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FEATURED

Convicted Elkton builder must pay \$100K in restitution

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Court

ELKTON —A judge has ordered an Elkton-based general contractor to pay \$100,000 in restitution to his victims, after the defendant pleaded guilty to a misdemeanor in a criminal case in which he stood accused of improperly handling money paid to him by customers during two different

home construction projects.

Cecil County Circuit Court Judge William W. Davis Jr. imposed a one-year sentence on Gary Michael Slagle II, 42, of the unit block of Deer Creek Lane near Elkton, and then suspended all of it during Monday's proceeding, which occurred two days before his jury trial was set to start.

The judge then placed Slagle on five years of supervised probation in which, as the main condition, Slagle must pay the entire \$100,000 in restitution to his victims — Elkton-area residents William Baker, 65, and Stanley Kegley, 72 — within that time frame. Slagle must pay at least \$1,000 a month while on probation.

From the bench, Davis cautioned Slagle that, at some point, he would have to pay more than minimum \$1,000 a month in restitution to fully meet his probation requirement.

“Obviously, making the monthly (minimum) payment, you will be short forty grand at the end of the five years, which would be in violation of probation,” Davis told Slagle, who was at the defense table beside his Elkton-based lawyer, William F. Riddle III.

Davis imposed the sentence on Slagle moments after the defendant had pleaded guilty to violation of the Custom Home Protection Act, which is a misdemeanor.

Slagle pleaded guilty to that charge as part of a binding plea agreement reached by Riddle and Assistant State's Attorney Nathaniel Bowen.

(In a binding plea deal, the judge imposes the sentence specified in the agreement after the defendant pleads guilty to the specified charge or charges in that agreement.)

According to a statement of fact that Bowen read aloud in the courtroom, Slagle had entered into a \$357,000 contract with Doris Shepard — now deceased — and Baker in June 2014 to build a custom home in the 100 block of Plum Creek, which is off Oldfield Point Road, southwest of Elkton. The property is a short distance from the Elk River.

(Shepard was a friend of the Baker family, and they were buying the custom house together. Baker is listed as the late Shepard's personal representative.)

The purchasing party made requested payments to Slagle during the project, prosecutors reported.

However, according to the SAO's statement of fact, Slagle deposited those payments into a bank account designated for his building company — Generation Construction, Inc. — instead of putting that money into an escrow account.

Slagle later took that money out of the company's bank account, prosecutors reported.

"The money was withdrawn for purposes not permitted by law," Bowen said while reading the statement of fact, which did not specify the "purposes" and how they violated the law.

The judge outlined that \$50,000 of the total restitution Slagle must pay by September 2024 will go to Baker, while the other half will go to Kegley.

A similar alleged mismanagement of payments occurred after Kegley and his wife had contracted Slagle in June 2014 to build their custom rancher on the couple's property on Gilpin Avenue in Elkton, prosecutors reported.

Although the count to which Slagle pleaded guilty relates only to Baker, the binding plea deal reached by Bowen and Riddle included Kegley as a second victim as it applies to restitution, prosecutors said.

The remaining three charges, including ones relating to Kegley as a victim, were dismissed by the state as part of the plea deal, prosecutors added.

In February, a Cecil County grand jury handed up a four-count indictment against Slagle at the conclusion of a Cecil County Sheriff's Office investigation.

At that time, the indictment listed four identical charges — failure to maintain deposit on a new home, a felony that is punishable by up to 15 years in prison and a \$10,000 fine.

However, during a July proceeding, Cecil County Circuit Court Administrative Judge Keith A. Baynes amended two of those charges to failure to put surety in escrow, which is a felony, and the other two charges to the misdemeanor violation of the Custom Home Protection Act in response to a defense motion.

Court records indicate that Slagle was not arrested, but, rather, was issued a criminal summons Feb. 13, the same day that the grand jury handed up the original four-count indictment.

After the filing of that indictment, the Cecil Whig interviewed Baker and Kegley. The Whig was unable to reach Slagle for comment at the time of that article, which was published on Feb. 22

The following is summary of that article:

Kegley told the Whig that he and his wife gave Slagle two \$35,800 checks after hiring Slagle in June 2014 to build a custom rancher on Gilpin Avenue.

The first check to Slagle was to pay subcontractors for excavating and pouring the concrete basement, Kegley said. The second \$35,800 check was for framing work, he added.

By the time Slagle asked for a third check, however, concerns for the Kegleys had already arisen.

“We received a registered letter from the concrete company, saying they had not gotten paid by Slagle. He (Slagle) told us it was just a misunderstanding and that they would get paid,” Kegley recalled. “It was his intention to pay them later, even though they should have been paid with that first draw.”

The Kegleys declined to give Slagle a third check because the construction project was moving way behind schedule and because they had learned that other subcontractors also hadn't been paid.

“The house was suppose to be finished on Nov. 15, 2014. Here it was January (2015), and nobody was even working on the house anymore,” Kegley said, adding that he and his wife fired Slagle on Jan. 15, 2015, through a registered letter sent to Slagle by their lawyer.

After Slagle’s termination, four subcontractors came after the Kegleys for money owed to them, resulting in \$42,000 in liens on their property and forcing the Kegleys to hire a lawyer.

After firing Slagle, the couple handled the building of their rancher, hiring out for some jobs and tackling some on their own.

As for the case relating to the Plum Point Road property, Shepard and the Bakers hired Slagle in the spring of 2014 as the general contractor in the construction of a custom home, which, according to the agreement, was to be completed by October 2014.

Shepard paid Slagle a total of \$100,000 in two checks — one for \$82,000 and the other for \$18,000 — on June 17, 2014, near the outset of the project, which included excavation and concrete work for the basement, Baker said.

At Slagle’s request, Baker, acting as power-of-attorney for Shepard, gave him \$50,000 in late October 2014, according to Baker, who said the progression of the project “was not up to contract speed.”

In January 2015, some three months after the house completion deadline had passed, the Bakers and Shepard learned that “people, the subcontractors, were not getting paid,” according to Baker.

Baker learned that the concrete company had filed a lien, seeking payment of \$40,000, he said. Because there had been no payments, that company had walked off the job, leaving approximately \$13,000 in basement work left to be done, he added.

The other subcontractors that took action included a lumber company seeking \$50,000, a plumbing company seeking \$10,000 and a siding company seeking \$30,000, according to Baker.

In March 2015, approximately five months after the house completion deadline had passed, the Bakers and Shepard fired Slagle.

Afterward, Baker hired a lawyer to help fend off the various liens, according to Baker, who told the Whig that it cost him more than \$40,000 in legal fees to resolve them.

At age 84, Shepard died Dec. 31, 2015 — some 14 months after the home completion deadline had passed, Baker noted.
