Cornelia, Georgia, pleaded guilty today before United States Magistrate Judge Susan S. Cole to participating in a conspiracy to defraud Community Bank & Trust ("CB&T").

United States Attorney Sally Quillian Yates said of the case, "Bank fraud is a critical problem affecting the whole country but has hit Georgia especially hard. Georgia leads the country in bank failures recorded since 2008, with 52 banks failing--including CB&T, the bank this defendant defrauded. Sadly, much of the problem stems from fraud like this. Prosecuting bank fraud is a major priority of the Department of Justice and this office will continue to lead the way with cases like this one."

According to United States Attorney Yates and the information presented in court: JONES was CB&T's Executive Vice-President and Chief Credit Officer. From February 2005 through May 2009, JONES conspired to commit bank fraud with some of CB&T's customers, including JOSEPH C. PENICK, JR., 50, of Cornelia, Georgia, DOUGLAS C. EMIG, 55, of Clarkesville, Georgia, and BERRONG MOULTON, 44, of Cleveland, Georgia.

In June 2005, PENICK obtained a loan for approximately \$500,000 from CB&T to finance his purchase of 54 acres of land in Hart County, Georgia. JONES approved this loan on behalf of CB&T. A month later, JONES arranged for PENICK to sell the 54 acres to EMIG for more than \$1.6 million (resulting in a profit to PENICK of more than 300%). JONES also approved a loan related to this purchase on behalf of CB&T. Out of his share of the profits from the sale of the 54 acres, PENICK paid a kickback to JONES of more than \$400,000 and paid a kickback to EMIG of \$270,000.

In August 2005, PENICK obtained a loan for approximately \$672,000 from CB&T to finance his purchase of another 98 acres of land in Hart County, Georgia. JONES approved this loan on behalf of CB&T. Eight days later, JONES arranged for PENICK to sell the 98 acres to EMIG for approximately \$1.6 million, resulting in a profit to PENICK of more than 240%. JONES also approved a loan to EMIG to make this purchase on

behalf of CB&T. Out of his share of the profits from the sale of the 98 acres, PENICK paid a kickback to JONES of more than \$371,000 and paid a kickback to EMIG of \$200,000.

In addition, MOULTON, a real estate developer and home builder, owed millions of dollars to CB&T on various personal and business loans, which he could not afford to repay. In an effort to prevent bank regulators from discovering how much money MOULTON had borrowed from CB&T, and in order to provide MOULTON with the funds he needed to pay the interest on his past-due loans at CB&T, JONES and MOULTON caused CB&T to make fraudulent loans to straw borrowers for MOULTON'S use and benefit. These loans were made in the names of MOULTON'S mother, wife, and daughter, as well as a fictitious entity called "ABK Designs." The principal amount of these fraudulent loans was approximately \$2.8 million. MOULTON'S mother, wife, and daughter had no knowledge of the fraudulent loans and did not benefit from them in any way. MOULTON used the proceeds of the fraudulent loans to make payments on his past-due loans at CB&T.

Finally, JONES fraudulently obtained more than \$800,000 from CB&T through a series of fraudulent loans that he set up in the names of various members of his own family, without their knowledge or consent. JONES forged the signatures of the people in whose names he obtained these loans and then used the loan proceeds for his own personal purposes.

PENICK and EMIG pleaded guilty on August 27, 2010, to a Criminal Information charging one count of conspiracy to commit bank fraud. MOULTON pleaded guilty on September 30, 2010, to a Criminal Information charging one count of conspiracy to commit bank fraud.

JONES, PENICK, EMIG, and MOULTON each could receive a maximum sentence of 30 years in prison and a fine of up to \$1,000,000. In determining their actual sentences, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

PENICK, EMIG, and MOULTON are scheduled to be sentenced before United States District Judge William C. O'Kelley on March 17, 2011, at 10 a.m.

JONES has agreed to a money judgment against him in an amount equal to the proceeds he obtained as a result of the conspiracy to defraud CB&T. He has also agreed to forfeit a substantial number of assets, including real and personal property, which will be used to satisfy part of the money judgment against him. Those amounts will be determined by the court. A sentencing date for JONES has not yet been scheduled.

These cases are being investigated by Special Agents of the Federal Bureau of

Investigation and the Federal Deposit Insurance Corporation, Office of Inspector General.

Assistant United States Attorneys Russell Phillips and Michael J. Brown are prosecuting the cases.

For further information please contact Sally Q. Yates, United States Attorney, or Charlyse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.