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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA	:	PA DEPT OF BANKING
DEPARTMENT OF BANKING, BUREAU OF	:	
COMPLIANCE, INVESTIGATION AND	:	
LICENSING	:	
	:	Docket No. 10 <u>0129</u> (ENF-ORD)
	:	
v.	:	
	:	
JAMES ANDREW SPIKE, individually	:	
	:	
	:	

ORDER OF PROHIBITION

WHEREAS, the Department of Banking (the "Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et seq.; and

WHEREAS, the Bureau of Compliance, Investigation and Licensing (the "Bureau") is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department; and

WHEREAS, Chapter 3 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act (the "MBBCEPA"), 63 P.S. § 456.301 et seq., and the Secondary Mortgage Loan Act (the "SMLA"), 7 P.S. § 6601 et seq. were repealed by operation of law on November 5, 2008; and

WHEREAS, on November 5, 2008, the Mortgage Act replaced Chapter 3 of the MBBCEPA and the SMLA; and

WHEREAS, the Mortgage Licensing Act amended the Mortgage Act on August 5, 2009, See 7 Pa. C.S. §6101, et. seq., amended by Act 31 of 2009, H.B. 1654 (P.N. 2448); and

WHEREAS, on January 30, 2008 the United States Attorneys' Office, Western District of Pennsylvania, filed an indictment against James Andrew Spike ("Spike") (See Indictment attached as Exhibit A); and

WHEREAS, the Indictment alleged in its only count ("Count One") that "from in or around March 2005, and continuing thereafter until in or around December 2006, in the Western District of Pennsylvania and elsewhere, defendant James Andrew Spike, knowingly and willfully did conspire, combine, confederate and agree with persons known and unknown to the Grand Jury, to commit..." the offenses of Mail Fraud (18 U.S.C. § 1341), Wire Fraud (18 U.S.C. § 1343), Bank Fraud (18 U.S.C. § 1344), and Money Laundering (18 U.S.C. § 1956), all of which constituted a Conspiracy to Defraud the United States (18 U.S.C. § 371) (See Exhibit A ¶3); and

WHEREAS, the Indictment alleged Tiffany Lynn Sprouts and an individual, identified in the Indictment as MMP ("Another Individual"), operated the business Sprouts Mortgage, LLC, in Pleasant Hills, Pennsylvania ("Sprouts Mortgage") (See Exhibit A ¶2); and

WHEREAS, the Indictment alleged Spike was a mortgage loan borrower form Encore Credit Corporation, a national mortgage lender, located in Irvine, California (See Exhibit A ¶1); and

WHEREAS, the Indictment alleged Sprouts and MMP through Sprouts Mortgage recruited Straw Buyers ("Straw Buyers") to purchase residential real estate selected by Sprouts and MMP located in southwestern Pennsylvania in exchange for a portion of the loan proceeds (See Exhibit A ¶4); and

WHEREAS, the Indictment alleged the Straw Buyers included Spike and other buyers with favorable credit scores (See Exhibit A ¶4);

WHEREAS, the Indictment alleged Sprouts and MMP through Sprouts Mortgage

(a) created and obtained the documents to falsely inflate the Straw Buyers' employment and financial condition, to overstate income and assets, in order to increase the dollar amount that could be borrowed against the properties (See Exhibit A ¶6); and

(b) used appraisals with an inflated opinion of market value of the properties in order to increase the dollar amount that could be borrowed against the properties (See Exhibit A ¶7); and

(c) submitted the false and fraudulent documents to the financial and mortgage lending institutions by United States mail, including overnight delivery, by interstate wire transmissions, and in person (See Exhibit A ¶9); and

WHEREAS, the Indictment alleged Sprouts directed Spike to sign some of the false and fraudulent document (See Exhibit A ¶8); and

WHEREAS, the Indictment alleged Sprouts purchased a single family residential property located on Scenery Ridge Drive in Pittsburgh, Pennsylvania (See Exhibit A ¶10); and

WHEREAS, the Indictment alleged Sprouts and MMP:

(a) directed Spike to apply to Encore Credit Corporation for a mortgage loan to be secured by and to purchase the property on Scenery Ridge Drive (See Exhibit A ¶11); and

(b) deposited funds temporarily into a checking account owned by Spike to make it falsely appear that Spike had sufficient assets of his own to qualify for the loan and make the down payment (See Exhibit A ¶12); and

(c) directed Spike to falsely represent to the mortgage lender that the property was to be the primary residence of Spike (See Exhibit A ¶13); and

(d) sold, at an inflated price, the Scenery Ridge Drive property to Spike (See Exhibit A ¶14); and

(e) repaid, with the assistance of Spike, some loan repayments to lull the mortgage lender into believing that the loans would be repaid and to deter further examination and to avoid foreclosure of the loan (See Exhibit A ¶15); and

(f) took, with the assistance of Spike, some of the loan proceeds for their own use and benefit, including the purchase of additional properties and to further the scheme, and to the loss and detriment of the mortgage lender (See Exhibit A ¶16); and

WHEREAS, the Indictment alleged Spike in or around September 2005:

(a) cashed a check for \$6,000 drawn on First National Bank issued to him from an individual identified as MS (See Exhibit A ¶17(a)); and

(b) accepted into his checking account at National City Bank a wire transfer for \$49,000 drawn on National City Bank issued by a Straw Buyer identified as EM (See Exhibit A ¶17(b)); and

(c) deposited into his checking account at National City Bank a check for \$34,000 drawn on First Commonwealth Bank by a Straw Buyer identified as EM (See Exhibit A ¶17(c)); and

WHEREAS, the Indictment alleged Spike in or around October 2005:

(a) signed an application for a mortgage loan to Encore Credit Corporation to be secured by the Scenery Ridge Drive property (See Exhibit A ¶17(d)); and

(b) issued a check from his National City Bank account in the amount of \$22,560 to purchase a cashier's check for closing costs (See Exhibit A ¶17(e)); and

(c) obtained a \$521,500 mortgage loan from Encore Credit Corporation secured by and to purchase the property located on Scenery Ridge Drive (See Exhibit A ¶17(f)); and

(d) signed a settlement statement in connection with the purchase of the property (See Exhibit A ¶17(g)); and

(e) issued from his National City Bank checking account a check for \$4,000 to a straw buyer identified as MS (See Exhibit A ¶17(h)); and

(f) authorized a debit to his checking account at National City Bank for \$50,000 for benefit of Sprouts (See Exhibit A ¶17(i)); and

(g) deposited two checks totaling \$185,137 into his account at National City Bank (See Exhibit A ¶17(j)); and

(h) transferred \$185,137 from his National city Bank account for the benefit of Sprouts (See Exhibit A ¶17(k)); and

WHEREAS, Spike pled guilty on or around March 6, 2008 to Count One of the Indictment (See Exhibit B); and

WHEREAS, Count One of the Indictment contains felony offenses (See Exhibit A ¶3); and

WHEREAS, these felony offenses involved the mortgage industry; and

WHEREAS, the Department has the authority to “prohibit or permanently remove a person or licensee responsible for a violation of this chapter from working in the present capacity or in any other capacity of the person or licensee related to activities regulated by the department” 7 Pa. C.S. § 6138(a)(5); and

WHEREAS, Section 6138(a)(4) of the Mortgage Licensing Act (corresponding to Section 310(a) of the MBBCEPA and Section 16(1) of the SMLA) grants the Department broad

authority to issue orders as may be necessary for the enforcement of the Mortgage Licensing Act, 7 Pa. C.S. § 6138(a)(4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1));

AND NOW THEREFORE, based upon the foregoing, the Bureau, under the authority cited above, hereby imposes the following Order. Upon the effective date of this Order:

James Andrew Spike, as a natural person or as a corporation or as any other form of organization of any kind whatsoever, is hereby prohibited from working in the mortgage loan business as regulated by the Mortgage Licensing Act as a licensee, employee, independent contractor, agent, representative, or in any other capacity of any kind whatsoever, in any way whatsoever.

IT IS SO ORDERED.

Date: 5/14/10

Brian Crossland, Compliance Division Chief
Department of Banking
Bureau of Compliance, Investigation and Licensing
Market Square Plaza
17 N. 2nd Street, Suite 1300
Harrisburg, PA 17101

Exhibit A

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)

v.)

JAMES ANDREW SPIKE)

Criminal No. 08-50

(18 U.S.C. § 371)

[UNDER SEAL]

THE INDICTMENT

The Grand Jury Charges:

At all times material to this Indictment:

INTRODUCTION

1. Defendant JAMES ANDREW SPIKE was a mortgage loan borrower from Encore Credit Corporation, a national mortgage lender, located in Irvine, California.

2. An individual, identified as MMP, jointly operated with Tiffany Lynn Sprouts a business named Sprouts Mortgage, LLC, which was located in Pleasant Hills, Pennsylvania.

COUNT ONE

THE CONSPIRACY AND ITS OBJECTS

3. From in or around March 2005, and continuing thereafter until in or around December 2006, in the Western District of Pennsylvania and elsewhere, defendant JAMES ANDREW SPIKE, knowingly and willfully did conspire, combine, confederate and agree with persons known and unknown to the Grand Jury, to commit offenses against the United States, that is:

2009 JAN 30 PM 3:19
U.S. DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

(a) Mail Fraud, in violation of Title 18, United States Code, Section 1341;

(b) Wire Fraud, in violation of Title 18, United States Code, Section 1343;

(c) Bank Fraud, in violation of Title 18, United States Code, Section 1344; and

(d) Money Laundering, in violation of Title 18, United States Code, Section 1956.

MANNER AND MEANS OF THE CONSPIRACY

4. It was a part of the conspiracy that MMP and Tiffany Lynn Sprouts through Sprouts Mortgage recruited straw buyers, including JAMES ANDREW SPIKE, with favorable credit scores to separately apply for mortgage loans from various financial and mortgage lending institutions to purchase residential real estate selected by MMP and Tiffany Lynn Sprouts located in southwestern Pennsylvania in exchange for a portion of the loan proceeds.

5. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts created and obtained false and fraudulent documents in connection with the mortgage loans.

6. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts created and obtained the documents to falsely inflate the straw buyers' employment and financial condition, to overstate income and assets, in order to increase the dollar amount that could be borrowed against the properties.

7. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts used appraisals with an inflated opinion of market value of the properties in order to increase the dollar amount that could be borrowed against the properties.

8. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts directed defendant JAMES ANDREW SPIKE to sign some of the false and fraudulent documents.

9. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts submitted the false and fraudulent documents to the financial and mortgage lending institutions by United States mail, including overnight delivery, by interstate wire transmissions, and in person.

10. It was further a part of the conspiracy that Tiffany Lynn Sprouts purchased a single family residential property located on Scenery Ridge Drive, Pittsburgh, Pennsylvania.

11. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts, directed defendant JAMES ANDREW SPIKE, to apply to Encore Credit Corporation for a mortgage loan to be secured by and to purchase the property on Scenery Ridge Drive.

12. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts temporarily deposited funds into a checking account owned by defendant JAMES ANDREW SPIKE to make it falsely appear that defendant JAMES ANDREW SPIKE had sufficient assets of his own to qualify for the loan and make the down payment.

13. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts directed defendant JAMES ANDREW SPIKE to falsely represent to the mortgage lender that the property was to be the primary residence of defendant JAMES ANDREW SPIKE.

14. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts sold, at an inflated price, the Scenery Ridge Drive property to defendant JAMES ANDREW SPIKE.

15. It was further a part of the conspiracy that MMP, Tiffany Lynn Sprouts and defendant JAMES ANDREW SPIKE made some loan repayments to lull the mortgage lender into believing that the loans would be repaid and to deter further examination and to avoid foreclosure of the loan.

16. It was further a part of the conspiracy that MMP, Tiffany Lynn Sprouts and defendant JAMES ANDREW SPIKE took some of the loan proceeds for their own use and benefit, including the purchase of additional properties and to further the scheme, and to the loss and detriment of the mortgage lender.

OVERT ACTS

17. In furtherance of the conspiracy, and to effect the objects of the conspiracy, defendant JAMES ANDREW SPIKE, MMP and Tiffany Lynn Sprouts, did commit and cause to be committed, the following overt acts, among others, in the Western District of Pennsylvania:

(a) In or around September 2005, defendant JAMES ANDREW SPIKE cashed a check for \$6,000 drawn on First National Bank issued to him from an individual identified as MS;

(b) In or around September 2005, defendant JAMES ANDREW SPIKE accepted into his checking account at National City Bank a wire transfer for \$49,900 drawn on National City Bank issued by a straw buyer identified as EM;

(c) In or around September 2005, defendant JAMES ANDREW SPIKE deposited into his checking account at National City Bank a check for \$34,000 drawn on First Commonwealth Bank by a straw buyer identified as EM;

(d) In or around October 2005, defendant JAMES ANDREW SPIKE signed an application for a mortgage loan to Encore Credit Corporation to be secured by the Scenery Ridge Drive property;

(e) In or around October 2005, defendant JAMES ANDREW SPIKE issued from his National City Bank account a check for \$22,560 to purchase a cashier's check for closing costs;

(f) In or around October 2005, defendant JAMES ANDREW SPIKE obtained a \$521,500 mortgage loan from Encore Credit Corporation secured by and to purchase the property located on Scenery Ridge Drive;

(g) In or around October 2005, defendant JAMES ANDREW SPIKE signed a settlement statement in connection with the purchase of the property;

(h) In or around October 2005, defendant JAMES ANDREW SPIKE issued from his National City Bank checking account a check for \$4,000 to a straw buyer identified as MS;

(i) In or around November 2005, defendant JAMES ANDREW SPIKE authorized a debit to his checking account at National City Bank for \$50,000 for benefit of Tiffany Lynn Sprouts;

(j) In or around January 2006, defendant JAMES ANDREW SPIKE deposited two checks totaling \$185,137 into his account at National City Bank; and

(k) In or around January 2006, defendant JAMES ANDREW SPIKE transferred \$185,137 from his National City Bank account for the benefit of Tiffany Lynn Sprouts.

All in violation of Title 18, United States Code, Section 371.

True Bill,

~~FOREPERSON~~

~~MARY BETH BUCHANAN~~
United States Attorney
PA ID No. 50254

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)

v.)

JAMES ANDREW SPIKE)

Criminal No. 08-50

[UNDER SEAL]

CERTIFICATION AND NOTICE FOR FILING PRETRIAL MOTIONS

I hereby certify that I have been notified by the United States Magistrate Judge that all pretrial motions must be filed within ten (10) days of Arraignment unless the Court extends the time upon written application made within said ten (10) day period.

Date

Attorney for Defendant
JAMES ANDREW SPIKE

CRIMINAL CASE INFORMATION SHEET

Pittsburgh X Erie _____ Johnstown _____

Related to No. 07-331 Judge McVerry
(All criminal prosecutions arising out of the same criminal transaction or series of transactions are deemed related).

- CATEGORY: 1. _____ Antitrust & Securities Fraud
 2. _____ Tax
 3. X General Criminal

08-50

Defendant's name: James Andrew Spike

Is Indictment waived: _____ yes X no

Pretrial Diversion: _____ yes X no

Juvenile proceeding: _____ yes X no

Defendant is: X Male _____ Female

Superseding Indictment or Information: _____ yes X no

Previous case number: _____

If superseding, previous case was/will be:

- _____ Dismissed on defendant's motion
- _____ Dismissed on government's motion
- _____ After appellate action
- _____ Other (explain)

County in which first offense cited occurred: Allegheny County

Previous proceedings before Magistrate Judge: _____

Case No.: _____

PLEASE INCORPORATE MAGISTRATE CASE WITH CRIMINAL CASE

Date arrested or date continuous U.S. custody began: _____

Defendant: _____ is in custody X is not in custody

Name of Institution: _____

Custody is on: _____ this charge _____ another charge

_____ another conviction

_____ State _____ Federal

Detainer filed: _____ yes X no
 Date detainer filed: _____
 Total defendants: 1
 Total counts: 1
 Data below applies to
 defendant No.: 1
 Defendant's name: James Andrew Spike

SUMMARY OF COUNTS

<u>COUNT NO.</u>	<u>U.S. CODE</u>	<u>OFFENSE</u>	<u>FELONY</u>	<u>MISDEMEANOR</u>
1	18 U.S.C. § 371	Conspiracy	X	

certify that to the best of my knowledge the above entries are true and correct.

JAN 30 2008

DATE: _____

 BRENDAN T. CONWAY
 Assistant U.S. Attorney
 PA ID No. 78726

Exhibit B

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	2:08-cr-50
)	
v. <i>Andrew</i>)	
)	
JAMES ALLEN SPIKE,)	
)	
Defendant.)	

CHANGE OF PLEA

AND NOW, the defendant in the above entitled case hereby
withdraws his her plea of not guilty
entered February 8, 2008,

And now pleads guilty in open court

To count one

This 6th day of March, 2008.

[Signature]
(Defendant's Signature)

/
(Attorney for Defendant)

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

FILED

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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
COMPLIANCE, INVESTIGATION AND
LICENSING

PA DEPT OF BANKING

Docket No.: 10 0129 (ENF-ORD)

v.

JAMES ANDREW SPIKE, individually

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **Order of Prohibition** upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code § 33.31:

BY FIRST CLASS MAIL and CERTIFIED MAIL

James Andrew Spike
P O Box 873
184 Republic St.
Republic, PA 15475

Dated this 18th day of May 2010.

Sarah E. Sedlak
Commonwealth of Pennsylvania
Department of Banking
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(718) 787-1471