From: (b)(7)(C) </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (b)(7)(C)
(b)(7)(C
To: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"
Subject: FW: American Greed
Date: 2015/01/26 16:32:11
Priority: Normal
Type: Note

Paul,

I just found one other email re: TBW. Not sure if this should have been included.

From: Connolly, Charles (USAVAE) [mailto:Charles.Connolly@usdoj.gov]
Sent: Thursday, July 12, 2012 7:05 PM
To: (b)(7)(C) (b)(7)
Cc: Stokes, Patrick (CRM); Nathanson, Paul (USAVAE); Zink, Robert (CRM)
Subject: RE: American Greed

No kidding, speaking of which, we received a duty call today from (b)(7)(C) who claimed that he had information related to the Lee Farkas fraud case. Could you call him back (or have an agent reach out to him) and see what he has to say?

Number is (b)(7)(C)

From: (b)(7)(C) (b)((b)(7)(C)
Sent: Thursday, July 12, 2012 2:07 PM
To: Nathanson, Paul (USAVAE); Connolly, Charles (USAVAE); Stokes, Patrick (CRM)
Subject: American Greed

So who is handling the (b)(7)(C) false statement case?

(b)(7) (b)(7)(C)
Special Agent
Federal Housing Finance Agency- OIG
Investigations Division
(b)(7)(C)

Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information.

Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

(b)(7)(C)

Sender: (b)(7)(C) /O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7263601007844FA4870348B5440C05FF-DAVID MO5AK>

Recipient: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

Sent Date: 2015/01/26 16:32:08

Delivered Date: 2015/01/26 16:32:11

From: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

To: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b8169c3529ea423d9be960f6f5f99072- (b)(7)(C) "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"; "Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>"

Subject: FW: Systemic Implication Report (SIR): TBW-Colonial Investigation Lessons Learned, SIR No: SIR-2014-0013, OIG Case No: I-11-0010

Date: 2014/08/21 13:31:42

Priority: Normal

Type: Note

Sent from my Windows Phone

From (b)(7)(C)
Sent: 8/21/2014 1:18 PM
To: Melvin L. Watt
Cc: eric.stein@fhfa.gov; John.Major@FHFA.gov; 'Bob.Ryan@fhfa.gov'; Emerzian, Peter
Subject: Systemic Implication Report (SIR): TBW-Colonial Investigation Lessons Learned, SIR No: SIR-2014-0013, OIG Case No: I-11-0010

Good Morning Director Watt,
On behalf of Michael P. Stephens, the attached memorandum, Systemic Implication Report (SIR): TBW-Colonial Investigation Lessons Learned, SIR No: SIR-2014-0013, OIG Case No: I-11-0010, is submitted for your review and action.
If you have any questions, please feel free to contact Mr. Stephens on (202) 730-0882.
Best,

(b)(7)(C)
Federal Housing Finance Agency | Office of the Inspector General
Desk (b)(7)(C) Main **202.730.0881** | Cell (b)(7)(C)
Fax (b)(7)(C)
(b)(7)(C)
Notary Public **for the District of Columbia and Maryland**

Non-Public

Sender: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

Recipient: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b8169c3529ea423d9be960f6f5f99072 (b)(7)(C) "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"; "Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>"

Sent Date: 2014/08/21 13:30:48

Delivered Date: 2014/08/21 13:31:42

From: Conlon, Paul </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GRDUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=BB38913146504C409EC131657444FCEB-PAUL CONLON>
To: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81 (b)(7)(C)
CC (b)(7)(C) o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8 (b)(7)(C)
Subject: RE: T8W CASE
Date: 2014/07/29 04:48:09
Priority: Normal
Type: Note

The case is open pending all appeals.

We could indeed complete the case now that we can do that (that wasn't an option before).
P
Sent from my Windows Phone

From: Acevedo, Olga
Sent: 7/28/2014 1:46 PM
To: Conlon, Paul
Cc: (b)(7)(C)
Subject: TBW CASE

Peter – (b)(7)(C) !
In doing case review of Lee Farkas – (b)(5)
(b)(7)(C) (b)(5)
(b)(5),(b)(7)(E)
(b)(5),(b)(7)(E)
(b)(5),(b)(7)(E)
Please advise thanks,
Olga E. Acevedo, Special Agent in Charge
Office of Investigations
FHFA OIG
400 7th Street SW
Washington DC 20024
(b)(7)(C) – cell
- desk
(b)(7)(C)

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly

prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Sender: Conlon, Paul </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GRDUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=BB3B913146504C409EC131657444FCEB-PAUL CONLON>

Recipient: "Acevedo, Olga </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-Olga Aceved>";
(b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8 (b)(7)(C)

Sent Date: 2014/07/29 04:48:07

Delivered Date: 2014/07/29 04:48:09

From: Acevedo, Olga </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=8E7806771E6A4A00BDC4SECA75864A81-OLGA ACEVED>

To: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

CC: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8-(b)(7)(C)

Subject: RE: T8W CASE

Date: 2014/07/29 14:30:3S

Priority: Normal

Type: Note

Thank you Paul (b)(7)(C) and I will now discuss.
Enjoy your time off

Olga E. Acevedo, Special Agent in Charge
Office of Investigations
FIFA OIG
400 7th Street SW
Washington DC 20024
(b)(7)(C) cell
desk
(b)(7)(C)

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Conlon, Paul
Sent: Tuesday, July 29, 2014 4:48 AM
To: (b)(7)(C)
Cc: Meyer, Kari
Subject: RE: TBW CASE

The case is open pending all appeals.

We could indeed complete the case now that we can do that (that wasn't an option before).

P

Sent from my Windows Phone

From: Acevedo, Olga
Sent: 7/28/2014 1:46 PM
To: Conlon, Paul
Cc: (b)(7)(C)
Subject: TBW CASE

Peter (b)(7)(C)
In doing (b)(7)(C) case review of Lee Farkas – (b)(5)
(b)(5) (b)(5),(b)(7)(E)
(b)(5),(b)(7)(E)
(b)(5),(b)(7)(E) (b)(5),(b)(7)(E)
(b)(5),(b)(7)(E)
Please advise – thanks,

Olga E. Acevedo, Special Agent in Charge
Office of Investigations
FHFA OIG
400 7th Street SW
Washington DC 20024
(b)(7)(C) – cell
– desk
(b)(7)(C)

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Sender: Acevedo, Olga </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=8E7806771E6A4A00BDC45ECA75864A81-OLGA ACEVED>

Recipient: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"; (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8 (b)(7)(C)

Sent Date: 2014/07/29 14:30:29

Delivered Date: 2014/07/29 14:30:35

From: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

To: "Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>"; (b)(7)(C) o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b8169c3529ea423d9be960f6f5f99072 (b)(7)(C) ; (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=510d59641615427d8a264a90c9f477b6 (b)(7) (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e04fc7ef76a3454bb514da31fbcabe71 (b)(7)(C) "; "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

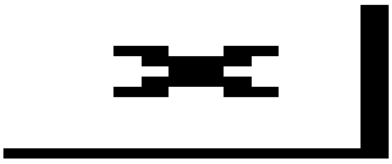
Subject: FW: OIG Referral for Suspended Counterparty Designation

Date: 2014/01/30 11:48:12

Priority: Normal

Type: Note

FYI



Peter Emerzian New

Sig-DIG

From: (b)(7)(C)
Sent: Thursday, January 30, 2014 11:10 AM
To: 'alfred.pollard@fhfa.gov'
Cc: Saddler, Bryan; Emerzian, Peter; Baker, Brian; Baker, Mark
Subject: OIG Referral for Suspended Counterparty Designation

Alfred,

Good morning, please find attached to this e-mail the OIG's referral of former Colonial Bank operations supervisor Ms. Teresa Kelly for potential designation as a suspended counterparty. Supporting materials are also attached. If you have any questions, please let me know.

Thanks,

Mark

Mark D. Baker
Assistant Chief Counsel
Office of the Inspector General,
Federal Housing Finance Agency
400 7th Street SW
Washington, D.C. 20024
O: (b)(7)(C)

F: (b)(7)(C)
(b)(7)(C)

This e-mail communication (including any attachments) may contain legally privileged and/or confidential information meant solely for the intended recipient. If you are not the intended recipient, you should immediately stop reading this message and delete it from your system. Any unauthorized reading, distribution, copying or other use of this communication or its attachments is strictly prohibited.

Sender: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FBI2C708E959AEB-PETER EMERZ>

Recipient: "Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>";
(b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bB169c3529ea423d9be960f6f5f99072- (b)(7)(C)
(b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=510d59641615427d8a264a90c9f477b6- (b)(
(b)(7)(C)
(b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e04fc7ef76a3454bb514da31fbcabe7I- (b)(7)(C)
"Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

Sent Date: 2014/01/30 11:48:01

Delivered Date: 2014/01/30 11:48:12

FILED IN OPEN COURT
MAR 16 2011
CLERK, U.S. DISTRICT COURT ALEXANDRIA, VIRGINIA

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	Case No. 1:11CR119
v.	)	
	)	18 U.S.C. § 371 (Conspiracy)
TERESA KELLY,	)	
	)	
Defendant.	)	

CRIMINAL INFORMATION

THE UNITED STATES CHARGES THAT:

Count I
(Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud)

1. From in or about 2002 through in or about August 2009, in the Eastern District of Virginia and elsewhere, the defendant

TERESA KELLY

did knowingly and intentionally combine, conspire, confederate, and agree with others known and unknown to commit certain offenses against the United States, namely:

a. bank fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud a financial institution, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, a financial institution, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, § 1344;

b. wire fraud, that is, having knowingly and intentionally devised and intending to devise a scheme and artifice to defraud a financial institution, and for

obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, to transmit and cause to be transmitted, by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, § 1343; and,

c. securities fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud any person in connection with any security of an issuer with a class of securities registered under § 12 of the Securities Exchange Act of 1934 (Title 15, United States Code, § 78l), in violation of Title 18, United States Code, § 1348.

2. Among the manner and means by which defendant KELLY and others would and did carry out the conspiracy included, but were not limited to, the following:

a. KELLY and co-conspirators caused the transfer of funds between Taylor, Bean & Whitaker Mortgage Corp. (TBW) bank accounts at Colonial Bank in an effort to hide TBW overdrafts.

b. KELLY and co-conspirators caused TBW to sell to Colonial Bank mortgage loan assets, via the COLB facility, that included loans that did not exist or that had been committed or sold to third parties.

c. KELLY and co-conspirators caused TBW to sell to Colonial Bank, via the AOT facility, fictitious Trades that had no mortgage loans collateralizing them and that had fabricated agreements reflecting commitments by investors to purchase them in the near future.

d. KELLY and co-conspirators caused TBW to sell to Colonial Bank, via the AOT facility, Trades backed by impaired-value loans and real estate owned that had

fabricated agreements reflecting commitments by investors to purchase them in the near future.

e. KELLY and co-conspirators periodically "recycled" fraudulent loans, identified as "Plan B" loans, on the COLB facility and the fictitious and impaired Trades on the AOT facility to give the false appearance that old loans and Trades had been sold and replaced by new loans and Trades.

f. KELLY and co-conspirators covered up their misappropriations of funds from the COLB and AOT facilities by causing false documents and information to be provided to Colonial Bank.

g. KELLY and co-conspirators caused Colonial BancGroup to file with the Securities and Exchange Commission (SEC) materially false annual reports contained in Forms 10-K and quarterly reports contained in Forms 10-Q that misstated the value and nature of assets held by Colonial BancGroup.

3. In furtherance of the conspiracy and to effect the objects thereof, KELLY and other co-conspirators committed or caused others to commit the following overt acts, among others, in the Eastern District of Virginia and elsewhere:

a. On or about January 6, 2009, KELLY and other co-conspirators caused Colonial Bank to wire approximately $66,400,000.00 to LaSalle Bank in connection with the purported purchase of three Trades from TBW, which were to be held on Colonial Bank's books as securities purchased under agreements to resell.

(All in violation of Title 18, United States Code, § 371.)

DENIS J. MCINERNEY
Chief, Fraud Section
Criminal Division
United States Department of Justice

By: _____ 3/16/2011
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

NEIL H. MACBRIDE
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

MAR 16 2011
CLERK, U.S. DISTRICT COURT
ALEXANDRIA, VIRGINIA

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	CRIMINAL NO. 1:11CR119
	)	
TERESA KELLY,	)	
	)	
Defendant.	)	

PLEA AGREEMENT

Denis J. McInerney, Chief, Fraud Section of the Criminal Division of the United States Department of Justice, Patrick F. Stokes, Deputy Chief, and Robert A. Zink, Trial Attorney, and Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Charles F. Connolly and Paul J. Nathanson, Assistant United States Attorneys, and the defendant, TERESA KELLY, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

1. Offenses and Maximum Penalties

The defendant agrees to waive indictment and plead guilty to a one-count criminal information charging the defendant with conspiracy (in violation of Title 18, United States Code, Section 371) to commit bank fraud (in violation of Title 18, United States Code, Section 1344), securities fraud (in violation of Title 18, United States Code, Section 1348), and wire fraud (in violation of Title 18, United States Code, Section 1343). The maximum penalties for conspiracy are a maximum term of five (5) years of imprisonment; a fine of $250,000, or alternatively, a fine of not more than the greater of twice the gross gain or twice the gross loss; full restitution; a special

assessment; and three (3) years of supervised release. The defendant understands that this supervised release term is in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. Factual Basis for the Plea

The defendant will plead guilty because the defendant is in fact guilty of the charged offense. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offenses charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Section 1B1.2(a) of the Sentencing Guidelines.

3. Assistance and Advice of Counsel

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel – and if necessary have the court appoint counsel – at trial and at every other stage of the proceedings; and

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. Role of the Court and the Probation Office

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with 18 , United States Code, Section 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker*, 543 U.S. 220, 125 S. Ct. 738 (2005), the Court, after considering the factors set forth in Title 18, Uoited States Code, Section 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence.

5. Waiver of Appeal, FOIA and Privacy Act Rights

The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the statutory maximum described above (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also

hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. Recommended Sentencing Factors

In accordance with Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the United States and the defendant will recommend to the Court that the following provisions of the Sentencing Guidelines apply:

a. pursuant to U.S.S.G. § 2B1.1(a)(1), the base offense level for the conduct charged in Count One is 6;

b. pursuant to U.S.S.G. § 2B1.1(b)(2)(c), the conduct charged in Count One involved 250 or more victims, and pursuant to U.S.S.G. § 2B1.1(b)(14)(B), the conduct charged in Count One substantially jeopardized the safety and soundness of a financial institution; accordingly, the defendant qualifies for an 8-level upward adjustment (see U.S.S.G. § 2B1.1(b)(14)(c));

c. pursuant to U.S.S.G. Section 2B1.1(b)(9), the conduct charged in Count One involved sophisticated means and qualifies for a 2-level upward adjustment;

d. pursuant to U.S.S.G. § 3B1.1(c), the defendant's role in the offense charged in Count One was one of a supervisor in a criminal activity and qualifies for a 2-level enhancement; and

e. pursuant to U.S.S.G. § 3E1.1(b), the defendant has assisted the government

in the investigation and prosecution of the defendant's own misconduct by timely notifying authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a 2-level decrease in offense level pursuant to U.S.S.G. § 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. § 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional 1-level decrease in the defendant's offense level.

The United States and the defendant may argue at sentencing that additional provisions of the Sentencing Guidelines apply.

7. Special Assessment

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars ($100.00) per count of conviction.

8. Payment of Monetary Penalties

The defendant understands and agrees that whatever monetary penalties are imposed by the Court pursuant to Title 18, United States Code, Section 3613, will be due and payable immediately and subject to immediate enforcement by the United States. Furthermore, the defendant agrees to provide all of her financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States

to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

9. Restitution for Offenses of Conviction

The defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses. At this time, the Government is aware that the following victims have suffered the following losses: To Be Determined

10. Limited Immunity from Further Prosecution

The United States will not further criminally prosecute the defendant for the specific conduct described in the information or statement of facts. The defendant understands that this agreement is binding only upon the Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia. This agreement does not bind the Civil Division of the United States Department of Justice or the United States Attorney's Office for the Eastern District of Virginia or any other United States Attorney's Office, nor does it bind any other Section of the Department of Justice, nor does it bind any other state, local, or federal prosecutor. It also does not bar or compromise any civil, tax, or administrative claim pending or that might be made against the defendant.

11. Defendant's Cooperation

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the United States. In that regard:

a. The defendant agrees to testify truthfully and completely as a witness before any grand jury or in any other judicial or administrative proceeding when called upon to do so by the United States.

b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.

c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation by the United States or at the request of the United States.

d. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

e. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.

f. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

12. Use of Information Provided by the Defendant Under This Agreement

Pursuant to Section 1B1.8 of the Sentencing Guidelines, no truthful information that the

defendant provides pursuant to this agreement will be used to enhance the defendant's guidelines range. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested. Nothing in this plea agreement, however, restricts the Court's or Probation Office's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant provide false, untruthful, or perjurious information or testimony or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial.

13. Prosecution in Other Jurisdictions

The Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia will not contact any other state or federal prosecuting jurisdiction and voluntarily turn over truthful information that the defendant provides under this agreement to aid a prosecution of the defendant in that jurisdiction. Should any other prosecuting jurisdiction attempt to use truthful information the defendant provides pursuant to this agreement against the defendant, the Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree, upon request, to contact that jurisdiction and ask that jurisdiction to abide by the immunity provisions of this plea agreement. The parties understand that the prosecuting jurisdiction retains the discretion over whether to use such information.

14. Defendant Must Provide Full, Complete and Truthful Cooperation

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

15. Motion for a Downward Departure

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

17. Order of Prohibition

The defendant agrees that she will consent to an Order of Prohibition From Further Participation pursuant to Section 8(e) of the Federal Deposit Insurance Act, Title 12, United States Code, Section 1818(e), by entering into a Stipulation and Consent to the Issuance of an Order of Prohibition From Further Participation. The defendant also agrees that she will consent to an Order of Prohibition by entering into a Stipulation and Consent to the Issuance of an Order of Prohibition with the Office of Thrift Supervision.

18. The Defendant's Obligations Regarding Assets Subject to Forfeiture

The defendant agrees to identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past eight years, or in which the defendant has or had during that time any financial interest. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous six years. Defendant agrees to forfeit to the United States all of the defendant's interests in any asset of a value of more than $1000 that, within the last eight years, the defendant owned, or in which the defendant maintained an interest, the ownership of which the defendant fails to disclose to the United States in accordance with this agreement.

19. Forfeiture Agreement

The defendant agrees to forfeit all interests in any asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of her offense. The defendant further agrees to waive all interest in the asset(s) in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. The defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. The defendant understands that the forfeiture of assets is part of the sentence that may

be imposed in this case. The Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree to recommend to the Department of Justice, Criminal Division, Asset Forfeiture and Money Laundering Section that any monies obtained from the defendant through forfeiture be transferred to the Clerk to distribute to the victims of the offense in accordance with any restitution order entered in this case.

20. Waiver of Further Review of Forfeiture

The defendant further agrees to waive all constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule 11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant understands and agrees that all property covered by this agreement is subject to forfeiture as proceeds of illegal conduct, property facilitating illegal conduct, property involved in illegal conduct giving rise to forfeiture, and substitute assets for property otherwise subject to forfeiture.

21. Breach of the Plea Agreement and Remedies

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and

time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and

c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or

any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph docs not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

22. Nature of the Agreement and Modifications

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and her attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

Denis J. McInerney
Chief
Criminal Division, Fraud Section
United States Department of Justice

By: 3/16/2011
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

Neil H. MacBride
United States Attorney

By:
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to Title 18, United States Code, Section 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

Date: 3-16-11
Teresa Kelly
Defendant

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed Title 18, United States Code, Section 3553 and the Sentencing Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: 3/16/11

Robert Leventhal, Esq.
Alan Yamamoto, Esq.
Counsel for the Defendant

FILED
IN OPEN COURT
MAR 16 2011

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	CRIMINAL NO. 1:11CR119
	)	
TERESA KELLY,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

The United States and the defendant, TERESA KELLY, agree that had this matter proceeded to trial the United States would have proven the facts set forth in this Statement of Facts beyond a reasonable doubt. Unless otherwise stated, the time periods for the facts set forth herein are at all times relevant to the charges in the Information.

I. Overview

1. The defendant was an operations supervisor in Colonial Bank's Mortgage Warehouse Lending Division (MWLD). MWLD was located in Orlando, Florida.

2. From in or about 2002 through in or about August 2009, co-conspirators, including the defendant, engaged in a scheme to defraud various entities and individuals, including Colonial Bank, a federally insured bank; Colonial BancGroup, Inc.; shareholders of Colonial BancGroup; and the investing public. One of the goals of the scheme to defraud was to cause Colonial Bank to provide funding to Taylor, Bean & Whitaker (TBW) to assist TBW in covering expenses related to operations and servicing payments owed to third-party purchasers of loans and/or mortgage-backed securities. Although the defendant did not personally receive

funds paid out by Colonial Bank to TBW as a result of the scheme to defraud, she knowingly and intentionally placed Colonial Bank and Colonial BancGroup at significant risk of incurring losses as a result of the scheme and, in fact, caused Colonial Bank to purchase assets from TBW of substantially more than $400 million that in fact had no value and were held on Colonial Bank's and Colonial BancGroup's books as if they had actual valuc.

II. Colonial Bank's Purchase of Worthless Assets

3. In or about early 2002, TBW began running overdrafts in its master bank account at Colonial Bank due to TBW's inability to meet its operating expenses, such as mortgage loan servicing payments owed to investors in Freddie Mac and Ginnie Mae securities, payroll, and other obligations. The defendant and co-conspirators covered up the overdrafts by transferring, or "sweeping," overnight money from another TBW account with excess funds into the master account to avoid the master account falling into an overdrawn status. This sweeping of funds gave the false appearance to other Colonial Bank employees that TBW's master account was not overdrawn. The day after sweeping funds, the conspirators would cause the money to be returned to the other account, only to have to sweep funds back into the master account later that day to hide the deficit again. By in or about December 2003, the size of the deficit due to overdrafts had grown to tens of millions of dollars.

4. In or about December 2003, Lee Farkas, the chairman of TBW, and co-conspirators, including the defendant, caused the deficit in TBW's master account at Colonial Bank to be transferred to "COLB," a mortgage loan purchase facility at MWLD. Through the COLB facility, Colonial Bank purchased interests in individual residential mortgage loans from TBW pending resale of the loans to third-party investors. The purpose of the COLB facility was

to provide mortgage companies, like TBW, with liquidity to generate new mortgage loans pending the resale of the existing mortgage loans to investors. The COLB facility was designed such that Colonial Bank would recoup its outlay only after TBW resold a mortgage loan to a third-party investor, which generally was supposed to take place within 90 days after being placed on the COLB facility.

5. In this part of the scheme, which the conspirators called "Plan B," Farkas and other co-conspirators, including the defendant, sought to disguise the misappropriations of tens of millions of dollars of Colonial Bank funds to cover up TBW shortfalls or overdrafts of TBW's accounts at Colonial Bank as payments related to Colonial Bank's purchase through the COLB facility of legitimate TBW mortgage loans. Farkas and other co-conspirators, including the defendant, accomplished this by causing TBW to provide false mortgage loan data to Colonial Bank under the pretense that it was selling Colonial Bank interests in mortgage loans. As the defendant, Farkas, and other co-conspirators knew, however, the Plan B data included data for loans that did not exist or that TBW had already committed or sold to other third-party investors. As a result, these loans were not, in fact, available for sale to Colonial Bank. Whether a Plan B loan was fictitious or owned by a third party, the defendant knew and understood that she and her co-conspirators had caused Colonial Bank to pay TBW for an asset that was worthless to Colonial Bank.

6. Farkas and other co-conspirators at TBW caused the Plan B loan data to be delivered to the defendant and/or other co-conspirators at Colonial Bank. The defendant and other co-conspirators caused the Plan B loan data to be recorded in Colonial Bank's books and

records to give the false appearance that Colonial Bank had purchased legitimate interests in mortgage loans from TBW through COLB.

7. To avoid scrutiny from regulators, auditors, and Colonial Bank management of Plan B loans sold to Colonial Bank, Farkas and other co-conspirators devised and, with the defendant's assistance, implemented a plan that gave the appearance that TBW was periodically selling the Plan B loans off of the COLB facility. In fact, Plan B loans were unable to be sold off of the COLB facility, and the conspirators instead created a document trail that disguised the existence of the Plan B loans.

8. In or about mid-2005, conspirators caused the deficit created by Plan B to be moved from the COLB facility to MWLD's Assignment of Trade (AOT) facility. The AOT facility was designed for the purchase of interests in pools of loans, which were referred to as "Trades," that were in the process of being securitized and/or sold to third-party investors. The conspirators moved the deficit to the AOT facility in part because, unlike the COLB facility, Colonial Bank generally did not track in its accounting records loan-level data for the Trades held on the AOT facility, thus making detection of the scheme by regulators, auditors, Colonial Bank management, and others less likely.

9. In an effort to transfer the deficit caused by the Plan B loans on the COLB facility to the AOT facility, Farkas and other co-conspirators, including the defendant, caused TBW to engage in sales to Colonial Bank of fictitious Trades purportedly backed by pools of Plan B loans. In fact, the Trades had no collateral backing them. As the defendant and other co-conspirators knew, Colonial Bank held these fictitious Trades in its accounting records at the amount Colonial Bank paid for them.

10. After moving the Plan B deficit from the COLB facility to the AOT facility, TBW continued to experience significant operating losses. From in or about mid-2005 through in or about 2009, Farkas and other co-conspirators, including the defendant, continued to cause TBW to sell additional fictitious Trades to Colonial Bank through the AOT facility. These Trades had no pools of loans collateralizing them. Moreover, conspirators caused the creation of false documents to reflect agreements, as required under the AOT facility, for third-party investors to purchase the Trades within a short period of time. This fraudulent AOT funding was typically provided in an ad hoc fashion based on requests from Farkas or other co-conspirators at TBW for, among other reasons, servicing obligations, operational expenses, and covering overdrafts.

11. To obtain the fraudulent AOT funding, Farkas or other TBW co-conspirators would contact the defendant and/or another co-conspirator at Colonial Bank to request an advance from the AOT facility. Once an advance had been agreed to, TBW co-conspirators caused a wire request to be generated for the funds and provided the defendant and other Colonial Bank co-conspirators with false documentation purporting to represent the sale of pools to Colonial Bank to support the release of the funds. The defendant and her co-conspirators caused the false information to be entered on Colonial Bank's books and records, giving the appearance that Colonial Bank owned a 99% interest in legitimate securities on the AOT facility in exchange for the advances, when in fact those securities had no value and could not be sold.

12. In addition to causing Colonial Bank to hold in its accounting records fictitious AOT Trades with no collateral backing them, Farkas and other co-conspirators, including the defendant, caused Colonial Bank to hold in its accounting records AOT Trades backed by assets that TBW was unable to sell, including but not limited to impaired-value loans, charged-off

loans, previously sold loans, loans in foreclosure, and real-estate owned (REO) property. Conspirators also caused the creation of false documents to reflect agreements, as required under the AOT facility, for third-party investors to purchase these impaired Trades within a short period of time.

13. As with the Plan B loans, the defendant, Farkas, and other co-conspirators took steps to cover up the fictitious and impaired Trades on AOT by giving the false appearance that, periodically, the fictitious and impaired Trades were sold to third parties. The conspirators did this by, among other things, engaging in sham sales to hide the fact that the vast majority of assets backing the AOT Trades could not be resold because the assets were either wholly fictitious or consisted of, among other things, impaired-value loans and REO and, in either case, had no corresponding, legitimate commitment to be purchased by third parties. Farkas and other co-conspirators, including the defendant, engaged in these sham sales to deceive others, including regulators, auditors, and certain Colonial Bank management.

14. The size of the deficit created by providing fraudulent advances to TBW through Plan B loans and the fictitious AOT Trades fluctuated during the conspiracy, and it reached into the hundreds of millions of dollars. During the course of the conspiracy, the defendant and other co-conspirators negotiated the transfer of funds to Colonial Bank from TBW bank accounts or lending facilities and obtained other collateral from TBW and Farkas in order to reduce the deficit caused by the Plan B loans and the fictitious AOT Trades. Despite these efforts, the government would prove at a trial that the deficit in AOT caused by the defendant's and her co-conspirators' scheme was significantly more than $400 million on or about August 14, 2009, the day the Alabama State Banking Department seized Colonial Bank and appointed the Federal

Deposit Insurance Corporation (FDIC) as receiver. Moreover, the government would prove that some wire transfers of funds by Colonial Bank to TBW for fictitious Plan B loans and AOT securities involved transfers to LaSalle Bank, which had been purchased by Bank of America. Some of these wires were processed from Chicago, Illinois, through a Bank of America server located in Richmond, Virginia.

III. False Financial Statements

15. During the conspiracy, the defendant was aware that the financial results of MWLD were incorporated into Colonial BancGroup's publicly filed financial statements, including annual reports on Form 10-K and quarterly reports on Form 10-Q filed with the United States Securities and Exchange Commission (SEC). As the government would prove, Colonial BancGroup's Forms 10-K and Forms 10-Q were filed electronically with the SEC's EDGAR Management Office of Information and Technology, in Alexandria, Virginia, during the period set forth in the Information. The defendant and her co-conspirators took steps to hide the fraud scheme described in this statement of facts from Colonial Bank's and Colonial BancGroup's senior management, auditors, and regulators, and Colonial BancGroup's shareholders, including by providing materially false information that significantly overstated assets held in the COLB and AOT facilities. The defendant knew that these actions caused materially false financial data to be reported to Colonial BancGroup and incorporated in its publicly filed statements.

16. For example, in its Form 10-K for the year ending December 31, 2008, which was filed on or about March 2, 2009, Colonial BancGroup reported that MWLD had total assets under management of approximately $4.3 billion, of which approximately $1.55 billion, or 36%, were held as AOT Trades reported as Securities Purchased under Agreements to Resell. In its

last Form 10-Q filed with the SEC, for the period ended March 31, 2009, which was filed on or about May 8, 2009, Colonial BancGroup reported that MWLD managed assets valued at approximately $4.9 billion, with approximately $1.6 billion, or approximately 33%, held as AOT Trades reported as Securities Purchased under Agreements to Resell. As the defendant knew, the vast majority of the securities held on AOT at that time were fictitious or impaired and were not under legitimate agreements to be resold to third-party investors.

IV. January 6, 2009, AOT Transaction

17. On or about January 6, 2009, the defendant received an email request from a co-conspirator at TBW requesting that Colonial Bank wire approximately $66,400,000 to LaSalle Bank, on behalf of Ocala Funding, for the purported purchase of three Trades from TBW. The co-conspirator also sent the defendant three "trade assignment agreements" purporting to represent that TBW had arranged with a third-party to purchase the Trades in approximately one month. As the defendant knew, the transaction was part of an effort by the co-conspirators to periodically "recycle" the Trades held on the AOT facility by making it appear that Trades had been sold and replaced by newly purchased Trades. As the defendant knew, the three Trades "purchased" by Colonial Bank had no loans assigned to them, and thus no actual value, and the trade assignment agreements were false as there was no third-party purchaser for the Trades. As the defendant knew, the three new Trades were held in Colonial Bank's books as securities purchased under agreements to resell.

V. Conclusion

18. The defendant admits that this statement of facts does not represent and is not intended to represent an exhaustive factual recitation of all the facts about which she has knowledge relating to the scheme to defraud as described herein.

19. The defendant admits that her actions, as recounted herein, were in all respects intentional and deliberate, reflecting an intention to do something the law forbids, and were not in any way the product of any accident or mistake of law or fact.

Respectfully submitted,

Denis J. McInerney
United States Department of Justice
Chief
Criminal Division, Fraud Section

By: 3/16/2011
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

Neil H. MacBride
United States Attorney

By:
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

After consulting with my attomcy and pursuant to the plea agreement entered into this day between the defendant, TERESA KELLY, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate to the best of my knowledge, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Teresa Kelly
Defendant

I am TERESA KELLY's attorney. I have carefully reviewed the above Statement of Facts with her. To my knowledge, her decision to stipulate to these facts is an informed and voluntary one.

Robert Alan Leventhal, Esq.
Alan Yamamoto, Esq.
Attorneys for Defendant

UNITED STATES DISTRICT COURT
Eastern District of Virginia
Alexandria Division

FILED
JUN 17 2011
CLERK, U.S. DISTRICT COURT
ALEXANDRIA, VIRGINIA

UNITED STATES OF AMERICA

v. Case Number 1:11CR00119-001

TERESA A. KELLY,

Defendant.

JUDGMENT IN A CRIMINAL CASE

The defendant, TERESA A. KELLY, was represented by Alan Yamamoto and Robert Leventhal, Esquires.

The defendant pleaded guilty to Count 1 of the Criminal Information. Accordingly, the defendant is adjudged guilty of the following count, involving the indicated offense:

Title & Section	Nature of Offense	Date Offense Concluded	Count Number
18 U.S.C.§ 371	Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud (Felony)	88/2009	1

As pronounced on June 17, 2011, the defendant is sentenced as provided in pages 2 through 8** of this Judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

IT IS FURTHER ORDERED that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid.

Signed this 17th day of June, 2011.

/s/
Leonie M. Brinkema
United States District Judge

** Page 8 of this document contains sealed information

Defendant: TERESA A. KELLY
Case Number: 1:11CR00119-001

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a term of THREE (3) MONTHS.

The Court makes the following recommendations to the Bureau of Prisons:

The defendant be designated to F.C.C. Coleman, Florida.

The defendant shall surrender for service of sentence any time after August 15, 2011 at the institution designated by the Bureau of Prisons as notified by the United States Marshal. Until she self surrenders, the defendant shall remain under the Order Setting Conditions of Release entered on March 16, 2011.

RETURN

I have executed this Judgment as follows:

_____

_____

_____

_____

Defendant delivered on _____ to _____ at _____ _____, with a certified copy of this Judgment.

c: P.O. (2) (3)
Mshl. (4) (2)
U.S.Atty.
U.S.Coll.
Dft. Cnsl.
PTS
Financial
Registrar
ob

_____
United States Marshal

By _____
Deputy Marshal

Defendant: TERESA A. KELLY
Case Number: 1:11CR00119-001

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of THREE (3) YEARS.

The Probation Office shall provide the defendant with a copy of the standard conditions and any special conditions of supervised release.

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

While on supervised release, the defendant shall not commit another federal, state, or local crime.

While on supervised release, the defendant shall not illegally possess a controlled substance.

While on supervised release, the defendant shall not possess a firearm or destructive device.

If this judgment imposes a fine or a restitution obligation, it shall be a condition of supervised release that the defendant pay any such fine or restitution in accordance with the Schedule of Payments set forth in the Criminal Monetary Penalties sheet of this judgment.

STANDARD CONDITIONS OF SUPERVISED RELEASE

The defendant shall comply with the standard conditions that have been adopted by this Court (set forth below):

1) The defendant shall not leave the judicial district without the permission of the Court or probation officer.
2) The defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month.
3) The defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.
4) The defendant shall support his or her dependents and meet other family responsibilities.
5) The defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons.
6) The defendant shall notify the Probation Officer within 72 hours, or earlier if so directed, of any change in residence.
7) The defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by physician.
8) The defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered.
9) The defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer.
10) The defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer.
11) The defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer.
12) The defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the Court.
13) As directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

Defendant: TERESA A. KELLY
Case Number: 1:11CR00119-001

SPECIAL CONDITIONS OF SUPERVISION

While on supervised release, pursuant to this Judgment, the defendant shall also comply with the following additional conditions:

1) For the first NINE (9) MONTHS of supervision the defendant will be on home confinement with electronic monitoring. The defendant shall abide by all of the terms and conditions of the home confinement/electronic monitoring program including paying the costs of the electronic monitoring. Defendant may leave home only for educational programs; work related purposes; to attend meetings with attorneys, the probation officer and any counselors; for legitimate medical appointments; to attend bona fide religious services, and to attend court proceedings.

2) The defendant shall not open any new lines of credit or engage in any significant financial transactions without prior approval of the probation officer.

3) The defendant shall provide the probation officer access to any requested financial information, and waive all privacy rights.

4) The defendant shall advise any employers of the nature of her conviction and supervision.

5) Although mandatory drug testing is waived pursuant to 18 U.S.C. §3563(a)(4), defendant must remain drug free and her probation officer may require random drug testing at any time.

6) The defendant shall make a good faith effort to pay her full restitution obligation during supervised release, to begin 60 days after release from custody, until paid in full. The defendant shall pay restitution jointly and severally with her co-defendants.

Defendant: TERESA A. KELLY
Case Number: 1:11CR00119-001

CRIMINAL MONETARY PENALTIES

The defendant shall pay the following total monetary penalties in accordance with the schedule of payments set out below.

Count	Special Assessment	Fine
1	$100.00	
Total	**$100.00**	**$0.00**

FINE

No fines have been imposed in this case.

SCHEDULE OF PAYMENTS

Payments shall be applied in the following order: (1) assessment; (2) restitution; (3) fine principal; (4) cost of prosecution; (5) interest; (6) penalties.

The special assessment is due in full immediately. If not paid immediately, the Court authorizes the deduction of appropriate sums from the defendant's account while in confinement in accordance with the applicable rules and regulations of the Bureau of Prisons.

Any special assessment, restitution, or fine payments may be subject to penalties for default and delinquency.

If this judgment imposes a period of imprisonment, payment of Criminal Monetary penalties shall be due during the period of imprisonment.

All criminal monetary penalty payments are to be made to the Clerk, United States District Court, except those payments made through the Bureau of Prisons' Inmate Financial Responsibility Program.

Defendant: TERESA A. KELLY
Case Number: 1:11CR00119-001

RESTITUTION AND FORFEITURE

RESTITUTION

Restitution to be determined and reflected in a separate order to be issued in the future.

Total

Payments of restitution are to be made to Clerk, U. S. District Court, 401 Courthouse Square, Alexandria, VA 22314.

Restitution is due and payable immediately and shall be paid in equal monthly payments to be determined and to commence within 60 days of release, until paid in full.

Interest on Restitution has been waived.

If there are multiple payees, any payment not made directly to a payee shall be divided proportionately among the payees named unless otherwise specified here:

Defendant is jointly and severally liable with co-defendants.

FORFEITURE

Forfeiture has not been ordered in this case.

Exclusion Summary

Exclusion Summary

There may be instances when an Individual or Firm has the name or similar name as your search criteria, but is actually a different party. Therefore, it is important that you verify a potential match with the excluding agency identified in the exclusion's details. To confirm or obtain additional information, contact the federal agency that took the action against the listed party. Agency points of contact, including name and telephone number, may be found by navigating to the Agency Exclusion POCs page within SAM Help.

View Exclusion History

Current Record VIEW HISTORICAL RECORD

[Expand All] | [Collapse All]

Current Record Details

Exclusion Details:

Exclusion Program: Reciprocal
Classification Type: Individual
Exclusion Type: Ineligible (Proceedings Completed)
Nature (Cause):

Determined ineligible upon completion of administrative proceedings establishing by preponderance of the evidence of a cause of a serious and compelling nature that it affects present responsibility; or determined ineligible based on other regulation, statute, executive order or other legal authority.

Effect:

Procurement:
Agencies shall not solicit offers from, award contracts to renew, place new orders with, or otherwise extend the duration of current contracts, or consent to subcontracts in excess of $30,000 (other than commercially available off-the-shelf items (COTS)), with these contractors unless the agency head (or designee) determines in writing there is a compelling reason to do so.

Nonprocurement:
No agency in the Executive Branch shall enter into, renew, or extend primary or lower tier covered transactions to a participant or principal determined ineligible unless the head of the awarding agency grants a compelling reasons exception in writing. Additionally, agencies shall not make awards under certain discretionary Federal assistance, loans, benefits (or contracts there under); nor shall an ineligible person participate as a principal, including but not limited to, agent, consultant, or other person in a position to handle, influence or control Federal funds, or occupying a technical or professional position capable of substantially influencing the development or outcome of a funded activity; nor act as an agent or representative of other participants in Federal assistance, loans and benefits programs. Contact the award agency for questions regarding the extent of Nonprocurement transaction award ineligibility. The period of ineligibility is specified by the termination date.

CT Code: R
Active Date: 05/06/2011
Termination Date: 05/05/2014
Excluding Agency : HOUSING AND URBAN DEVELOPMENT, UNITED STATES DEPT OF
Status : Active
Create Date : 07/27/2012
Update Date : 07/27/2012

Additional Comments:

Primary Address:

Verify Street Address
Street Address 1:

Street Address 2:

Verify

City: Ocoee
State/Province: FL
ZIP/Postal Code: 34761
Country: UNITED STATES

Identification Information:

Prefix:
First Name: Teresa
Middle Name:
Last Name: Kelly
Suffix:
NPI:

Cross-References:

No Cross References

More Locations:

No Locations

Exclusion Summary

Exclusion Summary

There may be instances when an Individual or Firm has the same or similar name as your search criteria, but is actually a different party. Therefore, it is important that you verify a potential match with the excluding agency identified in the exclusion's details. To confirm or obtain additional information, contact the federal agency that took the action against the listed party. Agency points of contact, including name and telephone number, may be found by navigating to the Agency Exclusion POCs page within SAM Help.

View Exclusion History

Current Record VIEW HISTORICAL RECORD

[Expand All] | [Collapse All]

Current Record Details

Exclusion Details:

Exclusion Program: Reciprocal
Classification Type: Individual
Exclusion Type: Indefinite (Proceedings Pending)
Nature (Cause):

Preliminary ineligible based upon adequate evidence of conduct indicating a lack of business honesty or integrity, or a lack of business integrity, or regulation, statute, executive order or other legal authority, pending completion of an investigation and/or legal proceedings; or based upon initiation of proceedings to determine final ineligibility based upon regulation, statute, executive order or other legal authority or a lack of business integrity or a preponderance of the evidence of any other cause of a serious and compelling nature that it affects present responsibility.

Effect:

Procurement:
Agencies shall not solicit offers from, award contracts to renew, place new orders with, or otherwise extend the duration of current contracts, or consent to subcontracts in excess of $30,000 (other than commercially available off-the-shelf items (COTS)), with these contractors unless the agency head (or designee) determines in writing there is a compelling reason to do so

Nonprocurement:
No agency in the Executive Branch shall enter into, renew, or extend primary or lower tier covered transactions to a participant or principal determined preliminarily ineligible unless the head of the awarding agency grants a compelling reasons exception in writing. Additionally, agencies shall not make awards under certain discretionary Federal assistance, loans, benefits (or contracts there under); nor shall an ineligible person participate as a principal, including but not limited to, agent, consultant, or other person in a position to handle, influence or control Federal funds, or occupying a technical or professional position capable of substantially influencing the development or outcome of a funded activity, nor act as an agent or representative of other participants in Federal assistance, loans and benefits programs. Contact the award agency for questions regarding the extent of Nonprocurement transaction award ineligibility. The termination date will be listed as "Indefinite" (Indef.) unless otherwise specified.

CT Code: 5
Active Date: 05/06/2011
Termination Date: Indefinite
Excluding Agency: DEPARTMENT OF JUSTICE/ATTORNEY GENERAL/UNITED STATES DISTRICT
Status: Active
Create Date: 07/27/2012
Update Date: 07/27/2012

Additional Comments:

Primary Address:

Verify Street Address
Street Address 1:
Street Address 2:

Verify

City: Ocoee
State/Province: FL
ZIP/Postal Code: 34761
Country: UNITED STATES

Identification Information:

Prefix:
First Name: Teresa
Middle Name:
Last Name: Kelly
Suffix:
NPI:

Cross-References:

No Cross References

More Locations:

No Locations

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C.

JUL 08 2011

VIA UNITED PARCEL SERVICE

Ms. Teresa Kelly
a/k/a Teresa A. Kelly
2181 Twisted Pine Road
Ocoee, FL 34761

Re: Notice of Proposed Debarment and Continuation of Existing Suspension

Dear Ms. Kelly:

You are hereby notified that the Department of Housing and Urban Development (HUD) is proposing your debarment from future participation in procurement and nonprocurement transactions as a participant or principal, with HUD and throughout the Executive Branch of the Federal Government, for a three-year period from May 6, 2011, the date of your suspension. This action is in accordance with the procedures set forth at Title 2, Code of Federal Regulations (C.F.R.), Parts 180 and 2424. Copies of those regulations accompany this Notice. Your proposed debarment is based upon your guilty plea and conviction in the United States District Court for the Eastern District of Virginia, Alexandria Division, for violation of 18 U.S.C. § 371 (Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud). You pled guilty and were convicted of selling and transferring nonexistent or previously sold collateralized loans, covering up misappropriations of funds, and filing false annual reports with the Securities and Exchange Commission. Your actions are evidence of serious irresponsibility and are cause for debarment under the provisions of 2 C.F.R. § 180.800(a)(1), (3) and (4).

In addition, you continue to be suspended from participation in procurement and nonprocurement transactions as a participant or principal, with HUD and throughout the Executive Branch of the Federal Government. This action is also in accordance with the procedures set forth at 2 C.F.R., Parts 180 and 2424. Your conviction constitutes independent adequate evidence on which to base your suspension under the provisions of 2 C.F.R. §§ 180.700 and 180.705. The violation in the conviction specifies that you conspired to defraud the United States, which is contrary to the public's interest. Given the seriousness of the violation, I have determined that continuing your suspension is necessary to protect the public interest. Your suspension is for a temporary period pending the completion of the debarment proceedings.

Since you were an operations supervisor of a mortgage lending division, handling FHA-insured loans, you have been or may reasonably be expected to be involved in covered transactions.

If you decide to contest this proposed debarment and continuing suspension, you may submit a written argument and request an informal hearing, which you may attend in person or by telephone or through a representative. Pursuant to 2 C.F.R. §§ 180.730 and 180.825, your written submission must identify: 1) specific facts that contradict the statements contained in this Notice of Proposed Debarment and Continuation of Existing Suspension (a general denial is insufficient to raise a genuine dispute over facts material to the debarment); 2) all existing, proposed, or prior exclusions against you under regulations implementing Executive Order 12549, and all similar actions taken by Federal, State, or local agencies, including administrative agreements that affect only those agencies; 3) all criminal and civil proceedings against you not included in this Notice of Proposed Debarment and Continuation of Existing Suspension that grew out of the facts relevant to the cause(s) stated in this Notice; and 4) all of your affiliates as defined in the enclosed regulations at 2 C.F.R. § 180.905. If you provide false information, the Department may seek further criminal, civil or administrative action against you as appropriate.

Please be advised that contesting a suspension does not stay the suspension. While contesting the suspension, you are prohibited from participating in any nonprocurement or procurement transaction with the Federal Government as identified above. Your written opposition and hearing request must be submitted within 30 days of your receipt of this Notice of Proposed Debarment and Continuation of Existing Suspension. The response may be mailed to the Debarment Docket Clerk, U.S. Department of Housing and Urban Development, Departmental Enforcement Center, 451 7th Street, S.W., B-133 - Portals 200, Washington, DC 20410. If you wish to use a courier or overnight mail, send your response to the Docket Clerk, Departmental Enforcement Center, 1250 Maryland Avenue, S.W., Suite 200, Washington, DC 20024.

Mr. Mortimer Coward is my designee in this matter. If you request a hearing, Mr. Coward will set a briefing and hearing schedule as necessary. He has the authority to review any written submissions, conduct an informal hearing, make a recommendation as to whether there is a genuine dispute over material facts, and propose a recommended decision. If I determine that a genuine dispute over material facts exists, I will refer this matter to a Hearing Officer, who is an administrative judge, for a formal hearing to make findings of fact pursuant to 2 C.F.R. § 180.845. After receiving those findings of fact, and any related submissions from the parties, I will make a final decision. If you have any questions, please call Stanley E. Field, Director, Compliance Division. Mr. Field may be reached at (b)(7)(C)

The final decision regarding your proposed debarment will be based upon evidence and information, including any written information and argument, that both you and the Government may submit in this matter. If you fail to respond to this Notice within the 30-day period, this proposed debarment will be affirmed.

If this matter is referred to a Hearing Officer for a formal hearing, this Notice of administrative action shall also serve as a Complaint, in compliance with 24 C.F.R. § 26.13(a), (b) and (c).

Sincerely,

(b)(7)(C)

Craig T. Clemmensen
Director
Departmental Enforcement Center

Enclosures

cc:

CACB	Director, DEC (Clemmensen, Craig T.)	Port#200
CACC	Associate General Counsel for Program Enforcement (Narode, Dane M.)	Port#200
4OGI	Special Agent in Charge, Tampa, OIG (b)(7)(C) **[OIG File No. 2010 FC 002468 I]**	
4OGI	Assistant Special Agent in Charge, Tampa, OIG (b)(7)(C)	
4DGI	Assistant Special Agent in Charge, Miami, OIG	
4OGI	Special Agent, Tampa, OIG (b)(7)(C)	
	Sharpley, Christopher R. Deputy Inspector General for Investigations, FHFA-OIG (Christopher.Sharpley@fhfa.gov)	
	Emerzian, Peter, Special Agent in Charge, Washington DC, FHFA-OIG (Peter.Emerzian@fhfa.gov)	
	Baker, Brian W., Deputy Chief Counsel, Washington DC, FHFA-OIG (b)(7)(C)	
	Saddler, Bryan, Chief Counsel, Washington, DC, FHFA-OIG (b)(7)(C)	
4AMA	Regional Administrator, Atlanta (Jennings, Ed)	
4OMA	Field Office Director, Tampa (Gadsden, Rosemary)	
4AC	Regional Counsel, Atlanta (Murray, Donnie)	
4DC	Chief Counsel, Miami (Swain, Sharon)	
4AHHQ3	Branch Chief, QAD, Atlanta SF HOC (Kittrell, Nora G.)	
CACBB	File	Port#200
CACBB	Burks	Port#200
CACBB	Field	Port#200

Sharepoint: Burks\Kelly Teresa\Proposed Debarment Continue Existing Suspension

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0500

SEP 12 2011

Office of General Counsel
Departmental Enforcement Center

VIA UNITED PARCEL SERVICE

Ms. Teresa Kelly
a k a Teresa A. Kelly
2181 Twisted Pine Road
Ocoee, FL 34761

Re: Notice of Final Determination

Dear Ms. Kelly:

By notice dated July 8, 2011 (Notice), you were told of the proposed debarment action against you by the Department of Housing and Urban Development (HUD) for a three year period from May 6, 2011, the date of your suspension. You were informed of your right to submit, within 30 days of your receipt of the Notice, a written argument and a request for a hearing in opposition to the proposed debarment action. The Notice also advised you that if you did not respond within 30 days, a final determination would be issued.

You did not respond to the Notice within the required 30 days and your debarment has become final. During your period of debarment, you are excluded from procurement and nonprocurement transactions, as either a principal or participant, with HUD and throughout the Executive Branch of the Federal Government. Your debarment is effective through May 5, 2014. Your suspension is hereby superseded by this debarment.

Sincerely,

(b)(7)(C)

Craig D. Clemmensen
Director
Departmental Enforcement Center

cc:

CACB	Director, DEC (Clemmensen, Craig T.)	Port#200
CACC	Associate General Counsel for Program Enforcement (Narode, Dane M.)	Port#200
4OGI	Special Agent in Charge, Tampa, OIG (b)(7)(C) **[OIG File No. 2010 FC 002468 I]**	
4OGI	Assistant Special Agent in Charge, Tampa, OIG (b)(7)(C)	
4DGI	Assistant Special Agent in Charge, Miami, OIG	
4OGI	Special Agent, Tampa, OIG (b)(7)(C)	
	Sharpley, Christopher R. Deputy Inspector General for Investigations, FHFA-OIG (Christopher.Sharpley@fhfa.gov)	
	Emerzian, Peter, Special Agent in Charge, Washington DC, FHFA-OIG (Peter.Emerzian@fhfa.gov)	
	Baker, Brian W., Deputy Chief Counsel, Washington DC, FHFA-OIG (b)(7)(C)	
	Saddler, Bryan, Chief Counsel, Washington, DC, FHFA-OIG (b)(7)(C)	
4AMA	Regional Administrator, Atlanta (Jennings, Ed)	
4OMA	Field Office Director, Tampa (Gadsden, Rosemary)	
4AC	Regional Counsel, Atlanta (Murray, Donnie)	
4DC	Chief Counsel, Miami (Swain, Sharon)	
4AHHQ3	Branch Chief, QAD, Atlanta SF HOC (Kittrell, Nora G.)	
CACBB	File	Port#200
CACBB	Burks	Port#200
CACBB	Field	Port#200
CID	cid_dec@hudoig.gov	

Sharepoint: Burks\Kelly Teresa\Final Debarment with Suspension

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

January 29, 2014

MEMORANDUM

TO: Alfred M. Pollard, FHFA General Counsel

(b)(7)(C)

FROM: Peter Emerzian, FHFA-OIG Deputy Inspector General for Investigations

SUBJECT: Suspended Counterparty Program Referral for Teresa A. Kelly

The Federal Housing Finance Agency's (FHFA) Office of Inspector General (OIG) is referring Ms. Teresa A. Kelly to be considered for designation as a suspended counterparty under the FHFA's Suspended Counterparty Program (SCP).[1] The SCP's purpose is to mitigate the risk to the regulated entities presented by individuals and entities with a history of fraud or other financial misconduct. This referral is made as a result of Ms. Kelly's recent guilty plea in the United States District Court for the Eastern District of Virginia (Alexandria Division) to a felony charge of conspiracy to commit bank fraud, securities fraud, and wire fraud. She has also been debarred by the U.S. Department of Housing and Urban Development (HUD).

For these reasons, the OIG believes that she poses an excessive risk to the safety and soundness of the regulated entities. The OIG therefore requests that FHFA designate Ms. Kelly a suspended counterparty, thereby permanently suspending her and any affiliated entities from entering into future contractual relationships with the regulated entities with regard to mortgages, securities or other lending products.

I. Subject Information

Name: Ms. Teresa A. Kelly
DOB:
SS#:
Address:

(b)(7)(C)

[1] June 15, 2012 Alfred Pollard Memorandum to Regulated Entities' General Counsels (hereinafter "Policy," attached hereto). Note: in October of 2013 FHFA issued an interim final rule covering these matters titled, Suspended Counterparty Program, 78 Fed. Reg. 63007-15 (Oct. 23, 2013) (12 C.F.R. Part 1227).

II. Suspended Counterparty Program

FHFA established the SCP "to help address the risk to the regulated entities presented by individuals and entities with a history of fraud or other financial misconduct."[2] The SCP requires that FHFA be notified if "an individual or entity with which [a regulated entity] has a contractual relationship in the mortgage, securities or other lending product business:

1. Has, within the past three (3) years, been criminally convicted of:

    a. fraud or similar offense in connection with a mortgage, mortgage business, securities or other lending product; or

    b. embezzlement, theft, conversion, forgery, bribery, making false statements or claims, tax evasion, obstruction of justice, or any other similar offense; or

2. Was, within the past three (3) years, suspended or debarred by any Federal agency for conduct that would constitute an offense described in paragraph 1 above."[3]

FHFA will engage in an independent review of each report and, if appropriate, issue a Suspended Counterparty Designation (SCD) for the referred individual or entity.[4] A SCD protects the regulated entities from doing business with any party that FHFA's SCP analysis has determined would present an excessive risk to regulated entities' safety and soundness. As appropriate, FHFA will work with the OIG on any issues related to the SCP.[5]

FHFA's authority to issue such an order designating an entity or person a suspended counterparty comes from section 1313B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, which authorized FHFA to establish standards for the regulated entities regarding prudential management of risks, including counterparty risk. *See* 12 U.S.C. § 4513b(a)(9). Additionally, section 1313G of the Act authorizes FHFA to issue any orders necessary to ensure that the Act's purposes are accomplished. *Id.* § 4526(a). Finally, section 1313 of the Act authorizes FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of each regulated entity. *Id.* § 4513(a)(2).

---

[2] Policy at 1.

[3] *Id.* § A.

[4] *Id.* § B.

[5] *Id.*

III. Relevant Factual Background

The following basic summary sets forth facts which the OIG believes supports the designation of Ms. Kelly as a suspended counterparty.[6]

A. Referral: Ms. Kelly

At all times relevant to this referral, Ms. Kelly was an operations supervisor in Colonial Bank's Mortgage Warehouse Lending Division (MWLD). The MWLD was located in Orlando, Florida. Colonial Bank was an Alabama-based, state-chartered bank which provided short-term, secured funding to mortgage lending companies.

B. The Conspiracy

Taylor, Bean, & Whitaker Mortgage Corporation (TBW) was one of the largest privately held mortgage lending companies in the United States.[7] In early 2002 TBW began running overdrafts in its master bank account at Colonial Bank due to TBW's inability to meet its operating expenses, such as mortgage loan servicing payments owed to investors in Freddie Mac securities. Ms. Kelly and her co-conspirators covered up the overdrafts by transferring or "sweeping" overnight money from another TBW account at Colonial Bank with excess funds, into the master account to avoid the master account falling into an overdrawn status. The sweeping of funds gave the false appearance that TBW's master account was not overdrawn. The day after sweeping funds Ms. Kelly and her co-conspirators would cause the money to be returned to the other account, only to have to sweep funds back into the master account at the close of business that day to hide the deficit again.

By December of 2003, the size of the deficit due to the overdrafts had grown into the tens of millions of dollars. At that time Ms. Kelly and her co-conspirators caused the deficit in TBW's master account at Colonial Bank to be transferred to "COLB," a mortgage loan purchase facility at MWLD. By this process they sought to disguise the misappropriation of tens of millions of dollars of Colonial Bank funds to disguise TBW shortfalls or overdrafts, as payments related to Colonial Bank's purchase, through the COLB facility, of legitimate TBW mortgage loans. In fact, the mortgage loans either did not exist, or TBW had already committed to, or had already sold them to other third-party investors. As a result, these loans were not available for purchase by Colonial Bank. Ms. Kelly knew that she had played a role in causing Colonial Bank to pay TBW for assets that were worthless to Colonial.

In mid-2005 Ms. Kelly and her co-conspirators caused the deficit to be moved from the COLB facility to MWLD's "Assignment of Trade" (AOT) facility. The AOT facility was designed for the purchase of interests in pools of loans, which were referred to as "Trades," that

---

[6] For additional relevant information please see the following attached documents: (1) the Criminal Information dated March 16, 2011 charging Ms. Kelly with felony conspiracy in violation of 18 U.S.C. § 371; (2) Ms. Kelly's Plea Agreement dated March 16, 2011; and (3) the accompanying Statement of Facts also dated March 16, 2011.

[7] TBW ceased most operations during August of 2009. On August 10, 2011, TBW went out of business per its Chapter 11 liquidation filing under bankruptcy.

were in the process of being securitized and/or sold to third-party investors. Ms. Kelly and her co-conspirators caused TBW to engage in sales to Colonial Bank of fictitious Trades purportedly backed by pools of loans. In fact, they had no collateral backing them. Additionally, the conspirators caused Colonial Bank to hold in its accounting records AOT Trades backed by assets that TBW was unable to sell (such as impaired-value loans, charged-off loans, previously sold loans, loans in foreclosure, and real-estate owned property). Ms. Kelly and her co-conspirators took steps to cover up the fictitious and impaired Trades on AOT by giving the false appearance that periodically the Trades were sold to third parties. She and others engaged in this sham to deceive others, including regulators and auditors.

The size of the deficit created by the false purchases through the COLB facility and the fictitious AOT Trades fluctuated during the conspiracy, at times it reached into the hundreds of millions of dollars. On August 14, 2009, the day the Alabama State Banking Department seized Colonial Bank the deficit in AOT was significantly more than $400 million.

C. Conviction and Sentence

On March 16, 2011 Ms. Kelly pled guilty and was convicted of one felony count of conspiracy in violation of 18 U.S.C. § 371. Her plea acknowledged that she conspired to commit bank fraud in violation of 18 U.S.C. § 1344, securities fraud in violation of section 1348, and wire fraud in violation of section 1343.[8] On June 17, 2011 Ms. Kelly was sentenced to three (3) months of imprisonment. Additionally, Ms. Kelly was sentenced to a term of three (3) years of supervised release following her imprisonment, which included nine (9) months of home confinement with electronic monitoring.[9]

D. Debarment

HUD debarred Ms. Kelly for a three year period from May 6, 2011 at FHFA-OIG's request, due to her conduct discussed herein.[10]

---

[8] *See* Plea Agreement, ¶ 1.

[9] Judgment in a Criminal Case, dated June 17, 2011.

[10] In researching the GSA's System for Awards Management website (www.sam.gov) two records related to Ms. Kelly's debarment were located. The active date for both is May 6, 2011, however there is a discrepancy as to the termination date. One agrees with the information provided by HUD in its Notice of Final Determination on debarment, which was sent to Ms. Kelly on September 12, 2011, and states that her debarment would run for a three-year period beginning on May 6, 2011 and ending on May 5, 2014. The other states that the debarment is indefinite. It is possible that the second SAM entry is an error of some sort as no other information has been located to support the conclusion that she has been debarred by HUD for an indefinite period. Both records have been provided as attachments.

IV. Argument for Suspended Counterparty Designation

The OIG believes that sufficient grounds exist for FHFA to issue a SCD and thereby designate Ms. Kelly a suspended counterparty for misconduct. Specifically:

- Within the past three (3) years, Ms. Kelly pled guilty and was convicted of a federal felony (conspiracy to commit bank fraud, securities fraud, and wire fraud) directly related not only to a mortgage business (TBW/ Ocala), but also to a regulated entity (Freddie Mac).
- Also, within the past three (3) years, HUD debarred Ms. Kelly for the very conduct for which she pled guilty.

For the foregoing reasons, the OIG believes that any future business relationship between Ms. Kelly and any of the regulated entities would present excessive risk to their safety and soundness. The OIG therefore requests that FHFA designate Ms. Kelly as a suspended counterparty, thereby permanently suspending her and any affiliated entities from entering into future contractual relationships with the regulated entities with regard to mortgages, securities or other lending products.

V. Contact Information

For questions concerning the underlying facts supporting this request, or if you require additional information, please contact me at (202) 730-4751.

For questions of a legal nature, please contact FHFA-OIG Assistant Chief Counsel Mark D. Baker at (202) 730-4041.

Exhibits:

- SCP Policy
- Ms. Kelly's Criminal Information
- Ms. Kelly's Plea Agreement & Related Statement of Facts
- Judgment in a Criminal Case
- Notice of Proposed Debarment from HUD
- Notice of Final Determination of Debarment from HUD
- Two (2) SAM Records of Debarment

CC:

Bryan Saddler, FHFA-OIG Chief Counsel

OI ALL HANDS/DENVER
MAY 2014

Departure City	# Staff	Cost Round Trip to Denver	Airport/Carrier/Total Fare	Per Diem	Hotel	Total Cost
Washington, DC	(b)(2)	$248	DCA/United (b)(2)	$66.00/day	$156.00/night	$ 25,242.00
New York		$402	Newark/Southw	$66.00/day	$156.00/night	$ 5,966.00
Chicago		$213	O'Hare/Ameri	$66.00/day	$156.00/night	$ 2,334.00
Detroit		$177	Detroit/Unite	$66.00/day	$156.00/night	$ 2,922.00
Miami		$445	Miami/America	$66.00/day	$156.00/night	$ 5,596.00
Tampa		$182	Tampa/Unite	$66.00/day	$156.00/night	$ 3,408.00
St. Louis		$128	St. Louis/South	$66.00/day	$156.00/night	$ 2,164.00
Denver		$0	$0	$66.00/day	$156.00/night	$ -
Dallas		$147	DFW/Americ	$66.00/day	$156.00/night	$ 2,202.00
Los Angeles		$131	LAX/Southwe	$66.00/day	$156.00/night	$ 6,510.00
San Diego		$157	San Diego/South	$66.00/day	$156.00/night	$ 1,111.00
Sacramento		$143	Sacramento/Sout	$66.00/day	$156.00/night	$ 1,097.00
						$ 58,552.00

(Costs based on five days of Per Diem and four Nights of Lodging per person)

Management Control Plan (MCP)

OI Conducted January 2014

Office	Assessable Unit	Sub-process or Function	Risk Assessment
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations		(b)(2),(b)(7)(E)	
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			
Investigations			

Corrective Action Plan Tracker ID

From: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

To: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=496974ccacaI4b90b8837a50586da048- (b)(7)(C)

CC: (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b8169c3529ea423d9be960f6f5f99072- (b)(7)(C) ; (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=510d59641615427d8a264a90c9f477b6- (b)(7)(C) (b)(7)(C) (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e04fc7ef76a3454bb514da31fbcabe71- (b)(7)(C) "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"; "Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>"

Subject: FW: SCP proposal for Teresa Kelly

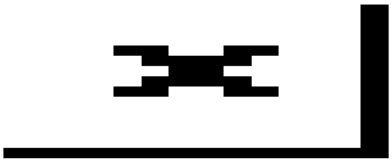
Date: 2014/01/29 17:16:42

Priority: Normal

Type: Note

(b)(7)(C)

Attached is the signed referral
Thanks for all your help
Peter
Mike: PLS file in CMS



Peter Emerzian New

Sig-DIG

From: (b)(7)(C)
Sent: Wednesday, January 29, 2014 2:31 PM
To: Emerzian, Peter
Cc: Baker, Brian
Subject: SCP proposal for Teresa Kelly

Peter,

Good afternoon, please find a suspended counterparty referral concerning former Colonial Bank operations supervisor Teresa Kelly attached to this e-mail, along with the exhibits referenced in the referral. Please don't hesitate to contact me if you have any questions.

Best,

(b)(7)(C)

Assistant Chief Counsel
Office of the Inspector General,
Federal Housing Finance Agency
400 7th Street SW
Washington, D.C. 20024
O: (b)(7)(C)
E: (b)(7)(C)

This e-mail communication (including any attachments) may contain legally privileged and/or confidential information meant solely for the intended recipient. If you are not the intended recipient, you should immediately stop reading this message and delete it from your system. Any unauthorized reading, distribution, copying or other use of this communication or its attachments is strictly prohibited.

Sender: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

Recipient: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=496974ccaca14b90b8837a50586da048- (b)(7)(C) "Cunicelli, Vic </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b8169c3529ea423d9be960f6f5f99072-Victor Cuni>"; (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=510d59641615427d8a264a90c9f477b6- (b)(7 (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e04fc7ef76a3454bb514da31fbcabe71- (b)(7)(C) "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"; "Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>"

Sent Date: 2014/01/29 17:16:25

Delivered Date: 2014/01/29 17:16:42

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	CRIMINAL NO. 1:12-CR-96
	)	
v.	)	Honorable Leonie M. Brinkema
	)	
DELTON DE ARMAS,	)	Sentencing Date: June 15, 2012
	)	
Defendant.	)	

POSITION OF THE UNITED STATES WITH RESPECT TO SENTENCING

The United States of America, through its attorneys, Denis J. McInerney, Chief, Fraud Section of the Criminal Division of the United States Department of Justice, Patrick F. Stokes, Deputy Chief, and Robert A. Zink, Trial Attorney, and Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Charles F. Connolly and Paul J. Nathanson, Assistant United States Attorneys, in accord with 18 U.S.C. § 3553(a) and the United States Sentencing Commission, Guidelines Manual ("Guidelines" or "U.S.S.G.") § 6A1.2 (Nov. 2010), files this Position of the United States With Respect to Sentencing of the defendant, Delton de Armas. For the reasons discussed herein, the government requests that the Court sentence the defendant to a term of incarceration of 7 years.

Background[1]

Taylor, Bean & Whitaker Mortgage Corp. ("TBW") was a mortgage company based in Ocala Florida. Colonial Bank was one of the 25 largest depository banks in the country and was based in Montgomery, Alabama. Colonial's Mortgage Warehouse Lending Division ("MWLD") provided financing to mortgage origination companies, including TBW. De Armas joined TBW in 2000 as the chief financial officer. He reported directly to Lee Farkas, the chairman and principal owner of TBW, until approximately 2003, at which time he began reporting to Paul Allen, the chief executive officer of TBW.

From approximately 2002 through August 2009, Farkas and numerous co-conspirators defrauded three banks of more than $2.9 billion, misled shareholders of Colonial BancGroup, Inc., and attempted to fraudulently obtain more than $500 million from the government's TARP program. As the CFO, de Armas was aware of the financial impact the fraud scheme had on TBW's books, and he, along with Paul Allen and other TBW employees de Armas oversaw, misled regulators, TBW's auditor, banks, and investors in Ocala Funding. De Armas's lies contributed to losses by investors in Ocala Funding of approximately $1.5 billion and to losses by Colonial Bank of at least $900 million.

As set out in his plea agreement, de Armas knowingly lied or caused financial records to be falsified with regard to the assets in Ocala Funding, the valuation of TBW's mortgage servicing rights ("MSR"), TBW's financial health as presented in its audited financial statements, and TBW's late-filing of its audited financials with Ginnie Mae in June 2009. A brief overview of each of these schemes follows:

[1] In light of this Court's familiarity with the facts of this case, the Government includes only a brief overview and recitation of the key facts.

1. **Ocala Funding.** Ocala Funding was a wholly owned subsidiary of TBW that was designed to provide low-cost funding to TBW for additional mortgage loan originations. Ocala Funding issued asset-backed commercial paper (corporate IOUs) to investors in return for cash. Ocala Funding would then use the cash to fund mortgage loans at TBW. Ocala Funding was designed to be fully collateralized and bankruptcy remote. That is, Ocala Funding was required to have at all times more assets (cash and mortgage loans) than liabilities (commercial paper and subordinated debt). If its liabilities had exceeded its assets, the investors had the right to wind down the entity. And, as Ocala Funding was bankruptcy remote, the investors did not have recourse to TBW's assets to make up any shortfall. Moreover, Ocala Funding cash was to be used only for Ocala Funding operations.

When TBW ceased operations in August 2009, there were two dedicated investors in Ocala Funding: Deutsche Bank and BNP Paribas, which together owned approximately $1.75 billion of the asset-backed commercial paper.[2] Yet Farkas, Desiree Brown (TBW's treasurer), and other co-conspirators caused nearly all of the assets in Ocala Funding to be stripped out and used to pay TBW expenses, including mandatory servicing advances to investors in mortgage bonds TBW had sold.

Although de Armas did not participate in the misappropriations of cash from Ocala Funding, Sean Ragland, a TBW financial analyst who tracked diversions from the entity, informed de Armas that Ocala Funding's money was being used for TBW purposes. As TBW's CFO and the person responsible for Ocala Funding's accounting, de Armas also was well aware of Ocala Funding's significant collateral shortfall. By September 2006 the deficit was as much

[2] Prior to June 30, 2008, there were numerous financial institutions that invested in Ocala Funding through commercial paper purchases.

as $150 million; by September 2007, it was approximately $500 million; by June 2008, it was more than $700 million; and by August 2009, it was approximately $1.5 billion.

De Armas, Allen (TBW's CEO), and Ragland devised a plan to hide the Ocala Funding collateral shortfall from its investors. With de Armas's and Allen's knowledge and direction, Ragland falsified a monthly financial statements provided to Ocala Funding investors that inflated cash or the value of mortgage loans in order to hide the enormous, growing collateral shortfalls. Each month after that, Ragland (or another TBW employee) continued to similarly falsify the financial statements and send them by email to the investors. Not only did De Armas know this was happening from conversations with Ragland, he was copied on the emails sent to the investors attaching the false financial statements. As a result of the lies contained in the financial statements, by August 2009 Deutsche Bank and BNP Paribas believed they held approximately $1.75 billion of fully collateralized commercial paper when, in fact, Ocala Funding held cash and loans worth only approximately $150 million. Deutsche Bank and BNP Paribas have lost approximately $1.5 billion due to the scheme.[3]

2. **MSR Valuations**

TBW relied heavily on a working capital line of credit administered by Colonial Bank (as the head of a nine-bank syndicate) to fund its operations. As collateral for the line, it pledged mortgage servicing rights (MSR), and it periodically provided MSR valuation reports prepared by third parties to Colonial Bank. If the MSR valuations fell below a specific percentage value

[3] One of the ways TBW inflated assets held by Ocala Funding was it reported loans sold to Freddie Mac as still being assets on its as well as Colonial Bank's books. As a result of the false information sent to Colonial Bank, it believed it had sole ownership of approximately $900 million of mortgage loans that, in fact, already had been sold to Freddie Mac. De Armas's role in sending inflated collateral information to Ocala Funding investors helped perpetuate the fraud scheme and thus contributed to Colonial Bank's losses. Due to the size of the financial losses, Colonial Bank's $900 million loss amount does not change de Armas's Guidelines calculation.

of the working capital extended to TBW, Colonial Bank would issue a margin call and TBW would have to pay down the working capital line of credit to meet its collateral threshold.

To avoid margin calls, De Armas and other TBW executives periodically inflated mortgage loan values it held, at times by billions of dollars, in order to inflate the MSR valuations conducted by third parties. As a result, these lies exposed the banking syndicate providing the working capital line of credit to significant risk of loss.

3. **False TBW Financial Statements**

In the spring of 2008 de Armas, Ragland, and other financial employees realized that TBW had a significant imbalance in its books. To correct the imbalance, de Armas directed Ragland, a financial analyst, to inflate TBW's a particular account receivable, the loan participation receivable, by more than $400 million. This gave the false appearance that TBW's books were in balance and that it had more assets than it in fact had. As a result, TBW's audited financial statements were materially inflated, and, as de Armas knew, they were provided to banks, investors in Ocala Funding, Ginnie Mae, and Freddie Mac. A financial executive at a bank that invested in Ocala Funding requested an explanation for the contents and size of the loan participation receivable. De Armas and Allen concocted a false explanation to give the appearance that the figure was legitimate and provided the misleading information to him.

4. **False Statements to HUD**

In mid-June 2009, Paul Allen sent a materially misleading letter to Ginnie Mae to explain why its audited financial statements had yet to be filed. De Armas assisted Allen by editing the letter, knowing that the letter was misleading. Allen and de Armas sought to mislead Ginnie Mae by leading it to believe that the delay was due to technical accounting issues when, in fact, they knew the delay resulted from its auditor, Deloitte & Touche, having stopped the audit due to

concerns about TBW's relationship with Colonial Bank and, at Deloitte's insistence, the retention of a law firm to conduct an internal investigation. These lies mattered to Ginnie Mae. As one of Ginnie Mae's larger mortgage company customers, Ginnie Mae needed TBW's audited financial statements to assess TBW's financial health and Ginnie Mae's risk exposure.

Argument

As this Court is aware, following the Supreme Court's decision in *United States v. Booker*, the Guidelines are now advisory. *United States v. Booker*, 543 U.S. 220, 261 (2005). As such, "[i]n the wake of *Booker* . . . the discretion of the sentencing court is no longer bound by the range prescribed by the guidelines." *United States v. Hughes*, 401 F.3d 540, 546 (4th Cir. 2005). The Supreme Court subsequently clarified that this means that the sentencing court "may not presume that the Guidelines range is reasonable." *Gall v. United States*, 552 U.S. 38, 50 (2007), *quoted in Nelson v. United States*, 555 US 350, 352 (2009). Nevertheless, "sentencing courts are not left with unguided and unbounded sentencing discretion." *United States v. Green*, 436 F.3d 449, 455 (4th Cir. 2006). Instead, at sentencing a court "must first calculate the Guidelines range." *United States v. Nelson,* 129 S. Ct. at 891; *see also United States v. Hughes*, 401 F.3d at 546 (holding that a sentencing court is still required to 'consult [the] Guidelines and take them into account when sentencing.'") (*quoting United States v. Booker*, 542 U.S. at 264). After appropriately calculating the Guidelines, a sentencing court must then consider the Guidelines range, as well as the sentencing factors set forth in 18 U.S.C. § 3553(a), and determine a sentence that is appropriate for the individual defendant. *United States v. Nelson,* 129 S. Ct. at 891-92, *see also United States v. Hughes,* 401 F.3d at 546.

I. THE APPROPRIATE GUIDELINES RANGE

De Armas pleaded guilty to a two-count criminal information. Count one charged him with conspiracy to commit bank fraud and wire fraud in violation of 18 U.S.C. § 371. Count two charged him with false statements in violation of 18 U.S.C. § 1001. Both counts have a five-year statutory maximum period of incarceration. The Probation Officer found, and the parties stipulated in the plea agreement, that the two counts group for purposes of determining the appropriate Guidelines level. *See* U.S.S.G. § 3D1.2(c).

The Probation Officer calculates that Guidelines offense level to be 37. In particular, the Probation Officer includes a base offense level of six, a 30-level enhancement for a loss of more than $400 million, a two-level enhancement for sophisticated means, and a three-level reduction for acceptance of responsibility. De Armas stipulated to these enhancements in his plea agreement.

The government also believes that de Armas should be assessed a two-level adjustment for his role as a supervisor and manager of Sean Ragland in the offense. De Armas oversaw Ragland's creation and dissemination of false financial statements to Ocala Funding investors and directed Ragland's inflation of the loan participation receivable. Although Paul Allen, who received a three-level role adjustment, also played a role in directing Ragland's falsification of the financial statements sent to Ocala Funding investors, de Armas was Ragland's direct supervisor. Including a two-level role adjustment, de Armas's Guidelines total offense level would be 39. The sentencing range would be 262 to 327 months.

Although de Armas faces a five-year statutory maximum per count of conviction, U.S.S.G. § 5G1.2(d) of the Guidelines directs the Court to impose any periods of incarceration consecutively to give maximum effect to the established Guidelines' range. *See,* U.S.S.G.

§ 5G1.2, comment n.1 ("If no count carries an adequate statutory maximum, consecutive sentences are to be imposed to the extent necessary to achieve the total punishment."). Thus, the statutory maximum is ten years' incarceration.

II. THE 18 U.S.C. § 3553(A) FACTORS

After calculating the appropriate Guidelines range, "the court must 'determine whether a sentence within that range . . . serves the factors set forth in § 3553(a) and, if not, select a sentence [within statutory limits] that does serve those factors." *United States v. Moreland*, 437 F.3d 424, 432 (4th Cir. 2006) (quoting *Green*, 436 F.3d at 455). Section 3553(a) directs the sentencing court to consider various factors including the nature and circumstances of the offense and characteristics of the defendant. In addition, § 3553(a) states that the court must consider other factors, including the need for the sentence "to reflect the seriousness of the offense, to promote respect for law, and to provide just punishment for the offense; [and] to afford adequate deterrence to criminal conduct." 18 U.S.C. § 3553(a)(2)(A) & (B).

A. *A Sentence of 7 Years Incarceration Is Appropriate and Reasonable in Light of the Nature of Defendant's Criminal Conduct*

One key factor that the Court must consider is the nature and circumstances of the offense and the history and characteristics of the defendant. *See* 18 U.S.C. § 3553(a)(1). The defendant in this case participated in a massive fraud scheme, one of the longest-running and largest bank-fraud operations in history. While not involved in the fraudulent diversions of funds from Colonial Bank and Ocala Funding, de Armas actively participated in hiding the massive collateral shortfall in Ocala Funding from its investors; misled the Colonial Bank-led syndicate about TBW's MSR valuations, thus exposing the banks to significant risk; directed a subordinate to inflate TBW's assets by more than $400 million; and helped Paul Allen deceive Ginnie Mae about TBW's audit delays.

As CFO of one of the country's largest private mortgage companies and a certified public accountant, de Armas participated in hiding billions of dollars of losses from investors, banks, regulators, and auditors. His role in the scheme played a significant part in major financial institutions losing hundreds of millions of dollars.

And, yet, in his statements to the probation officer, de Armas appears to minimize his role in the scheme. He suggests he was "doing [his] best, which was not enough to detect or prevent a massive fraud." PSR, at 20. He claims he thought Sean Ragland was "crying wolf" when he pointed out the collateral shortfalls. De Armas finds fault with himself for "[a]ll of this because I was not smart enough, informed enough, or brave enough to put a stop to it." *Id.* He even includes a list of principles in which he further skirts responsibility for lies he told. PSR, at 22. He suggests he only told "technical" lies. PSR, principle #9 at 22. He seems to deny criminal culpability when he writes that "[p]romulgating or repeating a lie, even if you don't now it's a lie, is still lying." PSR, principle 17 at 23. And, to cap off his minimization, he declares that "[a]greeing that something can be proven in court is not the same thing as agreeing that you did something." PSR, principle 20 at 24.

The evidence is unequivocal, and De Armas's admissions in his statement of facts are also clear: de Armas knew he and others were lying to investors, banks, regulators, and auditors to cover up massive deficits in TBW and Ocala Funding. As a CFO and certified public accountant, there can be little question he knew his actions were criminal and harmful.

De Armas's important – although limited – role in one of the largest fraud schemes in recent history warrants a substantial sentence, and we believe imposing a sentence of 7 years appropriately reflects the nature and circumstances of the crime and his history and characteristics.

B. *A Sentence of 7 Years Is Necessary to Provide A Reasonable Deterrent Factor*

The Court must also consider the need for the sentence imposed to reflect the seriousness of the offense, promote respect for the law, provide just punishment for the offense, and afford adequate deterrence. *See* 18 U.S.C. § 3553(a)(2). Fraud cases are serious offenses, and those who commit such offenses deserve particularly severe sentences because the nature and complexity of the fraud they commit requires such significant time and resources to detect, prosecute, and deter. A 7 year sentence would appropriately reflect the seriousness of the offense and provide just punishment in this case.

As this Court recognized at the sentencing of co-conspirator Ray Bowman, general deterrence is a key factor that the court must consider when evaluating the appropriate period of incarceration in a fraud case. This is particularly true for de Armas, who like Paul Allen and Ray Bowman, was a very senior executive of TBW and was aware of fraudulent activity there for numerous years. Although de Armas was shielded from much of the underlying fraudulent activity, he knew his lies exposed major financial institutions to enormous risk of loss (and actual losses of more than $2.4 billion). As CFO, de Armas could have "blown the whistle" at any time. Instead, he chose to cover up the fraud scheme for years on end through lies to investors and others. Imposing a sentence of 7 years would afford the necessary general deterrence, as required by 18 U.S.C. § 3553(a)(2)(B). It would also impress upon others that participation in any fraud scheme for years on end will not be treated lightly or tolerated.

General deterrence alone can justify lengthy sentences, even where such long sentences are not necessary to achieve specific deterrence. *United States v. Sagendorf*, 445 F.3d 515, 518 (1st Cir. 2006). Fraud offenses are serious, and a lengthy sentence will ensure that would-be violators do not receive the message that the gain to be derived from defrauding financial

institutions, shareholders, or the government outweighs the potential consequences. Here, where the defendant facilitated a massive fraud scheme over a series of years, a significant sentence is necessary to send a strong deterrence message to others.

If the sentence truly is to "reflect the seriousness of the offense," "promote respect for the law," "provide just punishment for the offense," and "afford adequate deterrence to criminal conduct" it must be substantial. *See* 18 U.S.C. § 3553(a)(2). This is particularly true here in light of the size of the fraud scheme, its duration, and the substantial damage it caused. An insubstantial sentence would signal that the type of long-standing, egregious fraud in which the defendant engaged is somehow deserving of special consideration from the Court. Moreover, if individuals who defraud financial institutions and corporate shareholders and attempt to defraud the United States believe that the penalty for doing so is trivial, then no disincentive exists to prevent those who are best-equipped with the means and ability to commit fraud from doing so. A sentence of 7 years would satisfy the requirements of § 3553(a)(2).

C. *The Need to Avoid Unwarranted Sentencing Disparities*

The Government's recommendation that the Court impose a sentence of 7 years takes into account sentences already imposed for his co-conspirators. Although de Armas was not the most culpable co-conspirator, he was not the least culpable either. Indeed, de Armas played a significant role in misleading investors, banks, regulators, and auditors, ultimately contributing to the loss of $2.4 billion by three banks. Moreover, six of de Armas's co-conspirators cooperated extensively with the government's investigation and testified against Farkas. The sentences they each received include reductions based on their substantial assistance. The government's request for 7 years takes into account both de Armas's role in the scheme and the cooperation of six of his co-conspirators, in light of which any perceived sentencing disparity is

in fact permissible. *See, e.g., United States v. Quinn*, 359 F.3d 666, 682 (4th Cir. 2004) (approving significant prison term for defendants who went to trial in spite of much lower stipulated loss and only six months home confinement for defendant who pled guilty); *United States v. Boscarino*, 437 F.3d 634, 638 (7th Cir. 2006) (rejecting defendant's argument of unwarranted disparity in relation to more-culpable defendant who cooperated with the government; "a sentencing difference is not a forbidden 'disparity' if it is justified by legitimate considerations, such as rewards for cooperation").

D. ***Restitution***

The government will separately file a brief setting forth its restitution position.

Conclusion

Based on the foregoing, the United States believes that a sentence of 7 is reasonable and accounts for each of the factors set forth in 18 U.S.C. § 3553(a).

Respectfully submitted,

Neil H. MacBride
United States Attorney

By: /s/

Charles F. Connolly
Paul Nathanson
Assistant United States Attorneys
U.S. Attorney's Office
2100 Jamieson Avenue
Alexandria, VA 22314
Phone: (703) 299-3700
Fax: (703) 299-3981
Email: Charles.Connolly@usdoj.gov
Paul.Nathanson@usdoj.gov

Respectfully submitted,

Denis J. McInerney
United States Department of Justice
Chief, Criminal Division, Fraud Section

By: /s/

Patrick F. Stokes
Deputy Chief
Robert Zink
Trial Attorney
U.S. Department of Justice
1400 New York Avenue, NW
Washington, DC 20005
Ph: 202.305.4232
Fax: 202.514.7021
Patrick.Stokes2@usdoj.gov

CERTIFICATE OF SERVICE

I hereby certify that on the 8th day of June 2012, I filed electronically the foregoing Position of the United States with Respect to Sentencing using the CM/ECF system, which will send a notification of such filing (NEF) to the following:

F. Andrew Carroll, III, Esq.
524 King Street
Alexandria, VA 22320-0888
703-836-1000
dcarroll@landclark.com

Karen Moran
Senior U.S. Probation Officer
Karen_Moran@vaep.uscourts.gov

/s/

Charles F. Connolly
Assistant United States Attorney
U.S. Attorney's Office
2100 Jamieson Avenue
Alexandria, VA 22314
Phone: (703) 299-3771
Fax: (703) 299-3981
Email: Charles.Connolly@usdoj.gov

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	
	)	CRIMINAL NO. 1:11cr
DELTON DE ARMAS	)	
	)	
Defendant.	)	

PLEA AGREEMENT

Denis J. McInerney, Chief, Fraud Section of the Criminal Division of the United States Department of Justice ("Fraud Section"), Patrick F. Stokes, Deputy Chief, Robert Zink, Trial Attorney, and Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Charles F. Connolly and Paul J. Nathanson, Assistant United States Attorneys, and the defendant, DELTON DE ARMAS, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

1. **Offense and Maximum Penalties**

The defendant agrees to plead guilty to a two-count criminal information charging the defendant with one count of conspiracy (in violation of Title 18, United States Code, Section 371) to commit bank fraud (in violation of Title 18, United States Code, Section 1344) and wire fraud (in violation of Title 18, United States Code, Section 1343); and one count of false statements (in violation of Title 18, United States Code, Section 1001). The maximum penalties for the conspiracy count are a maximum term of five years of imprisonment, a fine of $250,000 or twice the amount of the loss or gross gain, full restitution and forfeiture, a special assessment,

and three years of supervised release. The maximum penalties for the false statements count are a maximum term of five years of imprisonment, a fine of $250,000, full restitution and forfeiture, a special assessment, and three years of supervised release. The defendant understands that these supervised release terms are in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. **Factual Basis for the Plea**

The defendant will plead guilty because the defendant is in fact guilty of the charged offenses. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offenses charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Sections lB1.2(a) and 6B1.4 of the United States Sentencing Guidelines (U.S.S.G. or Sentencing Guidelines).

3. **Assistance and Advice of Counsel**

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel - and if necessary have the court appoint counsel - at trial and at every other stage of the proceedings; and

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. **Role of the Court and the Probation Office**

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with Title 18, United States Code, Section 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker,* 543 U.S. 220, 261 (2005), the Court, after considering the factors set forth in Title 18, United States Code, Section 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence.

5. **Waiver of Appeal, FOIA and Privacy Act Rights**

The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the statutory maximum described above (or the manner in which that sentence was determined) on the grounds set forth

in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. **Recommended Sentencing Factors**

Based upon the information now available to the United States (including representations by the defense), the defendant's Criminal History Category is one. In accordance with Rule 11(c)(l)(B) of the Federal Rules of Criminal Procedure, the United States and the defendant will recommend to the Court that the following provisions of the Sentencing Guidelines apply:

a. pursuant to U.S.S.G. Section 2B1.1(a)(2), the base offense level for the conduct charged in Count One is 6 and for Count Two is 6;

b. pursuant to U.S.S.G. Section 2B1.1(b)(1)(P), the conduct charged in Count One resulted in a loss of more than $400,000,000.00 and qualifies for a 30-level upward enhancement;

c. pursuant to U.S.S.G. Section 2B1.1(b)(9), the conduct charged in Count One involved sophisticated means and qualifies for a 2-level upward enhancement;

d. pursuant to U.S.S.G. Section 3D1.2(c), Count Two groups with Count One; and

e. pursuant to U.S.S.G. Section 3E1.1(b), the defendant has assisted the government in the investigation and prosecution of the defendant's own misconduct by timely notifying

authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a two-level decrease in offense level pursuant to U.S.S.G. Section 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. Section 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional one-level decrease in the defendant's offense level.

f. No agreements regarding the applicability of any other Sentencing Guidelines provision have been reached, and the parties reserve the right to argue for or against the applicability of any other Guidelines provision at sentencing.

7. **Venue**

The defendant waives any challenge to venue in the Eastern District of Virginia. The defendant understands that Federal Rule of Criminal Procedure 18 affords the defendant the right to have his offenses prosecuted in the district in which the offenses were committed. The defendant knowingly consents to have the offenses set forth in the criminal information prosecuted in the Eastern District of Virginia.

8. **Special Assessment**

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars ($100.00) per count of conviction.

9. **Payment of Monetary Penalties**

The defendant understands and agrees that, pursuant to Title 18, United States Code, Section 3613, whatever monetary penalties are imposed by the Court will be due and payable immediately and subject to immediate enforcement by the United States as provided for in

Section 3613. Furthermore, the defendant agrees to provide all of his financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

10. **Restitution for Offense of Conviction**

The defendant agrees to the entry of a Restitution Order for such amount as may be determined by the Court. At this time, the defendant understands that the Government believes the following victims have suffered the following losses: [To be determined]

11. **Limited Immunity from Further Prosecution**

The Fraud Section and the Criminal Divisions of the United States Attorneys' Offices for the Eastern District of Virginia and the Middle District of Florida, will not further criminally prosecute the defendant for the specific conduct described in the information or statement of facts or related conduct. The defendant understands that this agreement is binding only upon the Fraud Section and the Criminal Divisions of the United States Attorneys' Offices for the Eastern District of Virginia and Middle District of Florida. This agreement does not bind the civil divisions of the United States Department of Justice, the United States Attorneys' Offices for the Eastern District of Virginia or Middle District of Florida, or any other United States Attorney's Office. Nor does it bind any other Section of the Department of Justice, nor does it bind any

other state, or local, or federal prosecutor. It also does not bar or compromise any civil, tax, or administrative claim pending or that might be made against the defendant.

12. **Defendant's Cooperation**

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the government. In that regard:

a. The defendant agrees to testify truthfully and completely as a witness before any grand jury or in any other judicial or administrative proceeding when called upon to do so by the United States.

b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.

c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation.

d. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

e. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.

f. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

13. **Use of Information Provided by the Defendant Under This Agreement**

The United States will not use any truthful information provided pursuant to this agreement in any criminal prosecution against the defendant in the Eastern District of Virginia, except in any prosecution for a crime of violence or conspiracy to commit, or aiding and abetting, a crime of violence (as defined in Title 18 United States Code, Section 16). Pursuant to U.S.S.G. Section 1B1.8, no truthful information that the defendant provides under this agreement will be used in determining the applicable guideline range, except as provided in Section 1B1.8(b). Nothing in this plea agreement, however, restricts the Court's or Probation Officer's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant knowingly provide false, untruthful, or perjurious information or testimony, or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested.

14. **Prosecution in Other Jurisdictions**

The Fraud Section and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia will not contact any other state or federal prosecuting jurisdiction and voluntarily turn over truthful information that the defendant provides under this agreement to aid a prosecution of the defendant in that jurisdiction. Should any other prosecuting jurisdiction attempt to use truthful information the defendant provides pursuant to this agreement against the defendant, the Fraud Section and the Criminal Division of the United States Attorney's Office for Eastern District of Virginia agree, upon request, to contact that jurisdiction and ask that

jurisdiction to abide by the immunity provisions of this plea agreement. Prior to turning over any information, the Fraud Section or United States Attorney's Office for the Eastern District of Virginia will contact undersigned counsel for the defendant in order to permit the defendant the opportunity to contact the requesting jurisdiction and speak with that jurisdiction about its request. The parties understand that the prosecuting jurisdiction retains the discretion over whether to use such information.

15. **Defendant Must Provide Full, Complete and Truthful Cooperation**

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

16. **Motion for a Downward Departure**

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

17. **The Defendant's Obligations Regarding Assets Subject to Forfeiture**

The defendant agrees to identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past eight years, or in which the defendant has

or had during that time any financial interest. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous six years. Defendant agrees to forfeit to the United States all of the defendant's interests in any asset of a value of more than $1,000 that, within the last eight years, the defendant owned, or in which the defendant maintained an interest, the ownership of which the defendant fails to disclose to the United States in accordance with this agreement.

18. **Forfeiture Agreement**

The defendant agrees to forfeit all interests in any fraud-related asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of his offense if in fact, and to the extent that, the defendant received assets as part of the commission of the offense. The defendant further agrees to waive all interest in the asset(s) in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. If the Court deems forfeiture to be appropriate, the defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. The defendant understands that the forfeiture of assets is part of the sentence that may be imposed in this case. The Fraud Section and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree to recommend to the Department of

Justice, Criminal Division, Asset Forfeiture and Money Laundering Section that any monies obtained from the defendant through forfeiture be transferred to the Clerk to distribute to the victims of the offense in accordance with any restitution order entered in this case

19. **Waiver of Further Review of Forfeiture**

The defendant further agrees to waive all constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule 11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant understands and agrees that all property covered by this agreement is subject to forfeiture as proceeds of illegal conduct, property facilitating illegal conduct, property involved in illegal conduct giving rise to forfeiture, and substitute assets for property otherwise subject to forfeiture if in fact, and to the extent that, the defendant received bank fraud assets as part of the commission of the offense.

20. **Breach of the Plea Agreement and Remedies**

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and

c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal

Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

21. **Nature of the Agreement and Modifications**

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

Denis J. McInerney
Chief, Criminal Division, Fraud Section
United States Department of Justice

By: _____
Patrick F. Stokes, Deputy Chief
Robert Zink, Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to Title 18, United States Code, Section 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

Date: _____

_____
Delton de Armas
Defendant

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed Title 18, United States Code, Section 3553 and the Sentencing Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: _____

_____
Drew Carroll, Esq.,
Counsel for the Defendant

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	
	)	CRIMINAL NO. 1:11cr
DELTON DE ARMAS,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

The United States and the defendant, DELTON DE ARMAS, agree that had this matter proceeded to trial the United States would have proven the facts set forth in this Statement of Facts beyond a reasonable doubt. Unless otherwise stated, the time periods for the facts set forth herein are at all times relevant to the charges in the Information.

I. OVERVIEW

1. In or about June 2000, DE ARMAS joined Taylor, Bean & Whitaker Mortgage Corp. (TBW), in Ocala, Florida, as its Chief Financial Officer. DE ARMAS was licensed as a certified public accountant in or around 2004. DE ARMAS reported to Lee Farkas, the Chairman of TBW, and later to the Chief Executive Officer, Paul Allen.

2. From in or about 2005 through in or about August 2009, co-conspirators, including DE ARMAS, engaged in a scheme to defraud investors in Ocala Funding. One of the goals of the scheme to defraud was to mislead investors and auditors about Ocala Funding's assets. This scheme allowed certain individuals at TBW to misappropriate over $1 billion in collateral from Ocala Funding. Although DE ARMAS was not involved in the misappropriation of the funds, in participating in the scheme described below, DE ARMAS knowingly and intentionally

participated in the issuance of false financial reports which overstated the assets in Ocala Funding in order to mislead investors in Ocala Funding to invest in the facility and/or to dissuade them from pulling their investments out of the facility.

II. OCALA FUNDING

3. In or about January 2005, TBW established a wholly-owned special purpose entity called Ocala Funding. Ocala Funding was a bankruptcy-remote facility designed to provide TBW additional funding for mortgage loans. The facility obtained funds for mortgage lending from the sale of asset-backed commercial paper to investors.

4. Ocala Funding was managed by TBW and had no employees of its own. DE ARMAS had accounting responsibility for TBW and Ocala Funding. DE ARMAS knew and understood that Ocala Funding was a bankruptcy remote facility and that its assets, including mortgage loans and cash, had to be greater than or equal to its liabilities, including outstanding commercial paper held by investors and a relatively small amount of subordinated debt.

5. Shortly after Ocala Funding was established, DE ARMAS was told by a co-conspirator that there was a shortage of assets in Ocala Funding and that by in or around September 2006, the collateral deficit had grown to about $150 million. By September 2007 the deficit had grown to about $500 million, and by June 2008 the deficit had grown to over $700 million. As DE ARMAS knew, these collateral deficits were misrepresented in Ocala Funding's financial statements and, as a result, in TBW's financial statements as well.

6. DE ARMAS was told by Sean Ragland and others that cash from Ocala Funding was being used by TBW for purposes unrelated to Ocala Funding.

7. DE ARMAS knew that, as part of the effort to cover up the collateral shortfall and to mislead investors, Sean Ragland, who reported to DE ARMAS, produced reports that

concealed the shortfall in Ocala Funding. DE ARMAS knew, both from discussions with co-conspirators and via the receipt of emails, that these materially misleading reports were sent to Ocala Funding investors and to other third parties. DE ARMAS made no effort to object to, or correct, these reports even though he knew that the books of Ocala Funding and TBW did not adequately support the information given to these third parties.

8. DE ARMAS and Paul Allen also created a false explanation for the deficit in Ocala Funding's collateral. DE ARMAS and co-conspirators used the terms "loans in transit" or "intercompany receivable," among others, to explain to investors and regulators that there was no collateral shortfall in Ocala Funding, when in fact DE ARMAS knew there was a shortfall.

9. On or about June 30, 2008, TBW restructured the Ocala Funding facility. The new facility consisted of two investors, Deutsche Bank and BNP Paribas, and was capped at $1.75 billion. At that time, Ocala Funding had a collateral deficit of approximately $700 million. DE ARMAS understood that cash from the new investors was to be used to pay down commercial paper investors in the old facility.

10. In or about late 2008, DE ARMAS learned that Farkas had directed Sean Ragland who reported to DE ARMAS to delay making any pay-downs of Ocala Funding loans. DE ARMAS described this process to Ragland as "FIFO" in an effort to mask the collateral shortfall and avoid the potential consequences of detection, and DE ARMAS made no effort to object to or correct Farkas' directions to Ragland.

11. At or about the time that TBW ceased operations in August 2009, Ocala Funding had outstanding commercial paper of approximately $1.7 billion. DE ARMAS was told by Paul Allen shortly thereafter that Ocala Funding had less than $200 million in collateral.

12. As a result of the Ocala Funding fraud scheme, Freddie Mac, Colonial Bank, and

the Ocala Funding investors believed they had an undivided ownership interest in thousands of the same mortgage loans.

13. DE ARMAS did not personally receive any funds misappropriated from Ocala Funding or otherwise benefit from the fraud scheme, though he did receive salary and perquisites associated with his work at TBW generally.

III. MSR VALUATIONS

14. TBW used its mortgage servicing rights (MSRs) to collateralize a working capital line of credit at Colonial Bank. In order to ensure that the MSRs were sufficient to collateralize the working capital line, TBW retained third-party companies to conduct periodic MSR valuations.

15. On a number of occasions, the MSRs were not sufficient and DE ARMAS, Farkas, and other co-conspirators changed the mortgage loan data in order to inflate the MSR valuations specifically to avoid a margin call. Other co-conspirators then provided the inflated valuation and borrowing base to third parties in order to meet the necessary collateral thresholds.

IV. FALSE TBW FINANCIAL STATEMENTS

16. In or about the spring of 2008, DE ARMAS directed Sean Ragland to materially inflate, without proper substantiation, a loan participation receivable on the books of TBW. The effect of this "plug" was to substantially and materially increase the assets TBW allegedly owned. DE ARMAS knew the receivable figure was false and not supported by documentation at TBW. DE ARMAS later learned that Catherine Kissick of Colonial Bank had confirmed the "plug" figure as accurate in connection with TBW's audit procedures.

17. DE ARMAS knew that TBW provided materially inflated financial statements containing the falsified loan participation receivable to Ginnie Mae and Freddie Mac for purposes

of renewing TBW's authority to sell and service securities guaranteed by Ginnie Mae and Freddie Mac. DE ARMAS also knew that the materially inflated financial statements were provided to Colonial Bank and other banks.

18. In or about mid-2008, DE ARMAS knowingly caused TBW to send materially inflated financial statements to Ginnie Mae and Freddie Mac, which were transmitted through the Eastern District of Virginia. DE ARMAS knew that the financial statements were materially inflated because, among other things, an entry in the financial statements reflected the loan participation receivable that had been materially inflated at DE ARMAS's direction.

V. FALSE STATEMENTS TO HUD

19. Pursuant to applicable Guaranty Agreements between TBW and Ginnie Mae, TBW was required to submit to Ginnie Mae, a wholly-owned government corporation within the U.S. Department of Housing and Urban Development, by June 30, 2009, audited financial statements for TBW's fiscal year ending on March 31, 2009.

20. In or about mid-June 2009, TBW's independent auditor, Deloitte LLP (Deloitte), notified certain executives at TBW that Deloitte had serious concerns about certain debt transactions between TBW and Colonial Bank. Deloitte also recommended that TBW retain outside counsel to conduct an independent investigation into the matter. On or around June 19, 2009, TBW retained the law firm of Troutman Sanders LLP (Troutman) to investigate the issues raised by Deloitte.

21. DE ARMAS reviewed and edited a letter that was sent to Ginnie Mae by Paul Allen on or about July 6, 2009. The letter attributed TBW's delay in submitting audited financial statements to Ginnie Mae to TBW's switch to a compressed 11-month fiscal year, TBW's acquisition of Platinum Bancshares, Inc., and TBW's planned equity investment in Colonial

BancGroup. DE ARMAS and Allen knowingly and intentionally omitted disclosing in the letter the material facts that: (1) Deloitte had raised concerns about the propriety of the financing relationship between TBW and Colonial; and (2) TBW, at Deloitte's request, had retained Troutman to conduct an investigation into the matter.

VI. CONCLUSION

22. DE ARMAS admits that this statement of facts does not represent and is not intended to represent an exhaustive factual recitation of all the facts about which he has knowledge relating to the scheme to defraud described herein.

23. DE ARMAS admits that his actions, as recounted herein, were in all respects intentional and deliberate, reflecting an intention to do something the law forbids, and were not in any way the product of any accident or mistake of law or fact.

Denis J. McInerney
Chief, Criminal Division, Fraud Section
United States Department of Justice

By: _____
Patrick F. Stokes, Deputy Chief
Robert Zink, Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, DELTON DE ARMAS, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate to the best of my knowledge, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Date: _____

_____
Delton de Armas, Defendant

I am DELTON DE ARMAS's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.

Date: _____

_____
Drew Carroll, Esq.,
Counsel for the Defendant

Non Responsive

Non Responsive

Non Responsive

From: Acevedo, Olga </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=8E7806771E6A4A00BDC4SECA75864A81-OLGA ACEVED>

To: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

(b)(7)(C) **Subject:** FW: TBW FOIA - FROM (b)(7)(C)

Date: 2014/12/17 15:51:40

Priority: Normal

Type: Note

Paul – the PWD to open files will follow

Olga E. Acevedo, Special Agent in Charge
FHFA OIG
400 7th Street SW
Washington DC 20024
Offic (b)(7)(C)
Cell (b)(7)(C)

From (b)(7)(C)
Sent: Wednesday, December 17, 2014 2:49 PM
To: Acevedo, Olga
Subject: TBW FOIA

Olga,

Attached are the emails and documents I have relating to TBW.

(b)(7)(C)
Special Agent
Office of Investigation
FHFA Office of Inspector General
Office (b)(7)(C)
Cell: 2

NON PUBLIC - RESTRICTED

Sender: Acevedo, Olga </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=8E7806771E6A4A00BDC4SECA75864A81-OLGA ACEVED>

Recipient: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

Sent Date: 2014/12/17 15:51:17

Delivered Date: 2014/12/17 15:51:40

From: Acevedo, Olga </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=8E7806771E6A4A00BDC4SECA75864A81-OLGA ACEVED>

To: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

Subject: FW: FOIA - PWD

Date: 2014/12/17 16:16:31

Priority: Normal

Type: Note

TBW pwd - SEE BELOW

Olga E. Acevedo, Special Agent in Charge
FIIFA OIG
400 7th Street SW
Washington DC 20024
Offic (b)(7)(C)
Cell
(b)(7)(C)

From: (b)(7)(C)
Sent: Wednesday, December 17, 2014 2:49 PM
To: Acevedo, Olga
Subject: FOIA

Password: (b)(7)(E)

(b)(7)(C)
Special Agent
Office of Investigation
FIIFA Office of Inspector General
Office
Cell: 2 (b)(7)(C)

NON PUBLIC - RESTRICTED

Sender: Acevedo, Olga </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=8E7806771E6A4A00BDC45ECA75864A81-OLGA ACEVED>

Recipient: "Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"

Sent Date: 2014/12/17 16:16:28

Delivered Date: 2014/12/17 16:16:31

From: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

To: "Sharpley, Christopher </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=C5de5b774f89403889c4e315c2e9ad19-Christopher>";
"Stephens, Michael </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2da0367840de4f2c8c5ac168562ab556-Michael 5te>";
"Linick, Steve </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=28c2cf7b529749f09f7ceff9f71a1cd9-Steve Linic>";
"DiSanto, Emilia </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D94639648c304c1d8447667da03493cb-Emilia DiSa>"

CC: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05f (b)(7)(C)
"Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

Subject: FW: De Armas Plea Docs

Date: 2012/02/15 09:03:36

Priority: Normal

Type: Note

Attached are is a copy of the plea agreements and the statement of facts for Delton De Armas, TBW CFO.
They good to me, but let me know if you have any comments. Patrick wants to finalize today and take the plea on Feb 27th

From: Stokes, Patrick [mailto:Patrick.Stokes2@usdoj.gov]
Sent: Monday, February 13, 2012 12:25 PM
To: (b)(7)(C) Emerzian, Peter (b)(7)(C) (b)(7)(C) (b)(7)(C) (b)(7)(C) O'Shea, Nancy
Cc: Connolly, Charles (USAVAE); Nathanson, Paul (USAVAE); Zink, Robert
Subject: De Armas Plea Docs

Folks – De Armas has finally signed off on the plea agreement. Please take a look at the proposed agreement and statement of facts, and let us know if you have any suggested changes. Michael (b)(7)(C) has previously asked that (b)(5) (b)(5) As de Armas wasn't involved in the (b)(5) (b)(5) We'll shoot around a criminal information when we have one.
De Armas's lawyer has proposed scheduling the plea for 2/27, which is a Monday. We're shooting for that date, though we've not settled on it yet or scheduled it with the judge. Let us know if that day is a problem for you for any reason.
~~Also, I don't have~~ (b)(7)(C) new email address, so please forward this to him. And, (b)(7)(C) I'm not sure who send this to at HUD OIG now, so I'm sending it to you.
Thanks.
Patrick

Confidentiality Notice: The information contained in this e-mail and any

attachments may be confidential or privileged under applicable law, or otherwise

may be protected from disclosure to anyone other than the intended recipient(s).

Any use, distribution, or copying of this e-mail, including any of its contents

or attachments by any person other than the intended recipient, or for any

purpose other than its intended use, is strictly prohibited. If you believe you

have received this e-mail in error: permanently delete the e-mail and any

attachments, and do not save, copy, disclose, or rely on any part of the

information contained in this e-mail or its attachments. Please call

202-649-3800 if you have questions.

Sender: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FBI2C708E959AEB-PETER EMERZ>

Recipient: "Sharpley, Christopher </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GRDUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=C5de5b774f89403889c4e315c2e9ad19-Christopher>";
"Stephens, Michael </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2da0367840de4f2c8c5ac168562ab556-Michael Ste>";
"Linick, Steve </D=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=28c2cf7b529749f09f7ceff9f71a1cd9-Steve Linic>";
"DiSanto, Emilia </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D94639648c304c1d8447667da03493cb-Emilia DiSa>";
(b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff (b)(7)(C)
"Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

Sent Date: 2012/02/15 09:03:34

Delivered Date: 2012/02/15 09:03:36

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	
	)	CRIMINAL NO. 1:11cr
DELTON DE ARMAS	)	
	)	
Defendant.	)	

PLEA AGREEMENT

Denis J. McInerney, Chief, Fraud Section of the Criminal Division of the United States Department of Justice ("Fraud Section"), Patrick F. Stokes, Deputy Chief, Robert Zink, Trial Attorney, and Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Charles F. Connolly and Paul J. Nathanson, Assistant United States Attorneys, and the defendant, DELTON DE ARMAS, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

1. **Offense and Maximum Penalties**

The defendant agrees to plead guilty to a two-count criminal information charging the defendant with one count of conspiracy (in violation of Title 18, United States Code, Section 371) to commit bank fraud (in violation of Title 18, United States Code, Section 1344) and wire fraud (in violation of Title 18, United States Code, Section 1343); and one count of false statements (in violation of Title 18, United States Code, Section 1001). The maximum penalties for the conspiracy count are a maximum term of five years of imprisonment, a fine of $250,000 or twice the amount of the loss or gross gain, full restitution and forfeiture, a special assessment,

and three years of supervised release. The maximum penalties for the false statements count are a maximum term of five years of imprisonment, a fine of $250,000, full restitution and forfeiture, a special assessment, and three years of supervised release. The defendant understands that these supervised release terms are in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. **Factual Basis for the Plea**

The defendant will plead guilty because the defendant is in fact guilty of the charged offenses. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offenses charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Sections lB1.2(a) and 6B1.4 of the United States Sentencing Guidelines (U.S.S.G. or Sentencing Guidelines).

3. **Assistance and Advice of Counsel**

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel - and if necessary have the court appoint counsel - at trial and at every other stage of the proceedings; and

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. **Role of the Court and the Probation Office**

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with Title 18, United States Code, Section 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker,* 543 U.S. 220, 261 (2005), the Court, after considering the factors set forth in Title 18, United States Code, Section 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence.

5. **Waiver of Appeal, FOIA and Privacy Act Rights**

The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the statutory maximum described above (or the manner in which that sentence was determined) on the grounds set forth

in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. **Recommended Sentencing Factors**

Based upon the information now available to the United States (including representations by the defense), the defendant's Criminal History Category is one. In accordance with Rule 11(c)(l)(B) of the Federal Rules of Criminal Procedure, the United States and the defendant will recommend to the Court that the following provisions of the Sentencing Guidelines apply:

a. pursuant to U.S.S.G. Section 2B1.1(a)(2), the base offense level for the conduct charged in Count One is 6 and for Count Two is 6;

b. pursuant to U.S.S.G. Section 2B1.1(b)(1)(P), the conduct charged in Count One resulted in a loss of more than $400,000,000.00 and qualifies for a 30-level upward enhancement;

c. pursuant to U.S.S.G. Section 2B1.1(b)(9), the conduct charged in Count One involved sophisticated means and qualifies for a 2-level upward enhancement;

d. pursuant to U.S.S.G. Section 3D1.2(c), Count Two groups with Count One; and

e. pursuant to U.S.S.G. Section 3E1.1(b), the defendant has assisted the government in the investigation and prosecution of the defendant's own misconduct by timely notifying

authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a two-level decrease in offense level pursuant to U.S.S.G. Section 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. Section 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional one-level decrease in the defendant's offense level.

f. No agreements regarding the applicability of any other Sentencing Guidelines provision have been reached, and the parties reserve the right to argue for or against the applicability of any other Guidelines provision at sentencing.

7. **Venue**

The defendant waives any challenge to venue in the Eastern District of Virginia. The defendant understands that Federal Rule of Criminal Procedure 18 affords the defendant the right to have his offenses prosecuted in the district in which the offenses were committed. The defendant knowingly consents to have the offenses set forth in the criminal information prosecuted in the Eastern District of Virginia.

8. **Special Assessment**

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars ($100.00) per count of conviction.

9. **Payment of Monetary Penalties**

The defendant understands and agrees that, pursuant to Title 18, United States Code, Section 3613, whatever monetary penalties are imposed by the Court will be due and payable immediately and subject to immediate enforcement by the United States as provided for in

Section 3613. Furthermore, the defendant agrees to provide all of his financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

10. **Restitution for Offense of Conviction**

The defendant agrees to the entry of a Restitution Order for such amount as may be determined by the Court. At this time, the defendant understands that the Government believes the following victims have suffered the following losses: [To be determined]

11. **Limited Immunity from Further Prosecution**

The Fraud Section and the Criminal Divisions of the United States Attorneys' Offices for the Eastern District of Virginia and the Middle District of Florida, will not further criminally prosecute the defendant for the specific conduct described in the information or statement of facts or related conduct. The defendant understands that this agreement is binding only upon the Fraud Section and the Criminal Divisions of the United States Attorneys' Offices for the Eastern District of Virginia and Middle District of Florida. This agreement does not bind the civil divisions of the United States Department of Justice, the United States Attorneys' Offices for the Eastern District of Virginia or Middle District of Florida, or any other United States Attorney's Office. Nor does it bind any other Section of the Department of Justice, nor does it bind any

other state, or local, or federal prosecutor. It also does not bar or compromise any civil, tax, or administrative claim pending or that might be made against the defendant.

12. **Defendant's Cooperation**

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the government. In that regard:

a. The defendant agrees to testify truthfully and completely as a witness before any grand jury or in any other judicial or administrative proceeding when called upon to do so by the United States.

b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.

c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation.

d. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

e. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.

f. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

13. **Use of Information Provided by the Defendant Under This Agreement**

The United States will not use any truthful information provided pursuant to this agreement in any criminal prosecution against the defendant in the Eastern District of Virginia, except in any prosecution for a crime of violence or conspiracy to commit, or aiding and abetting, a crime of violence (as defined in Title 18 United States Code, Section 16). Pursuant to U.S.S.G. Section 1B1.8, no truthful information that the defendant provides under this agreement will be used in determining the applicable guideline range, except as provided in Section 1B1.8(b). Nothing in this plea agreement, however, restricts the Court's or Probation Officer's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant knowingly provide false, untruthful, or perjurious information or testimony, or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested.

14. **Prosecution in Other Jurisdictions**

The Fraud Section and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia will not contact any other state or federal prosecuting jurisdiction and voluntarily turn over truthful information that the defendant provides under this agreement to aid a prosecution of the defendant in that jurisdiction. Should any other prosecuting jurisdiction attempt to use truthful information the defendant provides pursuant to this agreement against the defendant, the Fraud Section and the Criminal Division of the United States Attorney's Office for Eastern District of Virginia agree, upon request, to contact that jurisdiction and ask that

jurisdiction to abide by the immunity provisions of this plea agreement. Prior to turning over any information, the Fraud Section or United States Attorney's Office for the Eastern District of Virginia will contact undersigned counsel for the defendant in order to permit the defendant the opportunity to contact the requesting jurisdiction and speak with that jurisdiction about its request. The parties understand that the prosecuting jurisdiction retains the discretion over whether to use such information.

15. **Defendant Must Provide Full, Complete and Truthful Cooperation**

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

16. **Motion for a Downward Departure**

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

17. **The Defendant's Obligations Regarding Assets Subject to Forfeiture**

The defendant agrees to identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past eight years, or in which the defendant has

or had during that time any financial interest. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous six years. Defendant agrees to forfeit to the United States all of the defendant's interests in any asset of a value of more than $1,000 that, within the last eight years, the defendant owned, or in which the defendant maintained an interest, the ownership of which the defendant fails to disclose to the United States in accordance with this agreement.

18. **Forfeiture Agreement**

The defendant agrees to forfeit all interests in any fraud-related asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of his offense if in fact, and to the extent that, the defendant received assets as part of the commission of the offense. The defendant further agrees to waive all interest in the asset(s) in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. If the Court deems forfeiture to be appropriate, the defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. The defendant understands that the forfeiture of assets is part of the sentence that may be imposed in this case. The Fraud Section and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree to recommend to the Department of

Justice, Criminal Division, Asset Forfeiture and Money Laundering Section that any monies obtained from the defendant through forfeiture be transferred to the Clerk to distribute to the victims of the offense in accordance with any restitution order entered in this case

19. **Waiver of Further Review of Forfeiture**

The defendant further agrees to waive all constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule 11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant understands and agrees that all property covered by this agreement is subject to forfeiture as proceeds of illegal conduct, property facilitating illegal conduct, property involved in illegal conduct giving rise to forfeiture, and substitute assets for property otherwise subject to forfeiture if in fact, and to the extent that, the defendant received bank fraud assets as part of the commission of the offense.

20. **Breach of the Plea Agreement and Remedies**

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and

c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal

Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

21. **Nature of the Agreement and Modifications**

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

Denis J. McInerney
Chief, Criminal Division, Fraud Section
United States Department of Justice

By: _____
Patrick F. Stokes, Deputy Chief
Robert Zink, Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to Title 18, United States Code, Section 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

Date: _____

_____
Delton de Armas
Defendant

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed Title 18, United States Code, Section 3553 and the Sentencing Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: _____

_____
Drew Carroll, Esq.,
Counsel for the Defendant

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	
	)	CRIMINAL NO. 1:11cr
DELTON DE ARMAS,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

The United States and the defendant, DELTON DE ARMAS, agree that had this matter proceeded to trial the United States would have proven the facts set forth in this Statement of Facts beyond a reasonable doubt. Unless otherwise stated, the time periods for the facts set forth herein are at all times relevant to the charges in the Information.

I. OVERVIEW

1. In or about June 2000, DE ARMAS joined Taylor, Bean & Whitaker Mortgage Corp. (TBW), in Ocala, Florida, as its Chief Financial Officer. DE ARMAS was licensed as a certified public accountant in or around 2004. DE ARMAS reported to Lee Farkas, the Chairman of TBW, and later to the Chief Executive Officer, Paul Allen.

2. From in or about 2005 through in or about August 2009, co-conspirators, including DE ARMAS, engaged in a scheme to defraud investors in Ocala Funding. One of the goals of the scheme to defraud was to mislead investors and auditors about Ocala Funding's assets. This scheme allowed certain individuals at TBW to misappropriate over $1 billion in collateral from Ocala Funding. Although DE ARMAS was not involved in the misappropriation of the funds, in participating in the scheme described below, DE ARMAS knowingly and intentionally

participated in the issuance of false financial reports which overstated the assets in Ocala Funding in order to mislead investors in Ocala Funding to invest in the facility and/or to dissuade them from pulling their investments out of the facility.

II. OCALA FUNDING

3. In or about January 2005, TBW established a wholly-owned special purpose entity called Ocala Funding. Ocala Funding was a bankruptcy-remote facility designed to provide TBW additional funding for mortgage loans. The facility obtained funds for mortgage lending from the sale of asset-backed commercial paper to investors.

4. Ocala Funding was managed by TBW and had no employees of its own. DE ARMAS had accounting responsibility for TBW and Ocala Funding. DE ARMAS knew and understood that Ocala Funding was a bankruptcy remote facility and that its assets, including mortgage loans and cash, had to be greater than or equal to its liabilities, including outstanding commercial paper held by investors and a relatively small amount of subordinated debt.

5. Shortly after Ocala Funding was established, DE ARMAS was told by a co-conspirator that there was a shortage of assets in Ocala Funding and that by in or around September 2006, the collateral deficit had grown to about $150 million. By September 2007 the deficit had grown to about $500 million, and by June 2008 the deficit had grown to over $700 million. As DE ARMAS knew, these collateral deficits were misrepresented in Ocala Funding's financial statements and, as a result, in TBW's financial statements as well.

6. DE ARMAS was told by Sean Ragland and others that cash from Ocala Funding was being used by TBW for purposes unrelated to Ocala Funding.

7. DE ARMAS knew that, as part of the effort to cover up the collateral shortfall and to mislead investors, Sean Ragland, who reported to DE ARMAS, produced reports that

concealed the shortfall in Ocala Funding. DE ARMAS knew, both from discussions with co-conspirators and via the receipt of emails, that these materially misleading reports were sent to Ocala Funding investors and to other third parties. DE ARMAS made no effort to object to, or correct, these reports even though he knew that the books of Ocala Funding and TBW did not adequately support the information given to these third parties.

8. DE ARMAS and Paul Allen also created a false explanation for the deficit in Ocala Funding's collateral. DE ARMAS and co-conspirators used the terms "loans in transit" or "intercompany receivable," among others, to explain to investors and regulators that there was no collateral shortfall in Ocala Funding, when in fact DE ARMAS knew there was a shortfall.

9. On or about June 30, 2008, TBW restructured the Ocala Funding facility. The new facility consisted of two investors, Deutsche Bank and BNP Paribas, and was capped at $1.75 billion. At that time, Ocala Funding had a collateral deficit of approximately $700 million. DE ARMAS understood that cash from the new investors was to be used to pay down commercial paper investors in the old facility.

10. In or about late 2008, DE ARMAS learned that Farkas had directed Sean Ragland who reported to DE ARMAS to delay making any pay-downs of Ocala Funding loans. DE ARMAS described this process to Ragland as "FIFO" in an effort to mask the collateral shortfall and avoid the potential consequences of detection, and DE ARMAS made no effort to object to or correct Farkas' directions to Ragland.

11. At or about the time that TBW ceased operations in August 2009, Ocala Funding had outstanding commercial paper of approximately $1.7 billion. DE ARMAS was told by Paul Allen shortly thereafter that Ocala Funding had less than $200 million in collateral.

12. As a result of the Ocala Funding fraud scheme, Freddie Mac, Colonial Bank, and

the Ocala Funding investors believed they had an undivided ownership interest in thousands of the same mortgage loans.

13. DE ARMAS did not personally receive any funds misappropriated from Ocala Funding or otherwise benefit from the fraud scheme, though he did receive salary and perquisites associated with his work at TBW generally.

III. MSR VALUATIONS

14. TBW used its mortgage servicing rights (MSRs) to collateralize a working capital line of credit at Colonial Bank. In order to ensure that the MSRs were sufficient to collateralize the working capital line, TBW retained third-party companies to conduct periodic MSR valuations.

15. On a number of occasions, the MSRs were not sufficient and DE ARMAS, Farkas, and other co-conspirators changed the mortgage loan data in order to inflate the MSR valuations specifically to avoid a margin call. Other co-conspirators then provided the inflated valuation and borrowing base to third parties in order to meet the necessary collateral thresholds.

IV. FALSE TBW FINANCIAL STATEMENTS

16. In or about the spring of 2008, DE ARMAS directed Sean Ragland to materially inflate, without proper substantiation, a loan participation receivable on the books of TBW. The effect of this "plug" was to substantially and materially increase the assets TBW allegedly owned. DE ARMAS knew the receivable figure was false and not supported by documentation at TBW. DE ARMAS later learned that Catherine Kissick of Colonial Bank had confirmed the "plug" figure as accurate in connection with TBW's audit procedures.

17. DE ARMAS knew that TBW provided materially inflated financial statements containing the falsified loan participation receivable to Ginnie Mae and Freddie Mac for purposes

of renewing TBW's authority to sell and service securities guaranteed by Ginnie Mae and Freddie Mac. DE ARMAS also knew that the materially inflated financial statements were provided to Colonial Bank and other banks.

18. In or about mid-2008, DE ARMAS knowingly caused TBW to send materially inflated financial statements to Ginnie Mae and Freddie Mac, which were transmitted through the Eastern District of Virginia. DE ARMAS knew that the financial statements were materially inflated because, among other things, an entry in the financial statements reflected the loan participation receivable that had been materially inflated at DE ARMAS's direction.

V. FALSE STATEMENTS TO HUD

19. Pursuant to applicable Guaranty Agreements between TBW and Ginnie Mae, TBW was required to submit to Ginnie Mae, a wholly-owned government corporation within the U.S. Department of Housing and Urban Development, by June 30, 2009, audited financial statements for TBW's fiscal year ending on March 31, 2009.

20. In or about mid-June 2009, TBW's independent auditor, Deloitte LLP (Deloitte), notified certain executives at TBW that Deloitte had serious concerns about certain debt transactions between TBW and Colonial Bank. Deloitte also recommended that TBW retain outside counsel to conduct an independent investigation into the matter. On or around June 19, 2009, TBW retained the law firm of Troutman Sanders LLP (Troutman) to investigate the issues raised by Deloitte.

21. DE ARMAS reviewed and edited a letter that was sent to Ginnie Mae by Paul Allen on or about July 6, 2009. The letter attributed TBW's delay in submitting audited financial statements to Ginnie Mae to TBW's switch to a compressed 11-month fiscal year, TBW's acquisition of Platinum Bancshares, Inc., and TBW's planned equity investment in Colonial

BancGroup. DE ARMAS and Allen knowingly and intentionally omitted disclosing in the letter the material facts that: (1) Deloitte had raised concerns about the propriety of the financing relationship between TBW and Colonial; and (2) TBW, at Deloitte's request, had retained Troutman to conduct an investigation into the matter.

VI. CONCLUSION

22. DE ARMAS admits that this statement of facts does not represent and is not intended to represent an exhaustive factual recitation of all the facts about which he has knowledge relating to the scheme to defraud described herein.

23. DE ARMAS admits that his actions, as recounted herein, were in all respects intentional and deliberate, reflecting an intention to do something the law forbids, and were not in any way the product of any accident or mistake of law or fact.

Denis J. McInerney
Chief, Criminal Division, Fraud Section
United States Department of Justice

By: _____
Patrick F. Stokes, Deputy Chief
Robert Zink, Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, DELTON DE ARMAS, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate to the best of my knowledge, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Date: _____

_____
Delton de Armas, Defendant

I am DELTON DE ARMAS's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.

Date: _____

_____
Drew Carroll, Esq.,
Counsel for the Defendant

From: Stokes, Patrick <Patrick.Stokes2@usdoj.gov>
To: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff- (b)(7)(C) ; "Charles.Connolly@usdoj.gov"; "Paul.Nathanson@usdoj.gov"
Subject: Re: De Armas Plea Docs
Date: 2012/02/22 16:03:27
Priority: Normal
Type: Note

No plea scheduled yet. We're hoping for 2/27, but that looks unlikely. Will keep you posted.

From: (b)(7)(C)
Sent: Wednesday, February 22, 2012 03:58 PM
To: Charles.Connolly@usdoj.gov <CConnolly@usa.doj.gov>; Paul.Nathanson@usdoj.gov <pnathanson@usa.doj.gov>; Stokes, Patrick
Subject: RE: De Armas Plea Docs

Hey guys,
I just started at FHFA OIG and here is my new contact information. I hope you guys are doing well. Can you include me on the emails as I'm trying to keep HUD OIG Tampa in the loop. (b)(7)(C) has transferred to another location and Tim Mowery is also at FHFA now). Has DD plea been scheduled yet? Thanks.
(b)(7)(C)
(b)(7)(C)
Special Agent
Federal Housing Finance Agency- OIG
Investigations Division
(b)(7)(C)

From: Emerzian, Peter
Sent: Wednesday, February 15, 2012 9:04 AM
To: Sharpley, Christopher; Stephens,Michael; Linick, Steve; DiSanto, Emilia
Cc: (b)(7)(C) Mowery, Timothy
Subject: FW: De Armas Plea Docs

Attached are is a copy of the plea agreements and the statement of facts for Delton De Armas, TBW CFO.
They good to me, but let me know if you have any comments, Patrick wants to finalize today and take the plea on Feb 27th

From: Stokes, Patrick [mailto:Patrick.Stokes2@usdoj.gov]
Sent: Monday, February 13, 2012 12:25 PM
To: (b)(7)(C) ; Emerzian, Peter; (b)(7)(C) ; (b)(7)(C) (b)(7)(C) (b)(7)(C) O'Shea, Nancy
Cc: Connolly, Charles (USAVAE); Nathanson, Paul (USAVAE); Zink, Robert
Subject: De Armas Plea Docs

Folks – De Armas has finally signed off on the plea agreement. Please take a look at the proposed agreement and statement of facts, and let us know if you have any suggested changes. Michael (b)(7)(C) has previously asked (b)(5) (b)(5) As de Armas wasn't involved in the (b)(5) (b)(5) We'll shoot around a criminal information when we have one.

De Armas's lawyer has proposed scheduling the plea for 2/27, which is a Monday. We're shooting for that date, though we've not settled on it yet or scheduled it with the judge. Let us know if that day is a problem for you for any reason.

(b)(7)(C) Also, I don't have [redacted] new email address, so please forward this to him. And (b)(7)(C) I'm not sure who send this to at HUD OIG now, so I'm sending it to you.

Thanks.

Patrick

Confidentiality Notice: The information contained in this e-mail and any

attachments may be confidential or privileged under applicable law, or otherwise

may be protected from disclosure to anyone other than the intended recipient(s).

Any use, distribution, or copying of this e-mail, including any of its contents

or attachments by any person other than the intended recipient, or for any

purpose other than its intended use, is strictly prohibited. If you believe you

have received this e-mail in error: permanently delete the e-mail and any

attachments, and do not save, copy, disclose, or rely on any part of the

information contained in this e-mail or its attachments. Please call

202-649-3800 if you have questions.

Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this e-mail in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

Sender: Stokes, Patrick <Patrick.Stokes2@usdoj.gov>

Recipient: "Mosakowski, David </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff-David Mosak>"; "Charles.Connolly@usdoj.gov"; "Paul.Nathanson@usdoj.gov"

Sent Date: 2012/02/22 16:03:15

Delivered Date: 2012/02/22 16:03:27

From: Antonik, Malinda <MAntonik@hudoig.gov>
To: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05f (b)(7)(C)
CC: (b)(7)(C)
Subject: RE: De Armas Plea Docs
Date: 2012/02/22 16:54:47
Priority: Normal
Type: Note

Thanks for keeping me posted!
Malinda

From: (b)(7)(C)
Sent: Wednesday, February 22, 2012 4:08 PM
To: Antonik, Malinda
Subject: FW: De Armas Plea Docs

Malinda.
Here are the draft plea docs for Delton De Armas, the former TBW CFO (notice the HUD language). The attorneys were hoping for a 2/27 plea hearing but that seems unlikely. I will forward you emails as they come to me.
Thanks (b)(7)(

From: Emerzian, Peter
Sent: Wednesday, February 15, 2012 9:04 AM
To: Sharpley, Christopher; Stephens,Michael; Linick, Steve; DiSanto, Emilia
Cc: (b)(7)(C) ; Mowery, Timothy
Subject: FW: De Armas Plea Docs

Attached are is a copy of the plea agreements and the statement of facts for Delton De Armas, TBW CFO.
They good to me, but let me know if you have any comments, Patrick wants to finalize today and take the plea on Feb 27th

From: Stokes, Patrick [mailto:Patrick.Stokes2@usdoj.gov]
Sent: Monday, February 13, 2012 12:25 PM
To: (b)(7)(C) ; Emerzian, Peter; (b)(7)(C) ; (b)(7)(C) (b)(7)(C) ; (b)(7)(C) O'Shea, Nancy
Cc: Connolly, Charles (USAVAE); Nathanson, Paul (USAVAE); Zink, Robert
Subject: De Armas Plea Docs

Folks – De Armas has finally signed off on the plea agreement. Please take a look at the proposed agreement and statement of facts, and let us know if you have any suggested changes. Michael (b)(7)(C) has previously asked (b)(5) (b)(5) As de Armas wasn't involved in the (b)(5) (b)(5) We'll shoot around a criminal information which we have one.
De Armas's lawyer has proposed scheduling the plea for 2/27, which is a Monday. We're shooting for that date, though we've not settled on it yet or scheduled it with the judge. Let us know if that day is a problem for you for any reason.
Also, I don't have (b)(7)(C) new email address, so please forward this to him. And (b)(7)(C) I'm not sure who send this to at HUD OIG now, so I'm sending it to you.
Thanks.

Patrick

Confidentiality Notice: The information contained in this e-mail and any

attachments may be confidential or privileged under applicable law, or otherwise

may be protected from disclosure to anyone other than the intended recipient(s).

Any use, distribution, or copying of this e-mail, including any of its contents

or attachments by any person other than the intended recipient, or for any

purpose other than its intended use, is strictly prohibited. If you believe you

have received this e-mail in error: permanently delete the e-mail and any

attachments, and do not save, copy, disclose, or rely on any part of the

information contained in this e-mail or its attachments. Please call

202-649-3800 if you have questions.

Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this e-mail in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

Sender: Antonik, Malinda <MAntonik@hudoig.gov>

Recipient: "Mosakowski, David </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff-David Mosak>"; (b)(7)(C)

Sent Date: 2012/02/22 16:54:40

Delivered Date: 2012/02/22 16:54:47

From: Connolly, Charles (USAVAE) <Charles.Connolly@usdoj.gov>

To: "Stokes, Patrick (CRM) <Patrick.Stokes2@usdoj.gov>";
"Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5f50330ff3S406f9fb12c708e9S9aeb-Peter Emerz>";
"O'Shea, Nancy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=45ad7effd12a4beeb3be31b646cc60d6-Nancy O'She>";
(b)(7)(C) =ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8 (b)(7)(C)
(b)(7)(C) o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff (b)(7)(C)

CC: "Zink, Robert (CRM) <Robert.Zink@usdoj.gov>";
"Nathanson, Paul (USAVAE) <Paul.Nathanson@usdoj.gov>"

Subject: RE: For Sale: $30.8 Billion of TBW MSRs

Date: 2012/06/11 14:56:08

Priority: Normal

Type: Note

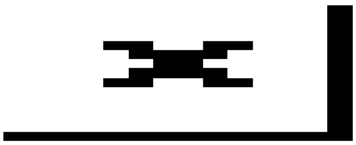
All Reminder that Delton de Armas's sentencing is Friday. Attached is the position paper we filed. (b)(5) The Defense asked for a sentence equal to what Ragland received.
Chuck

From: Stokes, Patrick [mailto:Patrick.Stokes2@usdoj.gov]
Sent: Thursday, June 07, 2012 8:18 AM
To: 'Peter.Emerzian@fhfaoig.gov'; Connolly, Charles (USAVAE); 'nancy.oshea@fhfaoig.gov';
(b)(7)(C)
Subject: Re: For Sale: $30.8 Billion of TBW MSRs
(b)(5)

From: Emerzian, Peter [mailto:Peter.Emerzian@fhfaoig.gov]
Sent: Thursday, June 07, 2012 08:07 AM
To: Stokes, Patrick; Connolly, Charles (Charles.Connolly@usdoj.gov) <CConnolly@usa.doj.gov>; O'Shea, Nancy <Nancy.OShea@fhfaoig.gov>; (b)(7)(C)
(b)(7)(C)
Subject: For Sale: $30.8 Billion of TBW MSRs

FYI
For Sale: $30.8 Billion of TBW MSRs
Paul Muolo
National Mortgage News
Wed, 06 Jun 2012 18:53:17 GMT
148 words
Milestone Merchant Partners is circulating an offering book on $30.8 billion of mortgage servicing rights that once belonged to now-defunct Taylor, Bean & Whitaker, Ocala, Fla
Servicing investors and advisors familiar with the deal said the MSRs are tied to mortgages guaranteed by Freddie Mac. The receivables have a 12% delinquency rate, said one source who has seen the offering book.
TBW's assets are being supervised by a bankruptcy trustee.

Ocwen Financial and other specialty servicers are expected to be the target audience of the bid package.
The nonbank lender filed for bankruptcy protection almost three years ago. A year ago its longtime CEO, Lee Farkas, was sentenced to 30 years in prison for orchestrating a massive fraud tied to fabricating mortgage assets that didn't exist. It then borrowed money against those nonexistent assets.
TBW's failure also sparked the failure of its largest warehouse provider, Colonial Bank.



Description: Peter Emerzian AIGI Signature-2

Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

Sender: Connolly, Charles (USAVAE) <Charles.Connolly@usdoj.gov>

Recipient: "Stokes, Patrick (CRM) <Patrick.Stokes2@usdoj.gov>";
"Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GRDUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5f50330ff35406f9fb12c708e959aeb-Peter Emerz>";
"O'Shea, Nancy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=45ad7effd12a4beeb3be31b646cc60d6-Nancy O'She>";
(b)(7)(C) o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8- (b)(7)(C)
(b)(7)(C)
(b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff- (b)(7)(C)
"Zink, Robert (CRM) <Robert.Zink@usdoj.gov>";
"Nathanson, Paul (USAVAE) <Paul.Nathanson@usdoj.gov>"

Sent Date: 2012/06/11 14:55:54

Delivered Date: 2012/06/11 14:56:08

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	CRIMINAL NO. 1:12-CR-96
	)	
v.	)	Honorable Leonie M. Brinkema
	)	
DELTON DE ARMAS,	)	Sentencing Date: June 15, 2012
	)	
Defendant.	)	

POSITION OF THE UNITED STATES WITH RESPECT TO SENTENCING

The United States of America, through its attorneys, Denis J. McInerney, Chief, Fraud Section of the Criminal Division of the United States Department of Justice, Patrick F. Stokes, Deputy Chief, and Robert A. Zink, Trial Attorney, and Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Charles F. Connolly and Paul J. Nathanson, Assistant United States Attorneys, in accord with 18 U.S.C. § 3553(a) and the United States Sentencing Commission, Guidelines Manual ("Guidelines" or "U.S.S.G.") § 6A1.2 (Nov. 2010), files this Position of the United States With Respect to Sentencing of the defendant, Delton de Armas. For the reasons discussed herein, the government requests that the Court sentence the defendant to a term of incarceration of 7 years.

Background[1]

Taylor, Bean & Whitaker Mortgage Corp. ("TBW") was a mortgage company based in Ocala Florida. Colonial Bank was one of the 25 largest depository banks in the country and was based in Montgomery, Alabama. Colonial's Mortgage Warehouse Lending Division ("MWLD") provided financing to mortgage origination companies, including TBW. De Armas joined TBW in 2000 as the chief financial officer. He reported directly to Lee Farkas, the chairman and principal owner of TBW, until approximately 2003, at which time he began reporting to Paul Allen, the chief executive officer of TBW.

From approximately 2002 through August 2009, Farkas and numerous co-conspirators defrauded three banks of more than $2.9 billion, misled shareholders of Colonial BancGroup, Inc., and attempted to fraudulently obtain more than $500 million from the government's TARP program. As the CFO, de Armas was aware of the financial impact the fraud scheme had on TBW's books, and he, along with Paul Allen and other TBW employees de Armas oversaw, misled regulators, TBW's auditor, banks, and investors in Ocala Funding. De Armas's lies contributed to losses by investors in Ocala Funding of approximately $1.5 billion and to losses by Colonial Bank of at least $900 million.

As set out in his plea agreement, de Armas knowingly lied or caused financial records to be falsified with regard to the assets in Ocala Funding, the valuation of TBW's mortgage servicing rights ("MSR"), TBW's financial health as presented in its audited financial statements, and TBW's late-filing of its audited financials with Ginnie Mae in June 2009. A brief overview of each of these schemes follows:

[1] In light of this Court's familiarity with the facts of this case, the Government includes only a brief overview and recitation of the key facts.

1. **Ocala Funding.** Ocala Funding was a wholly owned subsidiary of TBW that was designed to provide low-cost funding to TBW for additional mortgage loan originations. Ocala Funding issued asset-backed commercial paper (corporate IOUs) to investors in return for cash. Ocala Funding would then use the cash to fund mortgage loans at TBW. Ocala Funding was designed to be fully collateralized and bankruptcy remote. That is, Ocala Funding was required to have at all times more assets (cash and mortgage loans) than liabilities (commercial paper and subordinated debt). If its liabilities had exceeded its assets, the investors had the right to wind down the entity. And, as Ocala Funding was bankruptcy remote, the investors did not have recourse to TBW's assets to make up any shortfall. Moreover, Ocala Funding cash was to be used only for Ocala Funding operations.

When TBW ceased operations in August 2009, there were two dedicated investors in Ocala Funding: Deutsche Bank and BNP Paribas, which together owned approximately $1.75 billion of the asset-backed commercial paper.[2] Yet Farkas, Desiree Brown (TBW's treasurer), and other co-conspirators caused nearly all of the assets in Ocala Funding to be stripped out and used to pay TBW expenses, including mandatory servicing advances to investors in mortgage bonds TBW had sold.

Although de Armas did not participate in the misappropriations of cash from Ocala Funding, Sean Ragland, a TBW financial analyst who tracked diversions from the entity, informed de Armas that Ocala Funding's money was being used for TBW purposes. As TBW's CFO and the person responsible for Ocala Funding's accounting, de Armas also was well aware of Ocala Funding's significant collateral shortfall. By September 2006 the deficit was as much

[2] Prior to June 30, 2008, there were numerous financial institutions that invested in Ocala Funding through commercial paper purchases.

as $150 million; by September 2007, it was approximately $500 million; by June 2008, it was more than $700 million; and by August 2009, it was approximately $1.5 billion.

De Armas, Allen (TBW's CEO), and Ragland devised a plan to hide the Ocala Funding collateral shortfall from its investors. With de Armas's and Allen's knowledge and direction, Ragland falsified a monthly financial statements provided to Ocala Funding investors that inflated cash or the value of mortgage loans in order to hide the enormous, growing collateral shortfalls. Each month after that, Ragland (or another TBW employee) continued to similarly falsify the financial statements and send them by email to the investors. Not only did De Armas know this was happening from conversations with Ragland, he was copied on the emails sent to the investors attaching the false financial statements. As a result of the lies contained in the financial statements, by August 2009 Deutsche Bank and BNP Paribas believed they held approximately $1.75 billion of fully collateralized commercial paper when, in fact, Ocala Funding held cash and loans worth only approximately $150 million. Deutsche Bank and BNP Paribas have lost approximately $1.5 billion due to the scheme.[3]

2. **MSR Valuations**

TBW relied heavily on a working capital line of credit administered by Colonial Bank (as the head of a nine-bank syndicate) to fund its operations. As collateral for the line, it pledged mortgage servicing rights (MSR), and it periodically provided MSR valuation reports prepared by third parties to Colonial Bank. If the MSR valuations fell below a specific percentage value

[3] One of the ways TBW inflated assets held by Ocala Funding was it reported loans sold to Freddie Mac as still being assets on its as well as Colonial Bank's books. As a result of the false information sent to Colonial Bank, it believed it had sole ownership of approximately $900 million of mortgage loans that, in fact, already had been sold to Freddie Mac. De Armas's role in sending inflated collateral information to Ocala Funding investors helped perpetuate the fraud scheme and thus contributed to Colonial Bank's losses. Due to the size of the financial losses, Colonial Bank's $900 million loss amount does not change de Armas's Guidelines calculation.

of the working capital extended to TBW, Colonial Bank would issue a margin call and TBW would have to pay down the working capital line of credit to meet its collateral threshold.

To avoid margin calls, De Armas and other TBW executives periodically inflated mortgage loan values it held, at times by billions of dollars, in order to inflate the MSR valuations conducted by third parties. As a result, these lies exposed the banking syndicate providing the working capital line of credit to significant risk of loss.

3. **False TBW Financial Statements**

In the spring of 2008 de Armas, Ragland, and other financial employees realized that TBW had a significant imbalance in its books. To correct the imbalance, de Armas directed Ragland, a financial analyst, to inflate TBW's a particular account receivable, the loan participation receivable, by more than $400 million. This gave the false appearance that TBW's books were in balance and that it had more assets than it in fact had. As a result, TBW's audited financial statements were materially inflated, and, as de Armas knew, they were provided to banks, investors in Ocala Funding, Ginnie Mae, and Freddie Mac. A financial executive at a bank that invested in Ocala Funding requested an explanation for the contents and size of the loan participation receivable. De Armas and Allen concocted a false explanation to give the appearance that the figure was legitimate and provided the misleading information to him.

4. **False Statements to HUD**

In mid-June 2009, Paul Allen sent a materially misleading letter to Ginnie Mae to explain why its audited financial statements had yet to be filed. De Armas assisted Allen by editing the letter, knowing that the letter was misleading. Allen and de Armas sought to mislead Ginnie Mae by leading it to believe that the delay was due to technical accounting issues when, in fact, they knew the delay resulted from its auditor, Deloitte & Touche, having stopped the audit due to

concerns about TBW's relationship with Colonial Bank and, at Deloitte's insistence, the retention of a law firm to conduct an internal investigation. These lies mattered to Ginnie Mae. As one of Ginnie Mae's larger mortgage company customers, Ginnie Mae needed TBW's audited financial statements to assess TBW's financial health and Ginnie Mae's risk exposure.

Argument

As this Court is aware, following the Supreme Court's decision in *United States v. Booker*, the Guidelines are now advisory. *United States v. Booker*, 543 U.S. 220, 261 (2005). As such, "[i]n the wake of *Booker* . . . the discretion of the sentencing court is no longer bound by the range prescribed by the guidelines." *United States v. Hughes*, 401 F.3d 540, 546 (4th Cir. 2005). The Supreme Court subsequently clarified that this means that the sentencing court "may not presume that the Guidelines range is reasonable." *Gall v. United States*, 552 U.S. 38, 50 (2007), *quoted in Nelson v. United States*, 555 US 350, 352 (2009). Nevertheless, "sentencing courts are not left with unguided and unbounded sentencing discretion." *United States v. Green*, 436 F.3d 449, 455 (4th Cir. 2006). Instead, at sentencing a court "must first calculate the Guidelines range." *United States v. Nelson,* 129 S. Ct. at 891; *see also United States v. Hughes*, 401 F.3d at 546 (holding that a sentencing court is still required to 'consult [the] Guidelines and take them into account when sentencing.'") (*quoting United States v. Booker*, 542 U.S. at 264). After appropriately calculating the Guidelines, a sentencing court must then consider the Guidelines range, as well as the sentencing factors set forth in 18 U.S.C. § 3553(a), and determine a sentence that is appropriate for the individual defendant. *United States v. Nelson,* 129 S. Ct. at 891-92, *see also United States v. Hughes,* 401 F.3d at 546.

I. THE APPROPRIATE GUIDELINES RANGE

De Armas pleaded guilty to a two-count criminal information. Count one charged him with conspiracy to commit bank fraud and wire fraud in violation of 18 U.S.C. § 371. Count two charged him with false statements in violation of 18 U.S.C. § 1001. Both counts have a five-year statutory maximum period of incarceration. The Probation Officer found, and the parties stipulated in the plea agreement, that the two counts group for purposes of determining the appropriate Guidelines level. *See* U.S.S.G. § 3D1.2(c).

The Probation Officer calculates that Guidelines offense level to be 37. In particular, the Probation Officer includes a base offense level of six, a 30-level enhancement for a loss of more than $400 million, a two-level enhancement for sophisticated means, and a three-level reduction for acceptance of responsibility. De Armas stipulated to these enhancements in his plea agreement.

The government also believes that de Armas should be assessed a two-level adjustment for his role as a supervisor and manager of Sean Ragland in the offense. De Armas oversaw Ragland's creation and dissemination of false financial statements to Ocala Funding investors and directed Ragland's inflation of the loan participation receivable. Although Paul Allen, who received a three-level role adjustment, also played a role in directing Ragland's falsification of the financial statements sent to Ocala Funding investors, de Armas was Ragland's direct supervisor. Including a two-level role adjustment, de Armas's Guidelines total offense level would be 39. The sentencing range would be 262 to 327 months.

Although de Armas faces a five-year statutory maximum per count of conviction, U.S.S.G. § 5G1.2(d) of the Guidelines directs the Court to impose any periods of incarceration consecutively to give maximum effect to the established Guidelines' range. *See,* U.S.S.G.

§ 5G1.2, comment n.1 ("If no count carries an adequate statutory maximum, consecutive sentences are to be imposed to the extent necessary to achieve the total punishment."). Thus, the statutory maximum is ten years' incarceration.

II. THE 18 U.S.C. § 3553(A) FACTORS

After calculating the appropriate Guidelines range, "the court must 'determine whether a sentence within that range . . . serves the factors set forth in § 3553(a) and, if not, select a sentence [within statutory limits] that does serve those factors." *United States v. Moreland*, 437 F.3d 424, 432 (4th Cir. 2006) (quoting *Green*, 436 F.3d at 455). Section 3553(a) directs the sentencing court to consider various factors including the nature and circumstances of the offense and characteristics of the defendant. In addition, § 3553(a) states that the court must consider other factors, including the need for the sentence "to reflect the seriousness of the offense, to promote respect for law, and to provide just punishment for the offense; [and] to afford adequate deterrence to criminal conduct." 18 U.S.C. § 3553(a)(2)(A) & (B).

A. *A Sentence of 7 Years Incarceration Is Appropriate and Reasonable in Light of the Nature of Defendant's Criminal Conduct*

One key factor that the Court must consider is the nature and circumstances of the offense and the history and characteristics of the defendant. *See* 18 U.S.C. § 3553(a)(1). The defendant in this case participated in a massive fraud scheme, one of the longest-running and largest bank-fraud operations in history. While not involved in the fraudulent diversions of funds from Colonial Bank and Ocala Funding, de Armas actively participated in hiding the massive collateral shortfall in Ocala Funding from its investors; misled the Colonial Bank-led syndicate about TBW's MSR valuations, thus exposing the banks to significant risk; directed a subordinate to inflate TBW's assets by more than $400 million; and helped Paul Allen deceive Ginnie Mae about TBW's audit delays.

As CFO of one of the country's largest private mortgage companies and a certified public accountant, de Armas participated in hiding billions of dollars of losses from investors, banks, regulators, and auditors. His role in the scheme played a significant part in major financial institutions losing hundreds of millions of dollars.

And, yet, in his statements to the probation officer, de Armas appears to minimize his role in the scheme. He suggests he was "doing [his] best, which was not enough to detect or prevent a massive fraud." PSR, at 20. He claims he thought Sean Ragland was "crying wolf" when he pointed out the collateral shortfalls. De Armas finds fault with himself for "[a]ll of this because I was not smart enough, informed enough, or brave enough to put a stop to it." *Id.* He even includes a list of principles in which he further skirts responsibility for lies he told. PSR, at 22. He suggests he only told "technical" lies. PSR, principle #9 at 22. He seems to deny criminal culpability when he writes that "[p]romulgating or repeating a lie, even if you don't now it's a lie, is still lying." PSR, principle 17 at 23. And, to cap off his minimization, he declares that "[a]greeing that something can be proven in court is not the same thing as agreeing that you did something." PSR, principle 20 at 24.

The evidence is unequivocal, and De Armas's admissions in his statement of facts are also clear: de Armas knew he and others were lying to investors, banks, regulators, and auditors to cover up massive deficits in TBW and Ocala Funding. As a CFO and certified public accountant, there can be little question he knew his actions were criminal and harmful.

De Armas's important – although limited – role in one of the largest fraud schemes in recent history warrants a substantial sentence, and we believe imposing a sentence of 7 years appropriately reflects the nature and circumstances of the crime and his history and characteristics.

B. *A Sentence of 7 Years Is Necessary to Provide A Reasonable Deterrent Factor*

The Court must also consider the need for the sentence imposed to reflect the seriousness of the offense, promote respect for the law, provide just punishment for the offense, and afford adequate deterrence. *See* 18 U.S.C. § 3553(a)(2). Fraud cases are serious offenses, and those who commit such offenses deserve particularly severe sentences because the nature and complexity of the fraud they commit requires such significant time and resources to detect, prosecute, and deter. A 7 year sentence would appropriately reflect the seriousness of the offense and provide just punishment in this case.

As this Court recognized at the sentencing of co-conspirator Ray Bowman, general deterrence is a key factor that the court must consider when evaluating the appropriate period of incarceration in a fraud case. This is particularly true for de Armas, who like Paul Allen and Ray Bowman, was a very senior executive of TBW and was aware of fraudulent activity there for numerous years. Although de Armas was shielded from much of the underlying fraudulent activity, he knew his lies exposed major financial institutions to enormous risk of loss (and actual losses of more than $2.4 billion). As CFO, de Armas could have "blown the whistle" at any time. Instead, he chose to cover up the fraud scheme for years on end through lies to investors and others. Imposing a sentence of 7 years would afford the necessary general deterrence, as required by 18 U.S.C. § 3553(a)(2)(B). It would also impress upon others that participation in any fraud scheme for years on end will not be treated lightly or tolerated.

General deterrence alone can justify lengthy sentences, even where such long sentences are not necessary to achieve specific deterrence. *United States v. Sagendorf*, 445 F.3d 515, 518 (1st Cir. 2006). Fraud offenses are serious, and a lengthy sentence will ensure that would-be violators do not receive the message that the gain to be derived from defrauding financial

institutions, shareholders, or the government outweighs the potential consequences. Here, where the defendant facilitated a massive fraud scheme over a series of years, a significant sentence is necessary to send a strong deterrence message to others.

If the sentence truly is to "reflect the seriousness of the offense," "promote respect for the law," "provide just punishment for the offense," and "afford adequate deterrence to criminal conduct" it must be substantial. *See* 18 U.S.C. § 3553(a)(2). This is particularly true here in light of the size of the fraud scheme, its duration, and the substantial damage it caused. An insubstantial sentence would signal that the type of long-standing, egregious fraud in which the defendant engaged is somehow deserving of special consideration from the Court. Moreover, if individuals who defraud financial institutions and corporate shareholders and attempt to defraud the United States believe that the penalty for doing so is trivial, then no disincentive exists to prevent those who are best-equipped with the means and ability to commit fraud from doing so. A sentence of 7 years would satisfy the requirements of § 3553(a)(2).

C. *The Need to Avoid Unwarranted Sentencing Disparities*

The Government's recommendation that the Court impose a sentence of 7 years takes into account sentences already imposed for his co-conspirators. Although de Armas was not the most culpable co-conspirator, he was not the least culpable either. Indeed, de Armas played a significant role in misleading investors, banks, regulators, and auditors, ultimately contributing to the loss of $2.4 billion by three banks. Moreover, six of de Armas's co-conspirators cooperated extensively with the government's investigation and testified against Farkas. The sentences they each received include reductions based on their substantial assistance. The government's request for 7 years takes into account both de Armas's role in the scheme and the cooperation of six of his co-conspirators, in light of which any perceived sentencing disparity is

in fact permissible. *See, e.g., United States v. Quinn*, 359 F.3d 666, 682 (4th Cir. 2004) (approving significant prison term for defendants who went to trial in spite of much lower stipulated loss and only six months home confinement for defendant who pled guilty); *United States v. Boscarino*, 437 F.3d 634, 638 (7th Cir. 2006) (rejecting defendant's argument of unwarranted disparity in relation to more-culpable defendant who cooperated with the government; "a sentencing difference is not a forbidden 'disparity' if it is justified by legitimate considerations, such as rewards for cooperation").

D. ***Restitution***

The government will separately file a brief setting forth its restitution position.

Conclusion

Based on the foregoing, the United States believes that a sentence of 7 is reasonable and accounts for each of the factors set forth in 18 U.S.C. § 3553(a).

Respectfully submitted,

Neil H. MacBride
United States Attorney

By: /s/

Charles F. Connolly
Paul Nathanson
Assistant United States Attorneys
U.S. Attorney's Office
2100 Jamieson Avenue
Alexandria, VA 22314
Phone: (703) 299-3700
Fax: (703) 299-3981
Email: Charles.Connolly@usdoj.gov
Paul.Nathanson@usdoj.gov

Respectfully submitted,

Denis J. McInerney
United States Department of Justice
Chief, Criminal Division, Fraud Section

By: /s/

Patrick F. Stokes
Deputy Chief
Robert Zink
Trial Attorney
U.S. Department of Justice
1400 New York Avenue, NW
Washington, DC 20005
Ph: 202.305.4232
Fax: 202.514.7021
Patrick.Stokes2@usdoj.gov

CERTIFICATE OF SERVICE

I hereby certify that on the 8th day of June 2012, I filed electronically the foregoing Position of the United States with Respect to Sentencing using the CM/ECF system, which will send a notification of such filing (NEF) to the following:

F. Andrew Carroll, III, Esq.
524 King Street
Alexandria, VA 22320-0888
703-836-1000
dcarroll@landclark.com

Karen Moran
Senior U.S. Probation Officer
Karen_Moran@vaep.uscourts.gov

/s/

Charles F. Connolly
Assistant United States Attorney
U.S. Attorney's Office
2100 Jamieson Avenue
Alexandria, VA 22314
Phone: (703) 299-3771
Fax: (703) 299-3981
Email: Charles.Connolly@usdoj.gov

From: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

To: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"; (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05f (b)(7)(C) (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f (b)(7)(C) "; (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=50d58ee05939474b82b218a6add276e2 (b)(7)(C)

Subject: TBW White Paper

Date: 2014/08/08 13:40:26

Priority: Normal

Type: Note

Tim (b)(7)(C)
Mike Najjum and I worked a White Paper relating to TBW.
I'd appreciate any comments you have.
Thanks
Peter

Peter Emerzian New Sig-DIG

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Sender: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

Recipient: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"; (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05f (b)(7)(C) (b)(7)(C) ExchangeLabs/ou=Exchange Administrative Group

(FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8- (b)(7)(C)
(b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group
(FYDIBOHF23SPDLT)/cn=Recipients/cn=50d58ee05939474b82b218a6add276e7- (b)(7)(C)

Sent Date: 2014/08/08 13:40:19

Delivered Date: 2014/08/08 13:40:26

From: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>

To: "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"; "Davis, Lester A. <LDavis@hudoig.gov>"; "Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>"

CC: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff- (b)(7)(C) '

Subject: RE: Litigatin hold for Deloitte

Date: 2014/09/08 11:05:04

Priority: Normal

Type: Note

FYI, (b)(7)(E)

(b)(7)(E)

(b)(7)(E) (b)(7)(C)

From: Emerzian, Peter
Sent: Monday, September 08, 2014 10:58 AM
To: Davis, Lester A.; Febles, Rene
Cc: (b)(7)(C) Mowery, Timothy
Subject: RE: Litigatin hold for Deloitte

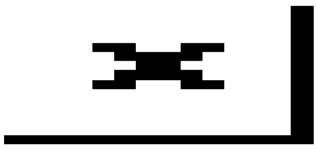
I copied them on this email

Tim: (b)(7)(C)

CP (b)(7)(C)

Dave: (b)(7)(C)

CP (b)(7)(C)



cid:image001.png@01CFC125.59C8B430

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Davis, Lester A. [mailto:LDavis@hudoig.gov]
Sent: Monday, September 08, 2014 10:48 AM
To: Emerzian, Peter; Febles, Rene
Subject: FW: Litigatin hold for Deloitte

(b)(7)(C) Can someone provide Tim and [redacted] contact info so Bryan Howell can provide them

(b)(5)

-----Original Message-----
From: Howell, Bryan
Sent: Monday, September 08, 2014 07:53 AM Eastern Standard Time
To: Davis, Lester A.
Subject: RE: Litigatin hold for Deloitte

Yes, please Lester. Thanks.
Bryan Howell
HUD/OIG OLC
(b)(7)(C)

From: Davis, Lester A.
Sent: Friday, September 05, 2014 5:02 PM
To: Howell, Bryan
Subject: RE: Litigatin hold for Deloitte

Bryan,
The two Tampa agents that worked on the case both now work for FHFA.

(b)(5)

but if you need their names and current contact info I can get that for you.

From: Howell, Bryan
Sent: Friday, September 05, 2014 8:09 AM
To: Clarke, Joseph; Davis, Lester A.; McGinnis, Randy W.; Buck, John; Randall, Kimberly; Powell, Michael
Cc: Kirkland, Jeremy; (b)(7)(C)
Subject: Litigatin hold for Deloitte

Good Morning All

(b)(5)

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

(b)(5)

If you could get me the names early next week I would greatly appreciate it. Any questions feel free to call or come by and ask.
Thanks.

J. Bryan Howell
Associate Counsel
HUD/OIG
451 7th St S.W.
Washington, D.C 20401
(b)(7)(C) Direct
Cell

Sender: Mowery, Timothy </O=EXCHANGELABS/DU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>

Recipient: "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>";
"Davis, Lester A. <LDavis@hudoig.gov>";
"Febles, Rene </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4dca612235064540ac7ad51bfe748bcf-Rene Febles>";
(b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff (b)(7)(C)

Sent Date: 2014/09/08 11:04:59

Delivered Date: 2014/09/08 11:05:04

From: (b)(7)(C) </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7263601007844FA4870348B5440C05FF (b)(7)(C)

To: (b)(7)(C) Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"; "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"; (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8 (b)(7)(C) "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

Subject: RE: TBW

Date: 2014/03/19 08:24:13

Priority: Normal

Type: Note

(b)(5) e.

Sent from my Windows Phone

From: Conlon, Paul
Sent: 3/19/2014 6:48 AM
To: Emerzian, Peter (b)(7)(C) (b)(7)(C) Mowery, Timothy
Subject: TBW

I open the WSJ this morning to the money and investing section and there is a picture of Farkas on his way to his initial appearence.
The story is entitled "A prison Life: Ex-Banker Struggles"

P
Sent from my Windows Phone

Sender: (b)(7)(C) /D=EXCHANGELA8S/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7263601007844FA4870348B5440C05FF (b)(7)(C)

Recipient: (b)(7)(C) Conlon, Paul </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=bb38913146504c409ec131657444fceb-Paul Conlon>"; "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"; (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b0Sdf298eca94835a4689fbfa23232f8 (b)(7)(C) "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

Sent Date: 2014/03/19 08:24:11

Delivered Date: 2014/03/19 08:24:13

From: (b)(7)(C) /O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=S0D58EE05939474B82B218A6ADD276E7- (b)(7)(C) (b)(7)(C)

To: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"; "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"; (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05ff- (b)(7)(C) (b)(7)(C) =ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8- (b)(7)(C)

Subject: RE: TBW White Paper

Date: 2014/08/11 14:56:24

Priority: Normal

Type: Note

(b)(5)

Sent from my Windows Phone

Non-Public Restricted

From: Mowery, Timothy
Sent: 8/11/2014 12:43 PM
To: Emerzian, Peter; (b)(7)(C)
Subject: RE: TBW White Paper

(b)(5)

Thanks Tim

From: Emerzian, Peter
Sent: Monday, August 11, 2014 2:24 PM
To: Mowery, Timothy; (b)(7)(C)
Subject: RE: TBW White Paper

Did you guys have a chance to read this? Any comments or input?

Peter Emerzian New

Sig-DIG

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Emerzian, Peter
Sent: Friday, August 08, 2014 1:40 PM
To: Mowery, Tim (tmowery@hudoig.gov); (b)(7)(C)
(b)(7)(C)
Subject: TBW White Paper

Tim (b)(7)(C)

Mike Najjum and I worked a White Paper relating to TBW.

I'd appreciate any comments you have.

Thanks

Peter

Peter Emerzian New

Sig-DIG

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Sender: (b)(7)(C) /O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=50D58EE05939474B82B218A6ADD276E7- (b)(7)(C) (b)(7)(C)

Recipient: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"; "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"; (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7263601007844fa4870348b5440c05f (b)(7)(C) (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b05df298eca94835a4689fbfa23232f8- (b)(7)(C)

Sent Date: 2014/08/11 14:56:20

Delivered Date: 2014/08/11 14:56:24

From: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENT5/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

To: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

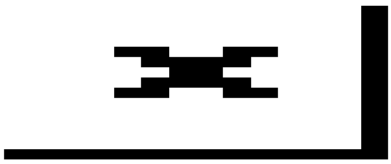
Subject: RE: TBW White Paper

Date: 2014/08/13 13:13:53

Priority: Normal

Type: Note

Thanks Tim



Peter Emerzian New Sig-DIG

Non-Public Restricted

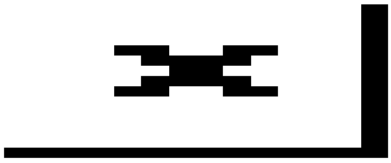
Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Mowery, Timothy
Sent: Wednesday, August 13, 2014 11:25 AM
To: Emerzian, Peter
Subject: RE: TBW White Paper

FYI, I am scheduled to go to HUDOIG at 1pm to review their TBW file. Tim

From: Emerzian, Peter
Sent: Tuesday, August 12, 2014 11:55 AM
To: Mowery, Timothy
Subject: RE: TBW White Paper

Thanks Tim



Peter Emerzian New Sig-DIG

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Mowery, Timothy
Sent: Tuesday, August 12, 2014 10:35 AM
To: Emerzian, Peter
Subject: RE: TBW White Paper

Yes, I will

From: Emerzian, Peter
Sent: Tuesday, August 12, 2014 9:20 AM
To: Mowery, Timothy
Subject: RE: TBW White Paper

Tim<

Any chance you could check to see if HUD has the disc

Thanks

peter

Peter Emerzian New Sig-DIG

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Mowery, Timothy
Sent: Monday, August 11, 2014 3:45 PM
To: Emerzian, Peter
Subject: RE: TBW White Paper

(b)(7)(E)

Tim

From: Emerzian, Peter
Sent: Monday, August 11, 2014 3:23 PM
To: Mowery, Timothy
Subject: RE: TBW White Paper

Any chance you could track the documentation down

Peter Emerzian New Sig-DIG

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Mowery, Timothy
Sent: Monday, August 11, 2014 3:21 PM
To: Emerzian, Peter
Subject: RE: TBW White Paper

I found it in the Fannie Mae Documents I reviewed. I couldn't believe it. I remember sending a copy of it to HUDOIG HQ at the time. I told everyone about it. It was buried in with various memo documents and depositions that a FNMA had been requested to turnover. Colonial Bank/Kathy wrote a letter telling Fannie Mae that a lot of their customers were Fannie Customers and basically any action Fannie took against them would affect their bank and their customers. After that, There was a Non Disclosure/Confedentiality Agreement signed by Farkas and Fannie, which specifically said neither party could discuss the circumstances of the termination Fannie had with TBW. It was about a month later when Farkas was in a Mortgage magazine telling the writer of the article that he decided to stop doing business with Fannie Mae.

From: Emerzian, Peter
Sent: Monday, August 11, 2014 3:06 PM
To: Mowery, Timothy
Subject: RE: TBW White Paper

Tim,
How did we know that occurred?

Peter Emerzian New Sig-DIG

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Mowery, Timothy
Sent: Monday, August 11, 2014 2:43 PM
To: Emerzian, Peter; (b)(7)(C) (b)(7)(C)
Subject: RE: TBW White Paper

(b)(5)

Thanks Tim

From: Emerzian, Peter
Sent: Monday, August 11, 2014 2:24 PM
To: Mowery, Timothy; (b)(7)(C)
Subject: RE: TBW White Paper

Did you guys have a chance to read this? Any comments or input?

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Emerzian, Peter
Sent: Friday, August 08, 2014 1:40 PM
To: Mowery, Tim (tmowery@hudoig.gov); (b)(7)(C) (b)(7)(C)
Subject: TBW White Paper

Tim (b)(7)(C)

Mike Najjum and I worked a White Paper relating to TBW.

I'd appreciate any comments you have.

Thanks

Peter

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Sender: Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBDHF23SPDLT)/CN=RECIPIENTS/CN=E5F50330FF35406F9FB12C708E959AEB-PETER EMERZ>

Recipient: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBDHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

Sent Date: 2014/08/13 13:13:51

Delivered Date: 2014/08/13 13:13:53

From: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>

To: "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"

Subject: Fannie Mae Agreement with TBW

Date: 2014/08/13 14:45:59

Priority: Normal

Type: Note

Peter

Attached is one PDF containing two documents (8 pages in all).

1. A One page copy of the Fannie Termination Letter to TBW
2. A Seven Page Agreement signed by VP Smith and Lee Farkas. SEE Paragraph #14 on Page Six of the Agreement.

Timothy A. Mowery
Special Agent in Charge, Southeast Region
Office of Investigations
Federal Housing Finance Agency,
Office of Inspector General
Tampa, Florida
Worl (b)(7)(C)
Cell:

Sender: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF235PDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>

Recipient: "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF235PDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"

Sent Date: 2014/08/13 14:46:47

Delivered Date: 2014/08/13 14:45:59

From: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>
To: "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fbI2c708e959aeb-Peter Emerz>"
Subject: RE: TBW White Paper & American Banker
Date: 2014/08/28 17:50:42
Priority: Normal
Type: Note

I know, I was the only one that kept bringing that up to Patrick. Anyway, L (b)(5)

(b)(5)

From: Emerzian, Peter
Sent: Thursday, August 28, 2014 5:30 PM
To: Mowery, Timothy
Subject: RE: TBW White Paper & American Banker

Thanks,I got your comment about the confident agreement in the report

Sent from my Windows Phone

From: Mowery, Timothy
Sent: 8/28/2014 5:13 PM
To: Emerzian, Peter; (b)(7)(C)
Subject: RE: TBW White Paper & American Banker

(b)(5)

From: Emerzian, Peter
Sent: Tuesday, August 26, 2014 1:38 PM
To: Mowery, Timothy; (b)(7)(C)
Subject: TBW White Paper & American Banker

Hey Guys - FYI

Attached is the final TBW White Paper, which was turned into a SIR and released.

Also attached is the American Banker article on the report

Thanks

Peter

cid:image001.png@01CFC125.59C8B430

Non-Public Restricted

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Sender: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>

Recipient: "Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>"

Sent Date: 2014/08/28 17:50:49

Delivered Date: 2014/08/28 17:50:42

Non Responsive

From: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>
To: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=803bI0882bb64955a4ca5cd96ef4bI85 (b)(7)(C)
(b)(7)(C)
Subject: RE: SCP
Date: 2014/11/03 16:43:28
Priority: Normal
Type: Note

Yeah, I had just went into yours and they looked okay. Now that I am looking at (b)(7)(C) (b)(5) (b)(5)

From: (b)(7)(C)
Sent: Monday, November 03, 2014 4:42 PM
To: Mowery, Timothy
Subject: RE: SCP

Non Responsive Non Responsive Non Responsive is (b)(7)(C) case on (b)(7)(C)

From: (b)(7)(C)
Sent: Monday, November 03, 2014 3:37 PM
To: Mowery, Timothy
Subject: RE: SCP

Hey Tim:

Below are my cases:

Non Responsive Non Responsive The one Non Responsive (b)(7)(C) Please let me know if you need anything else on my end. Thanks

(b)(7)(C)

From: Mowery, Timothy
Sent: Monday, November 03, 2014 3:24 PM
To: (b)(7)(C)
Subject: FW: SCP

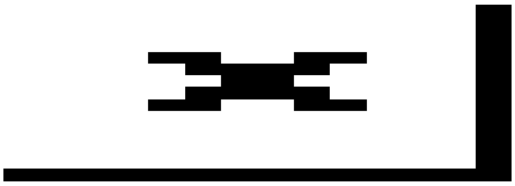
Please see the attached. So far as I know, only one person has ever had FHFA take action on them and that was LEE FARKAS of the TBW case. Non Responsive Non Responsive Thanks Tim

From: Febles, Rene
Sent: Monday, November 03, 2014 4:03 PM
To: Mowery, Timothy; Acevedo, Olga; Higgins, Mark
Subject: SCP

Team

Non Responsive

thanks



Rene-

DIG-1

Sender: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>
Recipient: (b)(7)(C) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=803b10882bb64955a4ca5cd96ef4b185 (b)(7)(C)
Sent Date: 2014/11/03 16:43:31
Delivered Date: 2014/11/03 16:43:28

From: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>
To: (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=ab7903bbbd1049658dfdf5d8fb09677b (b)(7)(C)
Subject: FW: SCP
Date: 2014/11/04 09:09:21
Priority: Normal
Type: Note

(b)(7)(C) Non Res Non Responsive Non Responsive (b)(7)(C)
Non Responsive
Sent from my Windows Phone

From: Mowery, Timothy
Sent: 11/3/2014 4:23 PM
To: (b)(7)(C)
Subject: FW: SCP

Please see the attached. So far as I know, only one person has ever had FHFA take action on them and that was LEE FARKAS of the TBW case. Non Responsive
Non Responsive Thanks Tim

From: Febles, Rene
Sent: Monday, November 03, 2014 4:03 PM
To: Mowery, Timothy; Acevedo, Olga; Higgins, Mark
Subject: SCP

Team

Non Responsive

thanks

Rene-DIG-1

Sender: Mowery, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7FEE0FFDEBF94414BBF6C37EF93F366E-TIMOTHY MOW>

Recipient: (b)(7)(C) /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=ab7903bbbd1049658dfdf5d8fb09677b- (b)(7)(C)

Sent Date: 2014/11/04 09:09:19

Delivered Date: 2014/11/04 09:09:21

From: (b)(7)(C) </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=AB7903BBBD1049658DFDF5D8FB09677B (b)(7)(C) (b)(7)(C)

To: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

CC: "/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1055f1a665a14cd7a1b99737f8ab6d88-!CMSSupport"

Subject: RE: SCP

Date: 2014/11/04 09:17:49

Priority: Normal

Type: Note

Thank you Tim!!!

I will take a look at it!!

Have a great day!

(b)(7)(C) New Bldg2

Non-Public

Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

From: Mowery, Timothy
Sent: Tuesday, November 04, 2014 9:09 AM
To: (b)(7)(C)
Subject: FW: SCP

(b)(7)(C) Non Responsive (b)(7)(C Non Responsive

Non Responsive

Sent from my Windows Phone

From: Mowery, Timothy
Sent: 11/3/2014 4:23 PM
To: (b)(7)(C)
Subject: FW: SCP

Please see the attached. So far as I know, only one person has ever had FHFA take action on them and that was LEE FARKAS of the TBW case. Non Responsive

Non Responsive Thanks Tim

From: Febles, Rene
Sent: Monday, November 03, 2014 4:03 PM
To: Mowery, Timothy; Acevedo, Olga; Higgins, Mark
Subject: SCP

Team

Non Responsive

thanks

Rene-

DIG-1

Sender: Stewart, Randal </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=AB7903BBBD1049658DFDF5D8FB09677B-RANOAL STEW>

Recipient: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"; "/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1055f1a665a14cd7a1b99737f8ab6d88-!CMSSupport"

Sent Date: 2014/11/04 09:17:46

Delivered Date: 2014/11/04 09:17:49

Non Responsive

Non Responsive

From: (b)(7)(C) /O=EXCHANGELABS/OU=EXCHANGE AOMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B8169C3529EA423O9BE960F6F5F99072 (b)(7)(C) (b)(7)

To: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"

CC: "Higgins, Mark </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2fa9e6d5aa544f79936b1d3aeda574c8-Mark Higgin>"

(b)(7)(C) **Subject:** RE: Suspension / Disbarment

Date: 2014/11/12 11:25:07

Priority: Normal

Type: Note

Tim:

Non Responsive

(b)(7)(C)
Special Agent
Federal Housing Finance Agency-OIG
(b)(7)(C) (O)
(C)
Non-Public Restricted

From: Mowery, Timothy
Sent: Monday, November 10, 2014 4:41 PM
To: (b)(7)(C)
Cc: Higgins, Mark
Subject: FW: Suspension / Disbarment - (b)(7)(C)

Vic

See the below. (b)(5), but it is my understanding FHFA has only suspended one person which is LEE FARKAS.

Non Responsive

Tim

From: Sullivan, Ronald
Sent: Monday, November 10, 2014 4:24 PM
To: Mowery, Timothy
Subject: FW: Suspension / Disbarment - (b)(7)(C)

Non Responsive

From: Sullivan, Ronald
Sent: Thursday, October 24, 2013 6:07 PM
To: Conlon, Paul
Subject: Suspension / Disbarment - (b)(7)(C)

Non Responsive (b)(7)(C) Non Responsive

Description: Description: cid:image002.png@01CCB01B.44D6DFC0

Ron Sullivan
Special Agent
Federal Housing Finance Agency – OIG
Office of Investigations
Miami, Florida
(b)(7)(C)

Sender: (b)(7)(C) /O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B8169C3529EA423D9BE960F6F5F99072 (b)(7)(C)

Recipient: "Mowery, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBDHF23SPDLT)/cn=Recipients/cn=7fee0ffdebf94414bbf6c37ef93f366e-Timothy Mow>"; "Higgins, Mark </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2fa9e6d5aa544f79936b1d3aeda574cB-Mark Higgin>"

Sent Date: 2014/11/12 11:25:02

Delivered Date: 2014/11/12 11:25:07