



Department of Justice

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BRENT M. LEE CONVICTED BY FEDERAL JURY OF BANK FRAUD AND RELATED CRIMES

PIKEVILLE, Ky. – Brent M. Lee, 41, of Pike County, Ky., was convicted by a federal jury yesterday, of conspiracy to commit bank fraud, two counts of aiding and abetting bank fraud, two counts of misapplication of bank moneys by a bank employee, and four counts of making unauthorized obligations by a bank employee.

The jury returned its verdict after a 3-day trial. The evidence established that Lee, while a Market President for BB&T, conspired with Paul D. Fannin, 49, a residential developer from Van Lear, and Chelsea Stone, 25, Fannin's daughter residing in Georgetown, to commit bank fraud. Fannin, who was one of Lee's major clients, had an outstanding loan with BB&T for \$950,000, for developing an 8-unit townhome project called Stone Crest Properties. When BB&T officials became concerned with the pace of progress on the project, compared with the amount of loan funds dispersed, BB&T downgraded the loan and required that Lee and Fannin follow certain protocols and procedures designed to keep a closer watch on the project before releasing more money to Fannin. Rather than follow BB&T's protocols, Brent Lee suggested to Fannin that they use Chelsea Stone to get a new loan from BB&T, the proceeds of which would go directly to Fannin.

Additionally, in October 2014, Lee had Stone sign numerous documents to obtain a commercial loan from BB&T, in the amount of \$100,000. Lee misrepresented to BB&T that the loan was intended to expand Stone's embroidery business; however, Stone owned no such business. The BB&T check issued for the loan was deposited into Paul Fannin's bank account. In November 2014, Lee had more documents prepared, which he also had Chelsea Stone sign, to get a new loan to pay off Stone's outstanding \$100,000 obligation. Then, in January 2015, Lee had documents prepared, which he again had Chelsea Stone sign, to get a new loan that would pay off the November 2014 loan and pay out an additional \$149,212.50. Almost all of this money actually went to Fannin. Lee then had this loan again extended, in July 2015, just two months before he resigned from BB&T. Of the \$250,000 gained through this scheme, Fannin spent at least \$120,000 at casinos in the area. BB&T lost more than \$248,000 as a result of Lee's fraudulent conduct.

Prior to trial, Fannin had pleaded guilty to conspiracy to commit bank fraud.

Robert M. Duncan, Jr., United States Attorney for the Eastern District of Kentucky; Joseph Moriarty, Federal Deposit Insurance Corporation, Office of Inspector General; and Amy Hess, Special Agent in Charge, Federal Bureau of Investigation, jointly announced the verdict. The United States was represented at trial by Assistant United States Attorneys Kathryn Anderson and Paul McCaffrey.

Lee is currently scheduled to appear for sentencing before Chief Judge Karen K. Caldwell, in Pikeville, on May 31, 2018 at 12:30. Lee faces a maximum penalty of 30 years in prison. However, his sentence will be imposed by the court after consideration of the United States Sentencing Guidelines and the federal statute governing the imposition of sentences.

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