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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Beazer Accounting Head Found Guilty Of Securities Fraud

By **Sindhu Sundar**

Law360, New York (October 28, 2011, 8:41 PM ET) -- A North Carolina federal jury on Friday convicted the chief accounting officer of Beazer Homes USA Inc. on charges that he directed a seven-year accounting fraud scheme that led the model-home builder to misstate its revenues by millions of dollars.

Michael T. Rand was found guilty on seven counts including conspiracy, securities fraud and obstructing an official proceeding, following a two-week jury trial that began Oct. 11, according to court documents.

Rand faces a prison sentence of up to 125 years for his convictions and up to \$1.75 million in fines, based on U.S. Department Of Justice documents.

According to the August 2010 indictment, Rand entered into hidden agreements with a company that offered a model-home leaseback program, unbeknownst to Beazer Homes' auditors Deloitte & Touche LLC, who had rejected the plan because it broke accounting rules.

Rand proceeded to discuss the arrangement with an employee of the company despite acknowledging in their emails that "the Enron roof caved in," the indictment said.

In a conspiracy that spanned between 2000 and 2007, Rand also allegedly directed others to falsify accounting books and records at Beazer Homes through "cookie jar accounting," or manipulating the company's publicly reported financial statements.

In July 2009, Atlanta-based Beazer Homes accepted responsibility for the charges leveled against it in North Carolina federal court and agreed to pay restitution over time up to \$50 million, the DOJ said.

Neither prosecutors nor attorneys for Rand could immediately be reached for comment Friday.

The U.S. Securities and Exchange Commission also sued Rand on similar claims in its complaint filed in July 2009 in Georgia federal court. The SEC case is still pending.

In March, Beazer Homes CEO Ian McCarthy agreed to return the \$6.5 million in compensation he received while the company had allegedly engaged in accounting fraud, the SEC said in a statement at the time.

Rand is represented by Edward Garland, Donald Samuel and Patrick Sullivan of Garland Samuel & Loeb PC, Stephen Council of Rogers & Hardin LLP and Janice Singer-Capek of

Thomson & Singer PA.

The case is U.S. v. Rand, case number 3:10-cr-00182, in the U.S. District Court for the Western District of North Carolina.

--Additional reporting by Megan Stride. Editing by Elizabeth Bowen.

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