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Description of document: Ten (10) Federal Housing Finance Agency (FHFA) Office of Inspector General (OIG) Reports of Investigation (ROI), 2019-2020

Requested date: 13-January-2021

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Source of document: FOIA Request  
FHFA-OIG FOIA Requester Service Center  
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**OFFICE OF INSPECTOR GENERAL**  
**Federal Housing Finance Agency**

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400 7th Street SW, Washington, DC 20219

January 28, 2021

By Electronic Mail

RE: Freedom of Information Act

This letter responds to your January 13, 2021 request pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. §552, which was received by the Federal Housing Finance Agency's Office of Inspector General (FHFA-OIG) on January 14, 2021. Your request has been assigned the tracking number 2021-FOIA-00007 and seeks the following information:

**A copy of the final report, report of investigation, closing memo, referral memo, closing letter and referral memo for each of the following closed FHFA OIG investigations: I-13-0208, I-14-0350, I-15-0543, I-16-0559, I-16-0596, I-16-0601, I-16-0625, I-18-0716, I-19-0760, I-19-0795.**

FHFA-OIG has conducted a search and has determined that it possesses **20** pages of records responsive to your request. These are attached.

Certain information contained in these records have been exempt and withheld under the following FOIA Exemptions:

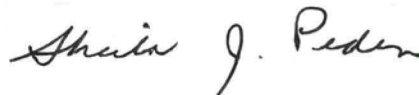
- (b)(3), Allows the withholding of information prohibited from disclosure by another federal statute provided that the statute.,
- (b)(5), Permits withholding information under the deliberative process privilege, including the pre-decisional documents, or information that could be withheld under civil discovery, attorney-client, or attorney-work product privileges.
- (b)(6), Permits withholding of records and information about individuals when disclosure would be a clearly unwarranted invasion of personal privacy.
- (b)(7)(C), Permits withholding of records when an unwarranted invasion of personal privacy could reasonably be expected.
- (b)(7)(E), Permits withholding of records when techniques and procedures for law enforcement investigations or process would be disclosed or provided such disclosure could reasonably be expected to risk circumvention of law.

This is the final decision on your request. You may contact me for any further assistance at [foia@fhfaoig.gov](mailto:foia@fhfaoig.gov). Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they

offer. The contact information for OGIS is as follows: *Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at [ogis@nara.gov](mailto:ogis@nara.gov); telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769.*

If you are not satisfied with the response to this request and believe this decision denies your request in whole or in part, you may appeal it in writing within 90 days by writing directly to the FOIA Appeals Officer via electronic mail, mail, delivery service, or facsimile. Your appeal must cite the applicable tracking number(s) for the request(s) you contend to have been denied. Your appeal must include a copy of the request(s) you contend to have been denied, a copy of the decision letter, and a statement of circumstances, reasons, or arguments you believe support disclosure of the requested record(s). Your appeal must also be clearly marked "FOIA Appeal: FHFA-OIG." The electronic mail address is: [foia@fhfaoig.gov](mailto:foia@fhfaoig.gov). For mail or delivery service, the mailing address is: FOIA Appeals Officer, Federal Housing Finance Agency, 400 7<sup>th</sup> Street, SW, Washington, DC 20219. The facsimile number is: (202) 649-1073. Your appeal must be postmarked or electronically transmitted within 90 days of the date of the response to your request.

Sincerely,

A handwritten signature in cursive script that reads "Sheila J. Peden".

Sheila J. Peden  
FOIA Officer





FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

Title of Investigation: (b)(6); (b)(7)(C) Mortgage Fraud; (b)(6); (b)(7)(C)

Type of Investigation: Criminal

Basis for Investigation

This investigation was initiated as a result of a referral from the Federal Deposit Insurance Corporation. The complaint involved two 70 percent United States Department of Agriculture (USDA) insured loans for \$20 million issued by Bank of Montgomery (BOM) (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) The Bank of Montgomery pledged \$2 million of these loans as collateral to the Federal Home Loan Bank of Dallas.

The USDA required that (b)(6); (b)(7)(C) have tangible balance sheet equity of 20 percent. In order to obtain the loans, (b)(6); (b)(7)(C) reported the value of the land on their balance sheet at the appraised value rather than at the actual cost, which is contrary to the Generally Accepted Accounting Principles (GAAP). In addition, the appraised value of the land appeared to be overstated to allow the (b)(6); (b)(7)(C) to report net worth consistent with the requirements of the USDA loan agreement.

Allegations and Focus of Investigation (Note: CIGIE requires a specific statutory citation)

The allegations focused on the (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) who allegedly made false statements to the USDA and BOM to obtain the loans. They were investigated for potential violations involving submitting false information to obtain the loans (18 U.S.C. Section 1014).

Summary of Investigation

The investigation found (b)(6); (b)(7)(C) allegedly structured the loans in a manner designed to obtain USDA approval (b)(6); (b)(7)(C) to avoid underwriting scrutiny by the USDA National Office. They caused appraisal reports to be submitted to the BOM which allegedly contained false and misleading information about the (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

Case No.: I-14-0350  
Prepared by: (b)(6); (b)(7)(C) Special Agent  
Approved by: Catherine Huber, Special Agent in Charge  
Region: Central Region  
Date of Report: January 8, 2020

Case Title: (b)(6); (b)(7)(C); Mortgage Fraud; (b)(6)  
Case No.: I-14-0350

(b)(6); They submitted to BOM financial information, statements, and opinions which allegedly misrepresented that 20 percent tangible balance sheet equity had been determined using a balance sheet prepared in accordance with GAAP. (b)(6); (b)(7)(C) also submitted to BOM documents which allegedly falsely and misleadingly represented (b)(6); (b)(7)(C) ability to complete the project and (b)(6); (b)(7)(C).  
(b)(6); Further, (b)(6); (b)(7)(C) also submitted to BOM alleged misleading statements as to why (b)(6); (b)(7)(C) needed waivers of the requirement to produce audited financial statements.

(b)(6); (b)(7)(C) defaulted on the loans, and in (b)(6); BOM sold the raw land for approximately (b)(6); (b)(7)(C) causing losses to the USDA and private investor(s) of \$10.1 million.

### Prosecution Disposition

(b)(6); (b)(7)(C)	(b)(5)
(b)(5)	

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

Title of Investigation: (b)(6); (b)(7)(C) ; False Statements; IL

Type of Investigation: Criminal

Basis for Investigation

This matter was investigated based upon a referral from the (b)(6); (b)(7)(C) Police Department. (b)(6); (b)(6); is a (b)(6); (b)(7)(C) real estate investment business. (b)(6); business model was to buy foreclosed or bank-owned (including GSE-owned) properties at low prices. (b)(6); (b)(6); would complete rehabilitation work on the properties, then sell the properties to investors as "turn-key" investments. Part of (b)(6); marketing as a turn-key business was to offer investor-buyers the company's property management services after purchase. It was alleged that (b)(6); was engaging in fraudulent activity in its marketing and sale of properties.

Allegations and Focus of Investigation (Note: CIGIE requires a specific statutory citation)

The allegations made against (b)(6); (b)(7)(C) (b)(6); (b)(7)(C), included misleading investors about the quality and the value of (b)(6); properties listed for sale. Due to the volume of out-of-state investors obtaining loans, the allegations also concerned whether the investors were qualified to obtain multiple mortgage loans for investment. Many of these investment loans were sold to the GSEs. The allegations investigated included Bank Fraud (18 U.S.C., Section 1344) and Wire Fraud (18 U.S.C., Section 1343). Additional allegation included HUD low-income subsidy program abuse.

Summary of Investigation

Numerous interviews were conducted, to include those with investor-buyers of (b)(6); (b)(7)(C) properties. Some of the investor-buyers also used (b)(6); (b)(7)(C) to manage their properties after purchase. Loan and bank records were obtained to review loan origination information and the use of property management funds.

As a result of the interviews and analysis of documents, it was determined the loan origination files generally contained accurate information expected to support loan approval and appraised value. Analysis of available records for low-income housing subsidies did not verify allegations of abuse or fraud. However, analysis relating to billing and use of client funds in the property management business was limited because detailed property management records were non-existent or unobtainable, leading to an undetermined conclusion.

Case No.: I-18-0716

Prepared by: (b)(6); (b)(7)(C) Special Agent

Approved by: Catherine Huber, Special Agent in Charge

Region: Central

Date of Report: February 7, 2020

### Prosecution Disposition

This case was presented to

(b)(5)

(b)(5)

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

**Title of Investigation:** (b)(6); (b)(7)(C); Bank Fraud; VA

**Type of Investigation:** Criminal

**Basis for Investigation**

This case was predicated upon a referral from the (b)(6); County (Virginia) Sheriff's Department ((b)(6); County)). During the Department's investigation into a stolen water pump, it was alleged that the subject had purchased and flipped approximately 350 properties.

**Allegations and Focus of Investigation** *(Note: CIGIE requires a specific statutory citation)*

FHFA-OIG initiated an investigation which focused on the purchasing and selling (flipping) of properties by (b)(6); (b)(7)(C). (b)(6); County had uncovered hundreds of property "flips" in which (b)(6); was a participant. It appeared that (b)(6); was assisting home owners to sell their properties in non-arm's length transactions so he could purchase them at a low price and flip the properties for a profit. The series of flips were always profitable, which raised suspicions for (b)(6); County.

An investigation was initiated to determine if violations of Conspiracy to Commit Bank Fraud (18 U.S.C §1349) occurred.

**Summary of Investigation**

The investigation revealed (b)(6); (b)(7)(C) purchased over 375 properties in the (b)(6); (b)(7)(C) area between 2005 and 2015. Some of the properties were purchased through foreclosure auctions while others were purchased from the borrowers. FHFA-OIG requested information from Fannie Mae. A review of the documents showed approximately 100 loans were associated with Fannie Mae (both the original loan or the final loan).

Interviews conducted by FHFA-OIG and the (b)(6); (b)(7)(C) Police Department revealed (b)(6); did not assist the original borrowers in selling their properties, nor were the borrowers offered any financial assistance for selling their properties to (b)(6);. The end borrowers were also interviewed and confirmed they did purchase the properties from (b)(6); (b)(7)(C); however, the borrowers did not recall having any problems during the closing process, nor were any promises made for purchasing the property.

Case No.: I-16-0559  
Prepared by: Special Agent (b)(6);  
Approved by: Special Agent in Charge Robert Manchak  
Region: Northeast Region  
Date of Report: November 6, 2019



Case Title: (b)(6); Bank Fraud; VA  
Case No.: I-16-0559

### Prosecution Disposition

On August 13, 2019, this case was presented to (b)(5)  
(b)(5)

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

**Title of Investigation:** (b)(6); (b)(7)(C); FHFA Employee- Unreported Outside Activity; (b)(6); (b)(7)(C)

**Type of Investigation:** Administrative

**Basis for Investigation**

This investigation was opened based on a referral made to the Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG), Office of Investigations (OI) by the FHFA OIG Office of Audits (OA).

(b)(6);  
(b)(7)(C);  
(b)(7)(E)

(b)(6); (b)(7)(C); (b)(7)(E)

**Allegations and Focus of Investigation** (Note: CIGIE requires a specific statutory citation)

This investigation focused on determining (b)(6); (b)(7)(C) association with the business in question and failing to report (b)(6); (b)(7)(C) business activity in possible violation of 5 CFR § 9001.105(b), Outside Employment, Prior Approval for and Concurrence with Other Outside Employment.

**Summary of Investigation**

FHFA-OIG reviewed approximately 900 documents (b)(6); (b)(7)(C); (b)(7)(E)

This review indicated (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

However, the documents FHFA-OIG received from (b)(6); (b)(7)(C) FHFA personnel file did not indicate that (b)(6); (b)(7)(C) filed a Request for Approval of Outside Employment as required by 5 CFR § 9001.105(b). Also, (b)(6); (b)(7)(C) signed Confidential Financial Disclosure Reports (OGE Form 450) for 2017, 2018, and 2019 at Part III, "Outside Positions" did not disclose that (b)(6); (b)(7)(C) reported holding any outside positions.

During an interview with FHFA OIG Special Agents, (b)(6); (b)(7)(C) admitted that (b)(6); (b)(7)(C) did not reveal (b)(6); (b)(7)(C) external activity with the (b)(6); (b)(7)(C) by filing either a Request for Approval of Outside Employment or on (b)(6); (b)(7)(C) annual OGE Forms 450. Regarding the former (b)(6); (b)(7)(C) stated that this could

Case No.: I-19-0795

Prepared by: Special Agent (b)(6); (b)(7)(C)

Approved by: Special Agent in Charge Mark P. Higgins

Region: Mid-Atlantic

Date of Report: September 14, 2020

(b)(6); (b)(7)(C)



have been based on (b)(6) belief at the time that the (b)(6); (b)(7)(C) was not housing related. (b)(6) admitted (b)(6) failure to reference the business on her Forms 450 was possibly due to "willful blindness". (b)(6) also acknowledged familiarity with FHFA's Rules of Behavior Policy regarding

(b)(6); (b)(7)(C); (b)(7)(E)

### Prosecution Disposition

(b)(5); (b)(6); (b)(7)(C)

(b)(5); (b)(6); (b)(7)(C)

FHFA OGC

also instructed (b)(6) to declare this external activity on a Request for Approval of Outside Employment filed with (b)(6) supervisor and the FHFA OGC. FHFA OGC also advised that (b)(5); (b)(6) was counseled regarding reporting outside activities in the future.

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



## Report of Investigation (ROI)

**Title of Investigation:** Behrman, Jeffrey (Eagle Home Mortgage); Origination Fraud; WA

**Type of Investigation:** Criminal

### Basis for Investigation

The investigation was initiated based on information received from Freddie Mac alleging that loan officer Jeffrey Behrman falsified signatures on mortgage documents, which were ultimately submitted and material to loan approval.

### Allegations and Focus of Investigation

It was alleged that Jeffrey Behrman had forged the signatures of borrowers on more than 163 mortgage loans; many of which were purchased by the GSEs. Eagle Home Mortgage, Behrman's employer, discovered the alleged forgeries and self-reported to Freddie Mac.

This investigation was initiated to investigate potential violations of Title 19 & Title 9 of the Revised Code of the State of Washington. RCW 19.144.080 (Mortgage lending and homeownership - Unlawful actions — Fraud, misrepresentation, deceptive practices) and RCW 9A.60.020(1)(a) (Fraud – Forgery)

### Summary of Investigation

During a routine quality assurance review Eagle Home Mortgage discovered what appeared to be forged borrower signatures on loan documents processed by loan officer Jeffrey Behrman. Eagle Home Mortgage then audited other loan files processed by Behrman and discovered 163 mortgage loans with indications of forgery, which they self-reported to Freddie Mac.

During the investigation numerous borrowers were interviewed and documents reviewed. Forgeries were confirmed in 30 GSE purchased loans.

### Prosecution Disposition

The case was presented to the King County Washington District Attorney's Office for review and was subsequently accepted for prosecution. On April 19, 2019, Jeffrey Behrman was charged with one count each of RCW 19.144.080 and RCW 9A.60.020(1)(a).

Case No.: I-19-0760  
Prepared by: Special Agent (b)(6); (b)(7)(C)  
Approved by: Special Agent in Charge Jay Johnson  
Region: Western  
Date of Report: February 19, 2020



On June 26, 2019, Jeffrey Behrman pleaded guilty to one count of RCW 9A.60.020(1)(a) and was sentenced on the same day to 364 days in King County Jail.

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

**Title of Investigation:** CAPITAL ONE, SOCIAL ENGINEERING/PHONE SPOOFING, WASHINGTON DC AREA

**Type of Investigation:** Criminal

**Basis for Investigation**

This investigation was opened based on a referral from Capital One Financial Corporation (Capital One), reported through the Federal Bureau of Investigation. It was alleged that Capital One was duped into wiring funds to individuals impersonating clients of Capital One's Home Equity Line of Credit (HELOC) program through a sophisticated social engineering and phone spoofing scheme. Ninety percent of the instances of attempted compromise affected Government Sponsored Entity (GSE) properties.

**Allegations and Focus of Investigation** *(Note: CIGIE requires a specific statutory citation)*

The focus of the investigation was to determine whether a series of social engineering and phone spoofing schemes were conducted to wire funds of HELOC customers to individuals impersonating Capital One's clients.

The allegations comprised potential violations of Title 18, United States Code, Section 1344 (bank fraud) and 1030 (fraud and related activity in connection with computers).

**Summary of Investigation**

This investigation involved an alleged series of social engineering and phone spoofing schemes by individuals impersonating Capital One's HELOC customers. These individuals wired funds of Capital One's clients to other financial institutions. Of the 68 identified Capital One victims, 40 involved Fannie Mae loans and 23 are Freddie Mac loans. Capital One is a member bank of the FHLBank Atlanta. Interviews of relevant witnesses were conducted. All investigative documents obtained during the course of the investigation were reviewed to determine exposure and potential loss. Potential losses to lenders, including the GSEs, were estimated to be approximately \$500,000.

**Prosecution Disposition**

(b)(5)

Case No.: I-16-0625

Prepared by: (b)(6); (b)(7)(C), Special Agent

Approved by: Paul G. Conlon, Assistant Inspector General for Investigations

Region: HQ Operations

Date of Report: December 13, 2019

PAUL CONLON Digitally signed by PAUL CONLON  
Date: 2020.03.26 12:16:23 -0400



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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

Title of Investigation: (b)(6); (b)(7)(C) APPRAISER FRAUD; (b)(6)

Type of Investigation: CIVIL

Basis for Investigation

This case was predicated on information received from the United States Attorney's Office in (b)(6); (b)(6); (b)(7)(C) regarding a (b)(6); (b)(7)(C) in the United States District Court for the District of (b)(6);.

Allegations and Focus of Investigation

(b)(6); (b)(7)(C)

The investigation focused on whether the Defendants violated the False Claims Act as contained in 31 USC, Section 3729.

Summary of Investigation

The investigation was conducted by Special Agents from FHFA-OIG and HUD-OIG, who issued document requests to Fannie Mae, Freddie Mac and the HUD

Case No.: I-13-0208

Prepared by: Special Agent (b)(6);

Approved by: Special Agent in Charge Edwin S. Bonano

Region: Southeast

Date of Report: November 7, 2019



**Report of Investigation** *continued*

Case Title: (b)(6); (b)(7)(C) APPRAISER FRAUD

Case Reference No.: I-13-0208

Homeownership Center (HOC) and analyzed the provided records. The investigation focused on various development projects (b)(6); (b)(7)(C). Subpoenaed documents of several lenders' files were obtained and analyzed. FHA files were also obtained by the HUD-OIG agent. Buyers, appraisers, developers, (b)(6); (b)(7)(C) employees and industry insiders were interviewed.

**Prosecutive Disposition**

The Department of Justice (b)(5)

(b)(5)

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

Title of Investigation: (b)(6); (b)(7)(C); Qui Tam; EDNY

Type of Investigation: Civil

Basis for Investigation

The investigation was predicated upon a request from the United States Attorney's Office, Eastern District of New York (USAO-EDNY), for assistance with a qui tam against (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) Bank (b)(6);, alleging it falsified the quality of loan application packages it originated and then sold to Fannie Mae, as a component of the Government Sponsored Enterprises (GSEs).

Allegations and Focus of Investigation (Note: CIGIE requires a specific statutory citation)

The relator proposed the filing of a complaint alleging that (b)(6); (b)(7)(C) Bank violated 31 U.S. Code § 3729 with respect to two types of claims. First, the relator alleged (b)(6); made false or fraudulent statements about the quality of certain loans it sold to Fannie Mae related to their compliance with the GSE selling guide and GSE purchase contracts. The relator's second allegation was that (b)(6); made "material," false or fraudulent statements about the quality of certain loans at the time they were sold to Fannie Mae.

Summary of Investigation

The investigation was initiated to support the USAO-EDNY. (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

FHFA-OIG obtained and analyzed documents and records from various sources, including loan data and loan files from (b)(6); (b)(7)(C) data and files from Fannie Mae, and various audits and reports from the Federal Deposit Insurance Corporation (FDIC) to include court filings concerning its administrative actions and fines against (b)(6); (b)(7)(C). Analysis of all the data was conducted in an attempt to: (1) validate the relator's claims and (2) to determine if other banking laws had been violated by (b)(6); that were actionable by the USDOJ.

Case No.: I-16-0601  
Prepared by: Special Agent (b)(6); (b)(7)(C)  
Approved by: Special Agent in Charge Robert Manchak  
Region: Northeast  
Date of Report: May 15, 2020



In addition to the alleged false and fraudulent loan packages, the investigation revealed that (b)(6); mortgage loans had an unusually low default rate with many of the loans being pre-paid in full. Consequently, actual losses to the GSEs were relatively insignificant.

### Prosecutive Disposition

The investigative findings were presented to the USAO-EDNY, (b)(5)

(b)(5)

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

**Title of Investigation:** (b)(6); (b)(7)(C); Loan Origination/Multifamily; (b)(6); (b)(7)(C)

**Type of Investigation:** Criminal

**Basis for Investigation**

The investigation was initiated based on information received alleging that two (b)(6); (b)(7)(C) consulting firms committed fraud impacting the Federal Home Loan Bank – San Francisco (FHLB-SF) (b)(6); (b)(7)(C).

**Allegations and Focus of Investigation**

It was alleged that (b)(6); (b)(7)(C), and (b)(6); (b)(7)(C) a consulting firm, created a fraudulent list of potential buyers, for a project in (b)(6); (b)(7)(C), to obtain additional funding from the FHLB-SF's (b)(6).

This investigation was initiated to investigate potential violations of Title 18, USC 1344 (Bank Fraud).

**Summary of Investigation**

The investigation revealed that the FHLB-SF granted (b)(6); (b)(7)(C) in (b)(6); (b)(7)(C) funds to the project in (b)(6); (b)(7)(C). The (b)(6); (b)(7)(C) application was submitted with a list of potential home buyers. Investigators interviewed these potential buyers, as well as alleged tenants, property management, and bank personnel. (b)(3): Fed. R. Crim. P. 6(e), enacted by Act (b)(6); (b)(7)(C). During a review of bank records, it was discovered that a separate multifamily complex had been refinanced. The refinance application included a "rent roll" with a higher than usual occupancy rate, which was material to qualify for the refinance.

The investigation revealed that some of the information regarding the tenants/potential buyers, both to obtain the (b)(6); (b)(7)(C) grant and for the refinance, was false. Interviews of potential home buyers concluded that they had no interest in purchasing a residence at the project. Interviews of tenants listed on the "rent roll" confirmed they had never lived in the complex.

Case No.: I-16-0596

Prepared by: (b)(6); (b)(7)(C) Special Agent

Approved by: Jay Johnson, Special Agent in Charge

Region: Western

Date of Report: 01/23/2020



Case Title: (b)(6); Loan Origination/Multifamily: (b)(6)  
Case No.: I-16-0596

### Prosecution Disposition

The case was presented to

(b)(5)

(b)(5)

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FEDERAL HOUSING FINANCE AGENCY  
OFFICE OF INSPECTOR GENERAL



## Report of Investigation (ROI)

**Title of Investigation:** Dallas County Community Action Committee; Javier Gonzalez; TX

**Type of Investigation:** Criminal

### Basis for Investigation

This investigation was initiated based upon a referral from another federal law enforcement agency that received a complaint that Francisco Javier Gonzalez (Gonzalez), Vice President of Dallas County Community Action Committee (DCCAC), was running a foreclosure rescue scheme using the nonprofit business as a front. It was alleged Gonzalez told borrowers of FHA-insured loans and Fannie Mae owned loans to stop paying their mortgage loans and instead pay him cash. Gonzalez had promised the borrowers he would negotiate with the lenders to prevent any foreclosure.

### Allegations and Focus of Investigation *(Note: CIGIE requires a specific statutory citation)*

The allegations focused on Gonzalez and his company, Residential Counseling, which instructed borrowers who were facing foreclosure to pay him instead of their mortgage lenders. Gonzalez allegedly also submitted documents to lenders with false information to delay borrowers' foreclosures. Gonzalez was investigated for potential violations of Mail Fraud, 18 U.S.C. Section 1341.

### Summary of Investigation

The investigation found that between 2009 and 2016, Gonzalez, through his work at DCCAC, executed a foreclosure rescue scheme wherein he defrauded numerous homeowners under the guise that he was providing them with mortgage assistance. In many instances he prepared and submitted, on behalf of homeowners, mortgage loan modification applications, pay stubs, hardship affidavits, and verifications of employment that contained information that had been falsified by Gonzalez, and were often denied by lenders for being incomplete. In some instances, Gonzalez instructed borrowers to stop paying their mortgage loans and instead pay him so that he could forward the funds directly to the bank as a part of his rescue foreclosure negotiations. The investigation revealed that Gonzalez did not submit the money paid to him by the victims to the banks as he had promised, but instead used the money for his own personal expenses.

The investigation revealed that Gonzalez referred some of the victim homeowners to Gagandeep Seth (Seth), an attorney, for further loan modification assistance. The investigation further

Case No.: I-15-0543  
Prepared by: (b)(6); , Special Agent  
Approved by: Catherine Huber, Special Agent in Charge  
Region: Central Region  
Date of Report: January 8, 2020



revealed Seth directed at least one victim borrower to submit false income information to the Department of Housing and Urban Development in a borrower assistance application.

### **Prosecution Disposition**

As a result of this investigation the following individuals were prosecuted in United States District Court for the Northern District of Texas:

Javier Gonzalez pleaded guilty to one count of Mail Fraud and was sentenced on July 17, 2018 to five years in prison and two years of supervised release. He was also ordered to pay \$611,741 in restitution. Gonzalez was also ordered to forfeit a 2007 Dodge Nitro sport utility vehicle and approximately \$49,000 seized from two of his bank accounts.

Gagandeep Seth pleaded guilty to one count of Making a False Report to the Department of Housing and Urban Development and was sentenced on November 21, 2019 to one year of probation and ordered to pay \$98,991 in restitution.

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