



**Report of
Investigation**

**U.S. Department of Housing
and Urban Development
Office of Inspector General
*Office of Investigation***

File Number:

2011HQ002041I

District/Office:

Special Investigations Division (SID), Washington, DC

Title:

(b) (7)(C)

U.S. Department of Housing and Urban Development (HUD)
Office of Inspector General (OIG)

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

Narrative:

BASIS FOR INVESTIGATION:

On July 13, 2012, (b) (7)(C) HUD, OIG, Region 4,
(b) (7)(C) contacted HUD OIG Headquarters and reported a Suspicious Activity Report (SAR)
(Exhibit 1), (b) (7)(C) HUD,
OIG, Region 4, (b) (7)(C) related that the SAR (b) (7)(C)
(b) (7)(C) fraud scheme in the (b) (7)(C)

POTENTIAL VIOLATIONS:

Potential Criminal Violations

- Title 18 United States Code (USC) §1344 – Bank Fraud
- Title 18 USC §1001 – False Statements

(b) (7)(C)

Date:

December 14, 2015

Special Investigations Division

Special Investigations Division

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Previous Editions Obsolete

OIGM 3000 Appendix 14a

HUD-1408(12-95)

- Title 18 USC §1014 – False Statements on Loan Applications
- Title 18 USC §514 – Fictitious Documents
- Title 18 USC §493 – Forgery/Counterfeiting Lending Obligations
- Title 18 USC §1341 – Mail Fraud
- Title 12 USC §1709-2 – Single Family Equity Skimming
- Title 18 USC §641 – Theft
- Title 18 USC §2505 – Obstruction of Justice
- Title 18 USC §1623 – Perjury

Potential Administrative Violations

HUD OIG Manual 1752, Appendix 2 – The OIG Table of Penalties

- Arrest/Indictment/Conviction, misdemeanor and felony, Federal or State.
5 U.S.C. §7371 requires that any law enforcement official who is convicted of a felony be removed from the law enforcement position on the last day of the first full pay period after the agency receives notice of the felony conviction.
- Dishonest, infamous, or notoriously disgraceful conduct (including discreditable involvement with local of Federal Law Enforcement Authorities).
- Failure to meet personal financial obligations.
- Standards of Conduct (Ethics) violations.
- Lying under Oath.

RESULTS OF INVESTIGATION:

This investigation determined that (b) (7)(C) committed mortgage fraud by making False Statements on Loan Applications. (b) (7)(C) misrepresented (b) (7)(C) assets, rental income, rental occupancy and personal and business liabilities to numerous mortgage lenders and banks, to obtain loans that (b) (7)(C) would not have been qualified for based upon (b) (7)(C) true financial situation.

Specifically, (b) (7)(C) submitted false documentation to refinance several of (b) (7)(C) to obtain cash-out loans. (b) (7)(C) submitted forged rental leases, false leases for unoccupied rental properties which purported fictitious rental income sources, false leases with inflated rental income, a false certification letter claiming that (b) (7)(C) and therefore did not pay rent, and an outdated certificate of deposit (asset) claiming a balance of over \$70,000.00, which was already liquidated. In addition, (b) (7)(C) omitted numerous other liabilities, such as (b) (7)(C) personal monthly housing lease amount of approximately \$800.00, (b) (7)(C) and business expenses related to (b) (7)(C) (b) (7)(C) which included the monthly business property rental lease amount of approximately \$3,600.00.

This investigation also determined that (b) (7)(C) made false statements to investigators numerous times during the course of this investigation. (b) (7)(C) specifically made false statements verbally and in written sworn affidavits, on numerous occasions regarding his communication with (b) (7)(C) during the course of this investigation. (b) (7)(C) later changed (b) (7)(C) statements numerous times, both to SID and during courtroom testimony.

Both (b) (7)(C) were prosecuted by the U.S. Attorney's Office for the Northern District of Georgia (USAO-N/GA). (b) (7)(C) was convicted of two counts of 18 USC § 1014 – False Statements to a Federally Insured Institution, and was sentenced to serve 32 months in confinement, followed by five (5) years of supervised release. Additionally, (b) (7)(C) was ordered to pay restitution in the amounts of \$121,211.53 to Freddie Mac, P.O. Box 730453, Dallas, TX, and \$19,051.25 to First Tennessee Bank national Association, 165 Madison Avenue, Memphis, TN, for a total of \$140,262.78. (b) (7)(C) plead guilty to one count of 18 USC § 1001 – False statement, and was sentenced to serve three (3) years of probation, the first four (4) months of which were to be served on home confinement. Additionally, (b) (7)(C) was ordered to pay restitution in the amount of \$3,462.95 to HUD OIG.

DETAILS OF INVESTIGATION:

On (b) (7)(C) was interviewed by SID (Exhibit 2). (b) (7)(C) informed SID that (b) (7)(C) United States Department of Justice (DOJ) (b) (7)(C) requested (b) (7)(C) (b) (7)(E) (b) (7)(C) investigation. (b) (7)(E) (b) (7)(C) discovered that (b) (7)(C) was involved in the purchase/sale of a property from the target in 2007. During the search of that property purchased by (b) (7)(C) discovered that (b) (7)(C) had several other property transactions. The records search also revealed that (b) (7)(C) (b) (7)(C) reported (b) (7)(C)

A Lexis/Nexis search was conducted by SID which disclosed that (b) (7)(C) was an active business and (b) (7)(C) registered (b) (7)(C) located at (b) (7)(C) (b) (7)(C) and described as (b) (7)(C) (b) (7)(C) The (b) (7)(C) and records also reflected that annual registration was submitted, (b) (7)(C) A Lexis/Nexis search also disclosed that (b) (7)(C) had multiple properties.

SID conducted a review (b) (7)(C) completed and certified 2011 Confidential Financial Disclosure Report – Office of Government Ethics Form (OGE) 450, and Supplement OGE 450, which revealed that (b) (7)(C) did not (b) (7)(C) nor did (b) (7)(C) any real estate income or assets. A review of (b) (7)(C) 2008 OGE 450 revealed that in 2008, (b) (7)(C) did list income properties.

On July 26, 2011, (b) (7)(C) was interviewed by SID (Exhibit 3). When asked about (b) (7)(C) outside employment, (b) (7)(C) informed SID that (b) (7)(C) had (b) (7)(C) (b) (7)(C) also said (b) (7)(C) (b) (7)(C)

(b) (7)(C) was asked to identify any and all rental properties that (b) (7)(C) said that (b) (7)(C) currently did not own any properties or receive any property rental income. (b) (7)(C) said that (b) (7)(C)

previously owned multiple rental properties, but because of the economy, (b) (7)(C) had to "let them go" (b) (7)(C) (b) (7)(C) (b) (7)(C) reported the following previously owned properties:

(b) (7)(C)

[Agent's Note:

(b) (5)

(b) (5)

(b) (7)(C) previously reported all rental properties on (b) (7)(C) 011 OGE 450s; however, stopped reporting the properties (b) (7)(C) OGE 450s after they foreclosed. (b) (7)(C) Inspector General of Investigations (b) (7)(C) HUD, OIG, Office of Investigations (OI), Washington, DC, asked (b) (7)(C) (b) (7)(C) to explain why the properties no longer appeared on the OGE 450s. (b) (7)(C) reported (b) (7)(C) that (b) (7)(C) no longer had the properties.

On (b) (7)(C) (b) (7)(C) was interviewed by SID (Exhibit 4). (b) (7)(C) purchased houses, renovated them, located potential tenants, preferably Section 8 tenants, and then attempted to sell them as a package to real estate investors. (b) (7)(C) stated that in early 2008, (b) (7)(C) property, made some renovations, and attempted to locate potential tenants. (b) (7)(C) was (b) (7)(C) were partners in the investment on paper only. (b) (7)(C) was advised (b) (7)(C) to stay on paper with (b) (7)(C) interest. (b) (7)(C) was informed that (b) (7)(C) would "take her off the paperwork" shortly after the closing.

On (b) (7)(C) (b) (7)(C) who occupied the (b) (7)(C) was interviewed telephonically by SID (Exhibit 5). (b) (7)(C) (b) (7)(C) and paid \$1,000.00 per month. (b) (7)(C) (b) (7)(C) to the less expensive house.

On (b) (7)(C) (b) (7)(C) who (b) (7)(C) was interviewed by SID (Exhibit 6). (b) (7)(C) (b) (7)(C) rented the property from (b) (7)(C) recalled signing an initial lease in 2004 and a second lease in 2005. (b) (7)(C) that these were the only two (2) leases (b) (7)(C) signed with (b) (7)(C) further explained that (b) (7)(C) continued renting from (b) (7)(C) without signing new leases.

(b) (7)(C)

SID showed (b) (7)(C) rental property located at (b) (7)(C). (b) (7)(C) did not recall ever signing a lease after the leases (b) (7)(C). (b) (7)(C) confirmed that the signature on this lease appeared to be (b) (7)(C) however, was adamant that (b) (7)(C) did not sign a new lease (b) (7)(C) or after the first two (2) leases.

On (b) (7)(C) was again contacted by SID by email (Exhibit 7). SID provided (b) (7)(C) with a copy of a residential lease (b) (7)(C) which was submitted with (b) (4) to refinance one of (b) (7)(C) rental properties, located (b) (7)(C). This lease was used as a verification of rent/income on the Uniform Residential Loan Application (URLA) for the mortgage. (b) (7)(C) confirmed that neither (b) (7)(C) signatures were authentic. (b) (7)(C) responded by email stating, "That is absolutely not my signature. I can say 100%." (b) (7)(C) reiterated that (b) (7)(C) never signed another lease with (b) (7)(C).

On (b) (7)(C) provided SID with documentation regarding (b) (7)(C) Section 8 participant file from the AHA (Exhibit 8). [Agent's Note:

(b) (5)

(b) (7)(C) at various properties until (b) (7)(C). Due to limitations of file storage, this file only contained records from 2006 through 2008. However, the Application for Initial and Recertification of Section 8 Housing, dated (b) (7)(C) applied for a Section 8 voucher with (b) (7)(C). There was no landlord information provided for the time period of 1998-2005. [Agent's Note: According to

(b) (5)

On (b) (7)(C) was interviewed telephonically by SID (Exhibit 9). During the interview, (b) (7)(C) reviewed scanned copies of two (2) residential leases, dated September 7, 2004 and September 26, 2005, that were previously provided by (b) (7)(C) and two (2) residential leases, dated (b) (7)(C) and (b) (4) and (b) (7)(C) (b) (4) which were submitted (b) (7)(C) as a verification of rent/income for the respective URLAs. (b) (7)(C) reviewed (b) (7)(C) signatures on the leases from 2004 and 2005, and stated that (b) (7)(C) signatures and the leases appeared to be authentic. (b) (7)(C) reviewed the signatures on the August 1, 2006 and the August 26, 2006 leases, which were submitted (b) (7)(C) refinance loan applications, and denied (b) (7)(C) ever signed the leases and, and stated they did not appear to be authentic.

On (b) (7)(C) provided SID with additional documentation regarding (b) (7)(C) Section 8 participant file from the AHA (Exhibit 10). (b) (7)(C) was an AHA Section 8 (b) (7)(C) was a tenant. Additionally, (b) (7)(C) confirmed that the AHA paid (b) (7)(C) \$23,126.68, during that period, in Housing Assistance Payments (HAP). [Agent's Note: (b) (5)

(b) (5)

On (b) (7)(C) of a rental property located at (b) (7)(C) was telephonically interviewed by SID (Exhibit 11). (b) (7)(C) stated (b) (7)(C) was approached by (b) (7)(C) to invest in real estate, which (b) (7)(C) did in 2008 when (b) (7)(C) purchased an investment property. (b) (7)(C) partially renovated the house, after which (b) (7)(C) had the house re-appraised. (b) (7)(C) stated when the house appraised for double the original purchase price, (b) (7)(C) obtained a home equity loan with cash out. (b) (7)(C) stated the home equity loan was to be used to complete the remaining renovations; however, (b) (7)(C) took \$12,000.00 of the \$25,000.00 received at closing, and "disappeared." (b) (7)(C) provided a sworn statement detailing the transaction with (b) (7)(C) (Exhibit 12).

On (b) (7)(C) (b) (7)(C) was interviewed by SID (Exhibit 13). (b) (7)(C) provided documentation that detailed that (b) (7)(C) was a (b) (7)(C) property. (b) (7)(C) was listed as the tenant. According to the JHA documents, (b) (7)(C) was paid a total of \$29,277.00, from (b) (7)(C) (b) (7)(C).

On (b) (7)(C) (b) (7)(C) property, was interviewed by SID (Exhibit 14). (b) (7)(C) recalled signing a lease on (b) (7)(C) (b) (7)(C) and provided a copy of the lease to SID. (b) (7)(C) reported that (b) (7)(C) was evicted from (b) (7)(C) property without any prior notice from (b) (7)(C).

On (b) (7)(C) (b) (7)(C) was interviewed by SID (Exhibit 15). (b) (7)(C) (b) (7)(C) moved into (b) (7)(C) (b) (7)(C) said the rent was \$850.00 per month, and gradually increased to \$875.00 per month. (b) (7)(C) recalled that both (b) (7)(C) signed the first lease (b) (7)(C) never signed another lease. (b) (7)(C) recalled moving out of the unit (b) (7)(C) was shown a residential lease dated (b) (7)(C) from (b) (4) for (b) (7)(C) property, and a second residential lease dated (b) (7)(C) from (b) (4) for (b) (7)(C) property, that were submitted by (b) (7)(C) to obtain mortgages/refinance loans. (b) (7)(C) denied that the signatures on both leases were (b) (7)(C) and further stated (b) (7)(C) did not recall seeing or signing leases on the respective dates.

On (b) (7)(C) (b) (7)(C) was interviewed by SID (Exhibit 16). (b) (7)(C) (b) (7)(C) Section 8 landlord. (b) (7)(C) stated that (b) (7)(C) (b) (7)(C) and then again in (b) (7)(C) (b) (7)(C) stated (b) (7)(C) initially paid \$1,000.00 per month in rent (b) (7)(C) (b) (7)(C) and later paid only \$750.00 per month. (b) (7)(C) was shown a residential lease dated (b) (7)(C) from (b) (4) for (b) (7)(C) that was submitted by (b) (7)(C) to obtain a mortgage/refinance loan. (b) (7)(C) believed the lease to be completely accurate. [Agent's Note: (b) (7)(C) (b) (5) After reviewing the lease, (b) (7)(C) probably paid more rent. When asked if (b) (7)(C) paid the \$1,150.00 per month to

(b) (7)(C) indicated that (b) (7)(C) did not.

On (b) (7)(C) were interviewed by SID (Exhibit 17). (b) (7)(C) that they have never lived at (b) (7)(C) is documented on a residential lease in (b) (7)(C), (b) (4) submitted by (b) (7)(C) to obtain a mortgage/refinance loan. When the Wrights were shown the residential lease, dated (b) (7)(C) stated that they had never seen or signed the lease. (b) (7)(C) reviewed the lease and stated that the signature on the last page of the lease was not (b) (7)(C) signature. (b) (7)(C) further provided (b) (7)(C) which was photographed to show (b) (7)(C) actual signature, and a written statement attesting to the misrepresentation or forgery of (b) (7)(C) signature. Additionally, (b) (7)(C) provided (b) (7)(C) which was photographed to show (b) (7)(C) actual signature, and a written statement attesting to the information provided above.

On (b) (7)(C) was interviewed by SID (Exhibit 18). (b) (7)(C) stated that (b) (7)(C) "walked away" from all of (b) (7)(C) SID reviewed each of (b) (7)(C) known properties and numerous mortgage/refinancing loans. (b) (7)(C) provided details for each property including rent amounts, tenants and some refinancing dates. (b) (7)(C) confirmed that (b) (7)(C) signed certain leases and stated that (b) (7)(C) could have signed some of the leases on (b) (7)(C) or with (b) (7)(C) signature.

(b) (7)(C) was also shown several mortgage loan origination documents and certifications that were submitted for (b) (7)(C) that (b) (7)(C) signed numerous loan documents, such as the URLAs or HUD-1s, etc. However, (b) (7)(C) that (b) (7)(C) authorization to sign (b) (7)(C) signature. At certain points during the interview, (b) (7)(C) would state that (b) (7)(C) signed a document and then would state that the signature could be (b) (7)(C) but signed by (b) (7)(C) (b) (7)(C) said that (b) (7)(C) was not sure if (b) (7)(C) signed certain documents because (b) (7)(C) got really good at signing (b) (7)(C) signature.

Specifically, regarding a residential lease for (b) (7)(C) which was submitted for verification of rental income for several of (b) (7)(C) refinancing loans, (b) (7)(C) confirmed (b) (7)(C) signature on the lease. (b) (7)(C) witnessed (b) (7)(C) sign the lease. (b) (7)(C) stated that (b) (7)(C) never lived at the (b) (7)(C) stated "I know they (b) (7)(C) and (b) (7)(C) didn't live there. This is false." (b) (7)(C) continued that (b) (7)(C) was interested in and was supposed to move into (b) (7)(C) said (b) (7)(C) never considered moving into (b) (7)(C) said that (b) (7)(C) sign the lease. (b) (7)(C) said, "It's a mistake of my (b) (7)(C) When told that (b) (7)(C) (b) (7)(C) stated that the signature on the lease was not (b) (7)(C) responded, "I don't know how that got there. I have never forged a document." (b) (7)(C) also stated, "That lease of (b) (7)(C) is false. (b) (7)(C) never lived there. I don't know how the lease got in the file. I do not remember seeing that lease." (b) (7)(C) added (b) (7)(C) signed the lease (b) (7)(C) (b) (7)(C) and then decided thirty (30) days later, in February, that (b) (7)(C) did not want to rent the unit from (b) (7)(C) [Agent's Note: (b) (7)(C)]

(b) (5)

In general, (b) (7)(C) never submitted anything (documents) that (b) (7)(C) did not need. (b) (7)(C) stated, "I only do leases when someone moves in." (b) (7)(C) said that (b) (7)(C) put the loans together. When asked who (b) (7)(C) received the documents for the loans from, (b) (7)(C) said from either (b) (7)(C). When asked if (b) (7)(C) reviewed the supporting documents and details of (b) (7)(C), (b) (7)(C) said that all (b) (7)(C) does is look at the interest rate and property address to make sure it is right. (b) (7)(C) said, "I didn't look at it."

When shown the leases from (b) (7)(C) provided by (b) (7)(C) compared to the leases submitted with (b) (7)(C) loans, (b) (7)(C) stated that they "Don't look like (b) (7)(C) signatures." (b) (7)(C) explained that because (b) (7)(C) was involved in most of the loans that (b) (7)(C) obtained, and (b) (7)(C) wished to talk with (b) (7)(C) about the many discrepancies and documents submitted to obtain mortgages and refinancing, (b) (7)(C) stated that (b) (7)(C) was just (b) (7)(C) proxy."

(b) (7)(C) was asked about (b) (7)(C) signing (b) (7)(C) signature on many of these documents instead of signing (b) (7)(C) own signature and noting it was "for" or on (b) (7)(C) behalf. It was explained to (b) (7)(C) that when a person signs another person's signature, they usually sign their name, write "for" and then print the person's name for which they are signing. Further, it was explained that as (b) (7)(C) for HUD OIG, it is a common practice to sign for another person using the technique described. (b) (7)(C) stated that (b) (7)(C) was aware of this practice.

In addition, (b) (7)(C) was asked about being (b) (7)(C) while being a HUD OIG employee. (b) (7)(C) stated that (b) (7)(C) was (b) (7)(C) which allowed (b) (7)(C) to be a (b) (7)(C) was asked if (b) (7)(C) for anyone else, while serving as a HUD OIG employee. (b) (7)(C) replied "No." When informed about (b) (7)(C) (b) (7)(C) had a disabled child as well. (b) (7)(C) added that (b) (7)(C) notified HUD OIG of both of these Section 8 tenants (b) (7)(C) relationship, and went through the "ethics board" at HUD OIG. (b) (7)(C) added that (b) (7)(C) had no records or paperwork to support (b) (7)(C) claim. (b) (7)(C) never produced any documents to substantiate notification to HUD or HUD OIG. (b) (7)(C) was asked to provide any names of who (b) (7)(C) notified at HUD and/or HUD OIG, or the "ethics board," but (b) (7)(C) (b) (7)(C) stated that (b) (7)(C) did not recall any names or details.

(b) (7)(C) was also asked about the joint purchase of (b) (7)(C) that (b) (7)(C) made (b) (7)(C) and why (b) (7)(C) did not disclose this purchase to SID during prior interviews. (b) (7)(C) said (b) (7)(C) thought SID was only interested in properties that went into foreclosure. (b) (7)(C) said (b) (7)(C) (b) (7)(C) said (b) (7)(C) only had the property for three (3) months, fixed the property up, refinanced it, and "quit claimed" the property (b) (7)(C)

(b) (7)(C)

On (b) (7)(C) who (b) (7)(C) was telephonically interviewed by SID (Exhibit 19). This was a

follow-up (b) (7)(C) claim made during (b) (7)(C) interview by SID, during which (b) (7)(C) stated (b) (7)(C) and that (b) (7)(C) status as such was reviewed and approved by a HUD OIG "Ethics Board." (b) (7)(C) reported that (b) (7)(C) status as an (b) (7)(C) (b) (7)(C) was approved due (b) (7)(C) (b) (7)(C) was asked if any of (b) (7)(C) and reported as such to the AHA. (b) (7)(C) that none of (b) (7)(C) (b) (7)(C) and (b) (7)(C) has never filed any paperwork claiming that status to obtain housing assistance through the AHA or HUD.

On (b) (7)(C) the (b) (7)(C) on several of (b) (7)(C) mortgages/refinance loans, was interviewed by SID (**Exhibit 20**). (b) (7)(C) stated (b) (7)(C) never lived at (b) (7)(C) and denied ever seeing or signing the residential lease (b) (7)(C) from (b) (4) (b) (7)(C) reviewed the signature on the last page of the lease, and stated it was not (b) (7)(C) provided (b) (7)(C) which was photographed to show (b) (7)(C) actual signature, and provided a written statement attesting to the misrepresentation or forgery of (b) (7)(C) signature. (b) (7)(C) further confirmed that none of the handwriting on any of documents was (b) (7)(C)

On (b) (7)(C) that occupied the (b) (7)(C) was interviewed by SID (**Exhibit 21**). (b) (7)(C) where (b) (7)(C) located (b) (7)(C) rental unit in (b) (7)(C) was working on the property. (b) (7)(C) recalled that (b) (7)(C) met with (b) (7)(C) and that (b) (7)(C) (b) (7)(C) was not "finished." (b) (7)(C) stated that there were issues with the hot water tank, electric and plumbing. (b) (7)(C) said (b) (7)(C) signed a six month lease with (b) (7)(C) and recalled that (b) (7)(C) paid (b) (7)(C) approximately \$1,100.00 for the first month's rent, and a \$700.00 security deposit.

[Agent's Note:

(b) (7)(C), (b) (5)
(b) (5), (b) (7)(C)

(b) (7)(C), (b) (5) (b) (7)(C) stated that (b) (7)(C) did not fix the unit as promised so (b) (7)(C) did not pay the rent. (b) (7)(C) paid less than half of the agreed upon rent, and moved out in September 2008.

On (b) (7)(C) who occupied the (b) (7)(C) was interviewed by SID (**Exhibit 22**). (b) (7)(C) located (b) (7)(C) rental unit (b) (7)(C) did not recall filling out a lease application or signing a lease initially. (b) (7)(C) said the house was not functional for (b) (7)(C) to move into initially, but recalled moving into the house in approximately January or February of 2008. (b) (7)(C) did not pay a security deposit or rent initially. (b) (7)(C) instruction. (b) (7)(C) paid (b) (7)(C) \$400.00, and (b) (7)(C) must pay \$600.00 per month thereafter. (b) (7)(C) there continued to be issues with the electric, plumbing, and air conditioning, therefore (b) (7)(C) did not pay (b) (7)(C) rent. (b) (7)(C) said (b) (7)(C) of the necessary repairs, but nothing was done. (b) (7)(C) said that (b) (7)(C) (b) (7)(C) said that (b) (7)(C) only paid rent (b) (7)(C) about two or three times during the eight to ten months that (b) (7)(C) believes (b) (7)(C) paid cash to (b) (7)(C) \$400.00 one time and \$600.00 two times.

On [REDACTED] (b) (7)(C) was interviewed by SID (Exhibit 23). (b) (7)(C) stated [REDACTED] (b) (7)(C) and a [REDACTED] (b) (7)(C) recalled that in [REDACTED] (b) (7)(C) called a meeting of approximately eight to ten people to discuss investing in real estate. (b) (7)(C) said that (b) (7)(C) was attempting to recruit investors to purchase properties, fix the properties up, and sell them for a profit. (b) (7)(C) said that (b) (7)(C) was not interested in becoming a part of (b) (7)(C) investment group. (b) (7)(C) recalled that (b) (7)(C) then asked him to do a "walk through" on a few of [REDACTED] (b) (7)(C) [Agent's Note: [REDACTED]]

(b) (5)

[REDACTED] (b) (7)(C) said [REDACTED] (b) (7)(C) did a "walk through" of [REDACTED] (b) (7)(C) and determined that the property was uninhabitable, had been vacant for some time, and needed significant work to make the unit habitable. (b) (7)(C) said there was graffiti on the house, the mechanicals (heating/cooling, electric and plumbing) needed significant work, and the interior walls were deteriorating. (b) (7)(C) recalled that [REDACTED] (b) (7)(C) agreed to work on the unit for [REDACTED] (b) (7)(C) as a side job. (b) (7)(C) recalled that (b) (7)(C) came to the house while [REDACTED] (b) (7)(C) was working on it, and inquired about renting the unit. (b) (7)(C) recalled that [REDACTED] (b) (7)(C) to move into the property, even though more work was necessary. (b) (7)(C) recalled that (b) (7)(C) did not pay rent initially, and then began to pay a little bit. [REDACTED] (b) (7)(C) refused to pay the rent until the work was complete. [REDACTED] (b) (7)(C) made promises to (b) (7)(C) about making necessary repairs, but then told (b) (7)(C) not to bother completing repairs. [REDACTED] (b) (7)(C) refused to pay [REDACTED] (b) (7)(C) or to pay for materials. (b) (7)(C) recalled that (b) (7)(C) tried to cut corners on every repair that (b) (7)(C) made. (b) (7)(C) said that [REDACTED] (b) (7)(C) refused to do substandard work and devalue [REDACTED] (b) (7)(C) reputation, and ultimately refused to work for (b) (7)(C) again. (b) (7)(C) said that [REDACTED] (b) (7)(C) [REDACTED] (b) (7)(C) however, [REDACTED] (b) (7)(C)

On [REDACTED] (b) (7)(C) was interviewed by SID (Exhibit 24). [REDACTED] (b) (7)(C) in approximately April 2003, through a mutual friend and HUD employee, after [REDACTED] (b) (7)(C) began dating [REDACTED] (b) (7)(C) shortly after their introduction, and that (b) (7)(C) did not [REDACTED] (b) (7)(C) was married. Jefferson stated [REDACTED] (b) (7)(C) did not find out that (b) (7)(C) was married until approximately February 2010, after which [REDACTED] (b) (7)(C) recalled that when [REDACTED] (b) (7)(C) confronted [REDACTED] (b) (7)(C) with [REDACTED] (b) (7)(C) marital status, [REDACTED] (b) (7)(C) told [REDACTED] (b) (7)(C) was married before, but was divorced. (b) (7)(C) stated [REDACTED] (b) (7)(C) broke up with [REDACTED] (b) (7)(C) learned [REDACTED] (b) (7)(C) marital status, but that in approximately March of 2011, [REDACTED] (b) (7)(C) again and said that [REDACTED] (b) (7)(C) was separated and was in the process of getting a divorce. (b) (7)(C) said [REDACTED] (b) (7)(C) then resumed dating [REDACTED] (b) (7)(C) but stopped dating [REDACTED] (b) (7)(C) in February 2012 when [REDACTED] (b) (7)(C) found out [REDACTED] (b) (7)(C) was still married.

[REDACTED] (b) (7)(C) lived with [REDACTED] (b) (7)(C) for approximately one (1) year, from 2007 through 2008, at [REDACTED] (b) (7)(C) and that [REDACTED] (b) (7)(C) landlord required [REDACTED] (b) (7)(C) to sign a lease when [REDACTED] (b) (7)(C) paid the rent for both of them while [REDACTED] (b) (7)(C) and that (b) (7)(C) wrote checks to [REDACTED] (b) (7)(C) for the rent, and paid most of [REDACTED] (b) (7)(C) other bills. (b) (7)(C) recalled that [REDACTED] (b) (7)(C) was [REDACTED] (b) (7)(C) Additionally, (b) (7)(C) recalled that [REDACTED] (b) (7)(C) purchased investment properties [REDACTED] (b) (7)(C) while they were dating.

On (b) (7)(C) was re-interviewed by SID (Exhibit 25). (b) (7)(C) reiterated that (b) (7)(C) never lived at (b) (7)(C) however, during this interview, (b) (7)(C) changed (b) (7)(C) initial statement, and stated (b) (7)(C) did sign a lease for (b) (7)(C)

[Agent's Note:

(b) (5)

(b) (7)(C) was not (b) (7)(C) present for the signing of the lease, but facilitated the lease through (b) (7)(C) [Agent's Note:

(b) (5)

(b) (7)(C)

said (b) (7)(C) was a foreclosed property (b) (7)(C) just purchased, and was uninhabitable. (b) (7)(C) also looked at (b) (7)(C) with (b) (7)(C) but was not interested. In contradiction to this initial statement, (b) (7)(C) reported that (b) (7)(C) signed a lease with (b) (7)(C) in April or May, 2008, but it was not for (b) (7)(C) [Agent's Note:

(b) (5)

(b) (5) (b) (7)(C) further stated that the signature on the last page of the rental lease for (b) (7)(C) was in fact (b) (7)(C) signature, and that (b) (7)(C) never signed a lease for (b) (7)(C). Additionally, (b) (7)(C) stated (b) (7)(C) did not sign the lease in front of (b) (7)(C) stated the lease was blank, and that (b) (7)(C) might have signed the lease after (b) (7)(C) stated (b) (7)(C) never paid (b) (7)(C) any rent, nor moved into any of (b) (7)(C) rental properties.

When asked if (b) (7)(C) had spoken (b) (7)(C) about this investigation or (b) (7)(C) previous statement to SID, (b) (7)(C) said that (b) (7)(C) saw (b) (7)(C) about three or four weeks prior to this interview, but did not speak with (b) (7)(C) stated that there was no contact between (b) (7)(C) (b) (7)(C) that (b) (7)(C) may have talked (b) (7)(C) when (b) (7)(C) was outside cutting the grass on one occasion. [Agent's Note:

(b) (5)

On (b) (7)(C) was re-interviewed by SID (Exhibit 26). (b) (7)(C) recalled that (b) (7)(C) worked on (b) (7)(C) in early 2008. (b) (7)(C) stated the property was unoccupied from the time (b) (7)(C) purchased the property, until after (b) (7)(C) began working on the property. (b) (7)(C) said that (b) (7)(C) worked on the property (b) (7)(C) at which time, (b) (7)(C) went to work on (b) (7)(C) (b) (7)(C) recalled (b) (7)(C) was also unoccupied and was in "pretty bad shape." (b) (7)(C) worked on (b) (7)(C) for approximately one or two days until (b) (7)(C) resumed work on (b) (7)(C) recalled working on (b) (7)(C) (b) (7)(C) for two months after (b) (7)(C) until (b) (7)(C) knocked on the door to inquire about renting the property. (b) (7)(C) recalled that (b) (7)(C) moved into (b) (7)(C) (b) (7)(C) approximately three weeks later. (b) (7)(C) added that (b) (7)(C) worked on (b) (7)(C) (b) (7)(C) for approximately one month after (b) (7)(C) moved in.

On (b) (7)(C) was re-interviewed by SID (**Exhibit 27**). (b) (7)(C) recalled that in early 2008, (b) (7)(C) Deborah Kimble (Deceased), who was terminally ill. (b) (7)(C) moved out of Kimble's house approximately one week after Kimble's death. During this interview, (b) (7)(C) located a memorial service celebration brochure for Kimble. (b) (7)(C) Based upon this (b) (7)(C) specified that (b) (7)(C) in late March 2008, and recalled that (b) (7)(C) just purchased (b) (7)(C) and was making renovations to the property. (b) (7)(C) that no one recently occupied the property, based on conversations. (b) (7)(C) (b) (7)(C) and (b) (7)(C) own observations of the property. (b) (7)(C) recalled (b) (7)(C) told (b) (7)(C) did not have to pay rent until the repairs were made. (b) (7)(C) said that (b) (7)(C) moved into (b) (7)(C) during the first week of April 2008, and recalled that some of the repairs occurred by the third week of April.

On (b) (7)(C) for (b) (4) (b) (4) pertaining (b) (7)(C) refinanced by (b) (7)(C) was interviewed by SID (**Exhibit 28**). (b) (7)(C) that when (b) (7)(C) reviews a loan application (b) (7)(C) verifies all supplied information for accuracy and irregularity. In regard to the rental properties, (b) (7)(C) that (b) (7)(C) would verify if the loan applicant previously lived at the rental property and needed lease agreements to offset the mortgages. (b) (7)(C) a rental property should have been occupied and had proof of rental income for at least six months prior to the loan application being approved. (b) (7)(C) that if an expired lease was provided (b) (7)(C) would request the current lease with a minimum of six months rental history. (b) (7)(C) also stated that (b) (7)(C) was (b) (7)(C) with relatives, and not paying rent as (b) (7)(C) letter stated (b) (7)(C) would require a "rent free letter" from (b) (7)(C) and the family. (b) (7)(C) that if forged documents, false leases, misrepresented leases and/or omitted liabilities, such as (b) (7)(C) were known to (b) (7)(C) they would have raised issues in the underwriting/approval process. (b) (7)(C) added that (b) (7)(C) was surprised that someone from HUD would commit fraud and that "He knew what he was doing." (b) (7)(C) would not have approved this loan based (b) (7)(C) CA rent omission, false tenant lease misrepresentations, familial rentals, forged lease documents, and fraudulent leases in general.

On (b) (7)(C) was re-interviewed by SID (**Exhibit 29**), following the service of (b) (7)(E) (b) (7)(E) When asked about being in contact with (b) (7)(C) since the initial SID interview, (b) (7)(C) responded by stating that (b) (7)(C) did call (b) (7)(C) in May 2012, and (b) (7)(C) of being a liar. **[Agent's Note: (b) (5) (b) (5) (b) (7)(C) stated (b) (7)(C) hung up on (b) (7)(C) and did not discuss the case with (b) (7)(C) stated (b) (7)(C) immediately called (b) (7)(C) back two additional times; however, (b) (7)(C) stated (b) (7)(C) hung up immediately. (b) (7)(C) stated that (b) (7)(C) also saw (b) (7)(C) in person, but they did not speak. (b) (7)(C) did not disclose to SID that (b) (7)(C) contacted (b) (7)(C) due to the fact that (b) (7)(C) hung up on (b) (7)(C) and did not discuss the ongoing investigation.**

On August 23, 2012, SID reviewed three OGE 450s, and three Supplemental to OGE 450-A, pertaining to (b) (7)(C) for reporting years 2008 and 2010, and noted the following:

On (b) (7)(C) OGE 450 for reporting year 2008, (b) (7)(C) listed 7 rental properties under (b) (7)(C)

(b) (7)(C) as "Consolidated real estate holdings", (b) (7)(C) and (b) (7)(C) businesses (b) (7)(C) (Exhibit 30).

[Agent Note: (b) (5)]

On (b) (7)(C) OGE 450 for reporting year 2010, (b) (7)(C) listed no rental properties or (b) (7)(C) (b) (7)(C) did; however, list (b) (7)(C) as a franchise (b) (7)(C) (Exhibit 31).

On (b) (7)(C) OGE 450 for reporting year 2011, (b) (7)(C) listed no rental properties. (b) (7)(C) did; however, list (b) (7)(C) "doing business as" (b) (7)(C) (Exhibit 32).

On (b) (7)(C) was interviewed by SID (Exhibit 33). (b) (7)(C) and (b) (7)(C) were involved in an ongoing romantic relationship at the time of the interview. When shown copies of and asked about canceled checks and money wire transfers between (b) (7)(C) and (b) (7)(C), (b) (7)(C) reported that (b) (7)(C) loaned (b) (7)(C) \$8,000.00 for (b) (7)(C) business, and that (b) (7)(C) repaid (b) (7)(C).

On (b) (7)(C) was re-interviewed by SID (Exhibit 34). (b) (7)(C) provided a work estimate, which was quoted as \$29,650.00, for (b) (7)(C). (b) (7)(C) explained that (b) (7)(C) requested this estimate "So (b) (7)(C) could get a loan for the property." (b) (7)(C) stated that (b) (7)(C) claimed (b) (7)(C) needed the estimate paperwork to submit for refinancing the property, and to get "cash out". (b) (7)(C) said that once (b) (7)(C) got the loan, (b) (7)(C) began work on the property; however, (b) (7)(C) told (b) (7)(C) not to complete all of the actual work, and shortcut all of the repairs and replacements that were listed on the estimate. (b) (7)(C) stated that (b) (7)(C) believes (b) (7)(C) just wanted the estimate to secure the loan and to get the money.

On (b) (7)(C) refinanced by (b) (7)(C) was telephonically interviewed by SID (Exhibit 35). (b) (7)(C) reviewed (b) (7)(C) loan documents and stated that (b) (7)(C) should have disclosed and documented all liabilities and businesses on the URLA. (b) (7)(C) noted that if (b) (7)(C) signed a property rental lease for his (b) (7)(C) franchise storefront for \$3,500.00 per month, (b) (7)(C) should have disclosed that on the URLA as a liability on the "Assets and Liabilities" section. (b) (7)(C) that when (b) (7)(C) started the (b) (7)(C) should have listed that business as "Employed" or "Secondary Employment" or "Self-Employment" in the "Employment" section. (b) (7)(C) that (b) (7)(C) should have disclosed any payments associated with business expenses as a liability. (b) (7)(C) noted that undertaking an additional \$3,500.00 per month in rent would affect (b) (7)(C) eligibility to qualify for this loan. Additionally, (b) (7)(C) that (b) (7)(C) would have too much debt to be approved, if (b) (7)(C) had disclosed the PTAC liabilities. (b) (7)(C) recalled that (b) (7)(C) signed the declarations section, which states, "I affirm...all of the information is complete, accurate, etc. Anything left off violates this."

On (b) (7)(C)
(b) (7)(C)

(b) (7)(C)

(b) (7)(C)
(Exhibit 36). During this conversation,
after which, (b) (7)(C)

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

On (b) (7)(C)
(b) (7)(C) was interviewed by SID (Exhibit 37).

(b) (7)(C)

(b) (7)(C)

that (b) (7)(C) was aware that (b) (7)(C)

(b) (7)(C)

and served in law enforcement capacity.

(b) (7)(C)

badge and gun were visible during their dealings. (b) (7)(C) recalled that (b) (7)(C) received emails from

(b) (7)(C)

badge and address cover page.

(b) (7)(C) that (b) (7)(C) seemed to, “know what he was doing” in terms of mortgages and rental property investments. (b) (7)(C) recalled that (b) (7)(C) obtained a “handful of loans” from (b) (7)(C) through (b) (7)(C) further stated that (b) (7)(C) relied on provided information, verifications, and

(b) (7)(C) certification to go forward with the loans.

On (b) (7)(C) was interviewed by SID (Exhibit 38). (b) (7)(C) reported that (b) (7)(C) recalled (b) (7)(C) was, “promoted to the head of HUD,” which was a “big deal” because (b) (7)(C) stated that (b) (7)(C) came into (b) (7)(C) office “a couple of times” to sign paperwork for loans and was a repeat customer. (b) (7)(C) provided loan verification documents, and confirmed that the information was up-to-date. (b) (7)(C) further stated they requested up-to-date information, such as verifications of rent, income etc., for each new loan. Additionally, (b) (7)(C) that they did not keep a “rental portfolio” file for (b) (7)(C) to use for future loans. Regarding contact with (b) (7)(C) (b) (7)(C) that (b) (7)(C) recalled some email communication with (b) (7)(C) but none with (b) (7)(C) (b) (7)(C)

ADMINISTRATIVE ACTIONS:

(b) (7)(C), (b) (5)

This duty was limited to travel to SID for participation in an interview on February 8, 2012, and then return travel to (b) (7)(C) home on February 9, 2012. On (b) (7)(C)

(b) (7)(C), (b) (5)

(b) (5), (b) (7)(C)

(b) (5), (b) (7)(C)

[REDACTED]

[REDACTED]

[REDACTED]

PROSECUTORIAL COORDINATION:

(b) (5), (b) (7)(C)

(b) (7)(C)

(b) (7)(C)

for one count of 18 USC § 371 –

Conspiring to obstruct justice, and two counts of 18 USC § 1505 – Obstruction of Justice. Additionally,

(b) (7)(C) was charged with two counts of 18 USC § 1014 – Making a false statement to bank, and (b) (7)(C)

(b) (7)(C) was charged with three counts of 18 USC 1623 – Perjury.

(b) (7)(C)

On (b) (7)(C) entered a Guilty Plea and Plea Agreement (**Exhibit 69**) to a Criminal Information (**Exhibit 70**), filed on the same date. (b) (7)(C) pled guilty to one count of 18 USC § 1001 – False statement.

On (b) (7)(C) following a five day jury trial (b) (7)(C) was found guilty of two counts of 18 USC § 1014 – False Statements to a Federally Insured Institution. On (b) (7)(C) was sentenced (**Exhibit 71**) to serve 32 months in confinement, followed by five (5) years of supervised release. Additionally, (b) (7)(C) was ordered to pay restitution in the amounts of \$121,211.53 to (b) (7)(C) and \$19,051.25 to (b) (7)(C) for a total of \$140,262.78.

On (b) (7)(C) was sentenced (**Exhibit 72**) to serve three (3) years of probation, the first four (4) months of which were to be served on home confinement. Additionally, (b) (7)(C) was ordered to pay restitution in the amount of \$3,462.95 to HUD OIG.