



# Fax



**To:** (b) (7)(C) **From:** (b) (7)(C)

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**Fax:** (b) (7)(C) **Pages:** 9

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**Phone:** (b) (7)(C) **Date:** 7/25/2011

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**Re:** Requested Documentation **CC:**

Urgent     For Review     Please Comment     Please Reply     Please Recycle

Please see the attached documents.

I was unable to print month to month statements, but was able to print quarterly statements that show (b) (7)(C)

Thanks  
(b) (7)(C)



(b) (7)(C)

Branch Office	
SCOTTRADE INC	
Account Number	Office
010	009
Period Beginning	Period Ending
04 / 01 / 2009	04 / 30 / 2009

**INFORMATION UPDATE**

**Earn FREE Online Trades**  
For each person you refer that opens an eligible account, both you and your friend will receive FREE online trades. For program rules and more information, log in to your Scottrade account and click the "Refer Someone You Know" button in the ReferALL box.

(b) (7) (C)



(b) (7)(C) [REDACTED]

Branch Office	
SCOTTRADE INC	
Account Number	Branch Office
[REDACTED]	DOB
Branch Beginning	Branch Ending
05 / 01 / 2009	06 / 30 / 2009

INFORMATION UPDATE

The net capital of Scottrade, Inc. as of 3/31/09 was \$431,331,833, which was \$413,749,467 in excess of the minimum required. At 5/31/2009 the company had net capital of \$473,382,455 which was \$449,566,046 in excess of the minimum required.

(b) (7) (C)

# Scottrade

(b) (7)(C)

Branch Office	
SCOTTRADE INC	
Account Number	Office
(b) (7)(C)	DOB
Period Beginning	Period Ending
09 / 01 / 2009	09 / 30 / 2009

**INFORMATION UPDATE**

Learn from Fellow Investors in the Scottrade Online Community. Community.scottrade.com is an interactive Web site devoted to providing you with peer-to-peer insight and countless educational opportunities. You can discuss trading ideas and strategies, learn how to use various research tools, provide direct feedback, or share your thoughts on current market trends and events. Visit [community.scottrade.com](http://community.scottrade.com) now and register to become a member of the Online Community!

(b) (7)(C)



(b) (7)(C)

Branch Office	
SCOTTRADE INC	
Account Number	Office
(b) (7)(C)	D09
Period Beginning	Period Ending
12 / 01 / 2009	12 / 31 / 2009

**INFORMATION UPDATE**

The net capital of Scottrade, Inc. as of 9/30/09 was \$432,436,623, which was \$403,688,437 in excess of the minimum required. At 11/30/09 the company had net capital of \$381,119,406, which was \$352,118,428 in excess of the minimum required. To review the audited annual financial statement as of 9/30/09, please go to [www.scottradefinancials.com](http://www.scottradefinancials.com).

(b) (7)(C)

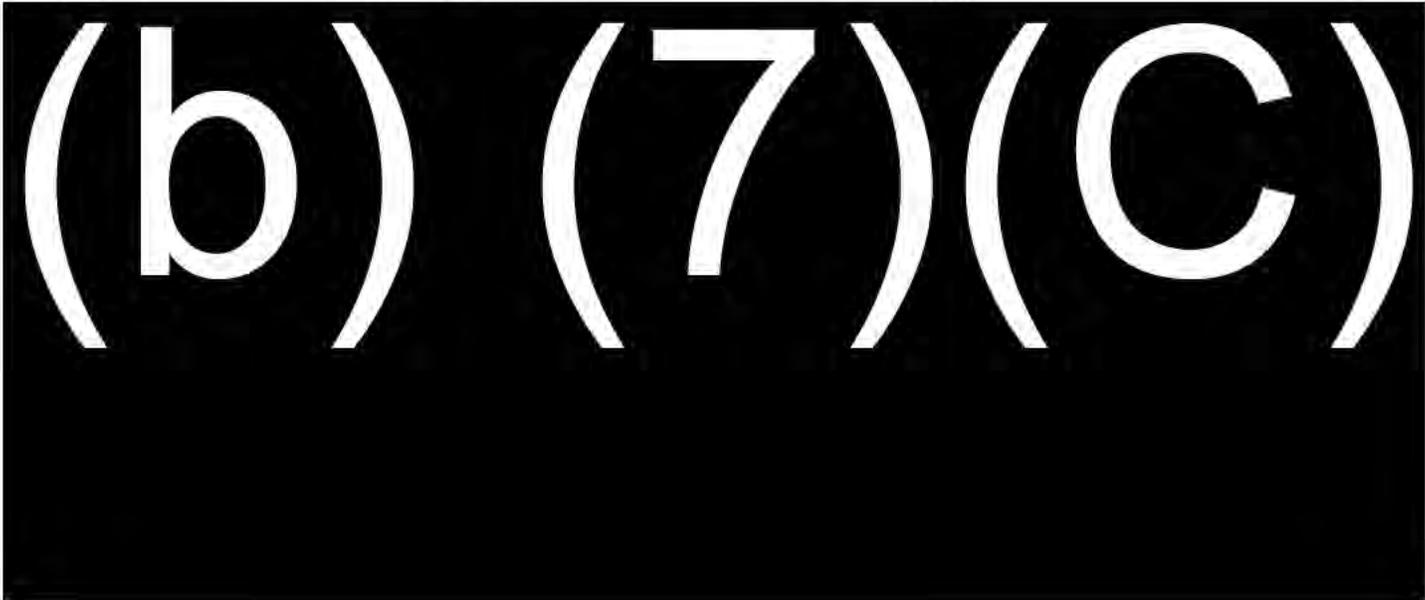


(b) (7)(C)

SCOTTRADE INC	
(b) (7)	000
03 / 01 / 2010	03 / 31 / 2010

INFORMATION UPDATE

There has never been a better time to reinvent the way you are saving for the future with a Scottrade No-Fee IRA. Do not forget the deadline for 2009 contributions is April 15. Please visit [www.scottrade.com/IRA](http://www.scottrade.com/IRA) for more information.





(b) (7)(C)

Branch Office	
SCOTTRADE INC	
(b) (7)(C)	000
08 / 01 / 2010	08 / 30 / 2010

INFORMATION UPDATE  
Discover in-person and online learning opportunities with Scottrade's educational resources. Visit [Scottrade.com/education](http://Scottrade.com/education) for more information.

(b) (7) (C)



(b) (7)(C)

SCOTTRADE INC	
Account Number	DOB
(b) (7)(C)	DOB
08 / 01 / 2010	08 / 30 / 2010

With the updated Scottrade Mobile, you can manage your account and research the market from almost anywhere using your mobile device. Check out our fresh new look and advanced features by visiting [www.scottrade.com/mobile](http://www.scottrade.com/mobile)

(b) (7) (C)



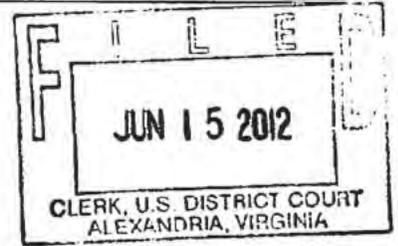
(b) (7)(C) [Redacted]

SCOTTRADE INC	
[Redacted]	
[Redacted]	
(b) (7)(C)	D09
[Redacted]	
12 / 01 / 2010	12 / 31 / 2010

The net capital of Scottrade, Inc. as of 9/30/10 was \$332,504,801, which was \$301,716,591 in excess of the minimum required. At 11/30/10 the company had net capital of \$331,182,325 which was \$290,600,297 in excess of the minimum required. To review the audited annual financial statement as of 8/30/10, please go to [www.scottradefinancials.com](http://www.scottradefinancials.com).

(b) (7) (C)

UNITED STATES DISTRICT COURT  
Eastern District of Virginia  
Alexandria Division



UNITED STATES OF AMERICA

v.

Case Number 1:12CR00096-001

DELTON DE ARMAS,

Defendant.

**JUDGMENT IN A CRIMINAL CASE**

The defendant, DELTON DE ARMAS, was represented by <sup>(b) (7)(C)</sup> [REDACTED] Esquire.

The defendant pleaded guilty to Counts 1 and 2 of the Criminal Information. Accordingly, the defendant is adjudged guilty of the following counts, involving the indicated offense:

<u>Title &amp; Section</u>	<u>Nature of Offense</u>	<u>Date Offense Concluded</u>	<u>Count Number</u>
18 U.S.C. § 371	Conspiracy to Commit Bank Fraud and Wire Fraud (Felony)	08/2009	1
18 U.S.C. §1001	False Statements	07/06/2009	2

As pronounced on June 15, 2012, 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 15th day of June, 2012.

<sup>(b) (7)(C)</sup>  
\_\_\_\_\_  
/s/ [REDACTED]  
Leonie M. Brinkema  
United States District Judge

\*\* Page 8 of this document contains sealed information

Defendant: DELTON DE ARMAS  
Case Number: 1:12CR00096-001

**IMPRISONMENT**

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a term of SIXTY (60) MONTHS as to each of counts 1 and 2, to run concurrently.

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

The defendant to be designated to F.C.I. Seagoville, Texas.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons as notified by the United States Marshal. Until he self surrenders, the defendant shall remain under the Order Setting Conditions of Release entered on March 20, 2012.

**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.Aty.
- U.S.Coll.
- Dft. Cnsl.
- PTS
- Financial
- Registrar
- ob

By \_\_\_\_\_  
United States Marshal

By \_\_\_\_\_  
Deputy Marshal

Defendant: DELTON DE ARMAS  
Case Number: 1:12CR00096-001

### **SUPERVISED RELEASE**

Upon release from imprisonment, the defendant shall be on supervised release for a term of THREE (3) YEARS, as to each of Counts 1 and 2, to run concurrently.

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: DELTON DE ARMAS  
Case Number: 1:12CR00096-001

**SPECIAL CONDITIONS OF SUPERVISION**

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

- 1) The defendant shall make a good faith effort to pay his 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 his co-defendants.
- 2) The defendant shall provide the probation officer access to any requested financial information.
- 3) The defendant shall not incur new credit card charges, open additional lines of credit, or engage in any financial transaction over \$500.00 without prior approval of the probation officer.
- 4) As directed by the probation officer, the defendant shall apply monies received from income tax refunds, lottery winnings, inheritances, judgments, and any unanticipated or unexpected financial gain to the outstanding court ordered financial obligation.
- 5) The defendant is prohibited from engaging in any aspect of the banking business, mortgage or real estate industry, or finance or any similar occupation.
- 6) Although mandatory drug testing is waived pursuant to 18 U.S.C. §3563(a)(4), defendant must remain drug free and his probation officer may require random drug testing at any time.

Defendant: DELTON DE ARMAS  
 Case Number: 1:12CR00096-001

**CRIMINAL MONETARY PENALTIES**

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

<u>Count</u>	<u>Special Assessment</u>	<u>Fine</u>
1	\$100.00	
2	\$100.00	
<b><u>Total</u></b>	<b>\$200.00</b>	<b>\$0.00</b>

**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: DELTON DE ARMAS  
Case Number: 1:12CR00096-001

**RESTITUTION AND FORFEITURE**

**RESTITUTION**

**Name & address of payee(s)**

**Amount**

Restitution to be determined and reflected in a separate order.

**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:

The defendant shall be held jointly and severally responsible with his co-defendants for the restitution ordered.

**FORFEITURE**

Forfeiture has not been ordered in this case.

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

Alexandria Division

UNITED STATES OF AMERICA

v.

DELTON DE ARMAS,

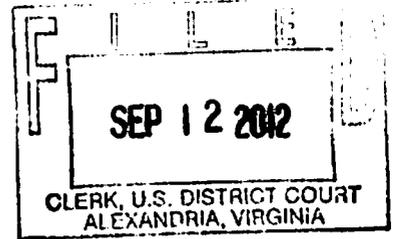
Defendant.

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)  
) Case No. 1:12-CR-96  
)  
) Honorable Leonie M. Brinkema  
)  
)  
)  
)  
)  
)

**Attachment A**

Name	Address
1. FDIC	ATTN: Charles Neighbor FDIC, Legal Division 550 17 <sup>th</sup> Street, NW Washington, DC 20420
2. Deutsche Bank	ATTN: Charlie Gambino Deutsche Bank AG New York Legal Department 60 Wall Street New York, NY 10005
3. BNP Paribas	ATTN: Robin Henry Boies Schiller & Flexner LLP Armonk, New York 10504

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



UNITED STATES OF AMERICA

v.

DELTON DE ARMAS,

Defendant.

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)

Case No. 1:12-CR-96

Honorable Leonie M. Brinkema

**RESTITUTION JUDGMENT**

1. The defendant is sentenced to pay restitution of \$1,201,785,000 to Deutsche Bank, \$500,000,000 to BNP Paribas, and \$898,873,958 to the Federal Deposit Insurance Corporation, all jointly and severally with co-defendants ordered to pay restitution for the same losses as set forth in *United States v. Lee Bentley Farkas* (restitution judgments located at docket numbers 351 and 402 in 1:10-CR-200), *United States v. Catherine Kissick* (restitution judgments located at docket numbers 33 and 36 in 1:11-CR-88), *United States v. Desiree Brown* (restitution judgments located at docket numbers 31 and 34 in 1:11-CR-84), *United States v. Paul Allen* (restitution judgments located at docket numbers 32 and 35 in 1:11-CR-165), *United States v. Raymond Bowman* (restitution judgments located at docket numbers 33 and 36 in 1:11-CR-118), *United States v. Sean Ragland* (BNP Paribas only; restitution judgment located at docket number 31 at 1:11-CR-162), and *United States v. Teresa Kelly* (FDIC only; restitution judgment located at docket number 29 at 1:11-CR-119). Addresses for Deutsche Bank, BNP Paribas, and the Federal Deposit Insurance Corporation are set forth in Attachment A.

2. In order to insure that the defendant is able to pay the amounts which the Clerk may distribute to the victims, the defendant is hereby restrained and enjoined from dissipating, disposing of, encumbering or otherwise diminishing the value of any assets with a value of more than \$5,000 in which the defendant has an interest without first obtaining permission of the United States Probation Office and providing notice to the government. The United States may take all steps it deems appropriate to obtain a lien on the defendant's assets and may provide a copy of this order to any person or entity holding assets of the defendant, and may take any other steps provided by law to preserve the availability of property to satisfy the defendant's restitution obligation.
3. The Clerk is directed to pay victims the full amounts, as set forth in paragraph 1.
4. The amount of restitution paid to any victim, collectively, shall not exceed the victim's total loss from the offenses of conviction.
5. Interest:  
X is waived.  
\_\_\_\_\_ accrues as provided in 18 U.S.C. § 3612(f).
6. Restitution is due immediately, and notwithstanding any other provision of this Restitution Judgment, the Government may enforce restitution at any time.
7. If incarcerated, the defendant shall participate in the Bureau of Prisons' Inmate Financial Responsibility Program at a rate of at least \$25 per quarter, or if assigned as a UNICOR grade 1 through 4 employee, at least 50% of the prisoner's monthly pay.
8. The defendant shall pay to the Clerk at least \$ 500.<sup>00</sup> <sup>7ms</sup> per month beginning 60 days after release from custody.
9. All payments shall be made to the Clerk of Court, United States District Court, 401 Court House Square, Alexandria, VA 22314.

10. The defendant shall notify, within 30 days, the Clerk of Court and the United States Attorney's Office, Financial Litigation Unit, 8000 World Trade Center, Norfolk, VA 23510 of: (a) any change of name, residence, or mailing address; and (b) any material change in economic circumstances that affects the ability to pay restitution.
11. No delinquent or default penalties will be imposed except upon Order of the Court.
12. Priority of Payments to Victims: Because there is more than one victim, and full amount due as restitution has not been paid, the Clerk shall make payments in \$100.00 increments to each of the victims until all victims have been paid in full.

SO ORDERED:

(b) (7)(C)

*/s/*

Leonie M. Brinkema  
United States District Judge

ENTERED this 12<sup>th</sup> day of ~~June~~<sup>September</sup>, 2012  
in Alexandria, Virginia



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
Case Title: TBW/Colonial Bank	Subject(s): Lee B. Farkas	
UPB:	Number of Loans:	
<b>PROSECUTOR</b>		
Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
<b>PROGRAM AREA</b> (Check any and all that apply ✓)		
Freddie Mac <input checked="" type="checkbox"/>	Fannie Mae <input checked="" type="checkbox"/>	FHLB <input type="checkbox"/> FHFA <input type="checkbox"/> Other <input type="checkbox"/>
<b>PREDICATION:</b>		
<p>This case was a referral from SIGTARP.</p> <p>The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.</p>		
<b>STATUS:</b>		
<p>This fraud investigation focuses on Colonial's fraudulent attempt to obtain CPP funding utilizing a bogus capital raise of \$300 million of capital from a group headed by Mr. Lee Farkas, Chairman of Taylor, Bean &amp; Whitaker (TBW). In April, 2011, Lee Farkas was convicted and ordered detained. Lee Farkas was indicted by Grand Jury, arrested and convicted on all 14 counts, in the Eastern District of Virginia. June 27 Farkas was sentenced of thirty years imprisonment. The investigating team has concluded work related to the forfeiture motion to be heard 06/27/2011.</p> <p>On June 10, 2011, Desire Brown and Raymond Bowman were sentenced to 72 months and 30 months imprisonment, respectively. On June 17, 2011, Cathy Kissick and Teresa Kelly were sentenced to 96 month and 3 months imprisonment, respectively. On June 21, 2011, Sean Ragland was sentenced to 3 months imprisonment and 9 months home confinement, and Paul Allen was sentenced to 40 months imprisonment. Lee Farkas' sentencing is scheduled for June 30, 2011.</p> <p>The team is concluding the review of emails of Delton de Armas, CFO of TBW, in anticipation of bringing evidence before a Federal Grand Jury, Eastern District of Virginia (EDVA).</p>		
<b>ANTICIPATED ACTIONS:</b>		
<p>On 7/11/2011, a plea was offered to Delton DeArmas's attorneys for one count of conspiracy 18 U.S.C. 371 (5 years) and one count of false statements 18 U.S.C. 1001 (5 years).</p>		

This report is the property of the Federal Housing Finance Agency - Office of Inspector General (FHFA-OIG) and contains law enforcement information that is **SENSITIVE BUT UNCLASSIFIED**. Appropriate safeguards should be made for the report and access should be limited to officials on a need-to-know basis. Public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C. § 552, and the Privacy Act, Title 5, U.S.C. § 552a. The report may not be disclosed, reproduced, or distributed without prior approval from the FHFA-OIG.



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(b) (7)(E)		



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<b>ANTICIPATED ACTIONS:</b>		
(b) (7)(E)		

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# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



(b) (7)(E)

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<p>This fraud investigation focuses on Colonial's fraudulent attempt to obtain CPP funding utilizing a bogus capital raise of \$300 million of capital from a group headed by Mr. Lee Farkas, Chairman of Taylor, Bean &amp; Whitaker (TBW). In April, 2011, Lee Farkas was convicted and ordered detained. Lee Farkas was indicted by Grand Jury, arrested and convicted on all 14 counts, in the Eastern District of Virginia. June 27 Farkas was sentenced of thirty years imprisonment. The investigating team has concluded work related to the forfeiture motion to be heard 06/27/2011.</p> <p>On June 10, 2011, Desire Brown and Raymond Bowman were sentenced to 72 months and 30 months imprisonment, respectively. On June 17, 2011, Cathy Kissick and Teresa Kelly were sentenced to 96 month and 3 months imprisonment, respectively. On June 21, 2011, Sean Ragland was sentenced to 3 months imprisonment and 9 months home confinement, and Paul Allen was sentenced to 40 months imprisonment. Lee Farkas' sentencing is scheduled for June 30, 2011.</p> <p>The team is concluded the review of emails of Delton de Armas, CFO of TBW, in anticipation of bringing evidence before a Federal Grand Jury, Eastern District of Virginia (EDVA). On 7/11/2011, a plea was offered to Delton DeArmas's attorneys for one count of conspiracy 18 U.S.C. 371 (5 years) and one count of false statements 18 U.S.C. 1001 (5 years).</p> <p>7/28/11: DeArmas's attorney are interested in reviewing a written plea agreement, which is being drafted by AUSAs.</p>		
<p>(b) (7)(E)</p> <p>AUSA <sup>(b) (7)(C)</sup>, who (b) (7)(E)</p>		

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# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



On 8/9/11 a restitution hearing was held for Kissick, Kelly, Ragland, Brown, Allen, Bowman, and Farkas. The judge asked the AUSAs to provide her with seven blank judgement orders, and she would do the calculations in her chambers. A date was not provided when she would make her final decision. The judge stated when Kelly, Ragland, and Brown are released from prison they would each have to pay \$250 a month towards restitution. Kissick will have to pay \$500 a month, and Allen, Bowman, and Farkas will each pay \$1,000 a month.

On 8/11/11 a meeting was held with the investigative team, Farkas, and Farkas's defense attorney. Farkas provided information regarding which cars have been sold and which properties were funded from his due from shareholder account at TBW. Farkas stated that he is willing to cooperate going forward if the investigative team has any further questions.

On 8/11/11 Farkas also provided information on (b) (7)(C) receiving a free mortgage from Farkas and TBW. At the time, (b) (7)(C) Farkas stated (b) (7)(C) received a construction loan for \$550 from TBW on 11/05 which was later converted to a mortgage loan.

Wire transfers from TBW amounting to \$165,798.50 were traced by the investigative team to Green Forest Community Development Corp (GFCDC), which is a non-profit, faith-based community development corporation. In 1998, GFCDC and Freddie Mac launched the "Call DeKalb H.O.M.E." homebuyer education program. This program provided Freddie Mac approved homeownership counseling at various venues within the Atlanta Metro area and South DeKalb community.

(b) (7)(C)

(b) (7)(C) is a national neighborhood revitalization firm providing services and strategies that impact community development through community development consulting services and comprehensive real estate services.

**ANTICIPATED ACTIONS:**

The AUSAs are waiting for a response from DeArmas's attorneys regarding the plea offered on 7/11/11.



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
Case Title: TBW/Colonial Bank	Subject(s): Lee B. Farkas	
UPB:	Number of Loans:	
<b>PROSECUTOR</b>		
Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
<b>PROGRAM AREA</b> (Check any and all that apply ✓)		
Freddie Mac <input checked="" type="checkbox"/>	Fannie Mae <input checked="" type="checkbox"/>	FHLB <input type="checkbox"/> FHFA <input type="checkbox"/> Other <input type="checkbox"/>
<b>PREDICATION:</b>		
<p>This case was a referral from SIGTARP.</p> <p>The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.</p>		
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<p>(b) (7)(E)</p> <p>AUSA (b) (7)(C), (b) (7)(E)</p>		

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## OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



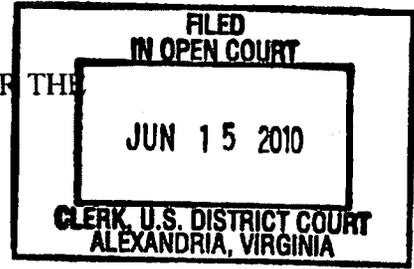
### ANTICIPATED ACTIONS:

On 8/9/11, a Restitution hearing is scheduled for 10:00am located at EDVA for Farkas, Allen, Bowman, Ragland, Kelly, Brown, and Kissick.

On 8/11/11 at 9:30am, AUSAs and agents will meet with Farkas at Farkas's request. Farkas would like to discuss the whereabouts of his assets for forfeiture purposes.

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

Alexandria Division



UNITED STATES OF AMERICA	)	CRIMINAL NO. 1:10-CR-200
	)	
v.	)	Count 1: Conspiracy
	)	(18 U.S.C. § 1349)
LEE BENTLEY FARKAS,	)	
	)	Counts 2-7: Bank Fraud
Defendant.	)	(18 U.S.C. §§ 1344 and 2)
	)	
	)	Counts 8-13: Wire Fraud
	)	(18 U.S.C. §§ 1343 and 2)
	)	
	)	Counts 14-16: Securities Fraud
	)	(18 U.S.C. §§ 1348 and 2)
	)	
	)	Forfeiture Notice
	)	(18 U.S.C. §§ 981, 982)
	)	
	)	Under Seal Pursuant to
	)	Fed. R. Crim. P. 6(e)(4)

JUNE 2010 TERM - AT ALEXANDRIA, VIRGINIA

INDICTMENT

**THE GRAND JURY CHARGES THAT:**

At all times relevant to this Indictment, unless otherwise stated:

**INTRODUCTION**

**I. Relevant Entities**

**A. Taylor, Bean & Whitaker Mortgage Corp.**

1. Taylor, Bean & Whitaker Mortgage Corp. (TBW), based in Ocala, Florida, was founded in 1982 and was one of the largest privately held mortgage lending companies in the United States. TBW was principally involved in the origination, purchase, sale, and servicing of residential mortgage loans. TBW generally sold these loans in the secondary mortgage market to third-party investors, including the Federal Home Loan Mortgage Corporation (Freddie Mac) and commercial financial institutions, either individually, pooled, or as part of mortgage-backed securities that received guarantees by Freddie Mac or the Government National Mortgage Association (Ginnie Mae). TBW originated and purchased billions of dollars in new residential loans on an annual basis. To fund its mortgage loan originations and acquisitions, TBW relied on various purchase facilities, credit lines, and financing vehicles, primarily with Colonial Bank and, starting in or about January 2005, Ocala Funding, LLC. On or about August 24, 2009, TBW filed for bankruptcy in the United States Bankruptcy Court for the Middle District of Florida in Jacksonville.

2. TBW's principal source of income came from servicing mortgage loans it sold to Freddie Mac and it sold as part of securities guaranteed by Ginnie Mae. TBW's loan servicing responsibilities required it to, among other things, collect principal and interest payments on mortgage loans from borrowers and disburse those "pass-through" payments to the third-party

investors in the loans. TBW earned a servicing fee, which amounted to a small portion of a borrower's payment. As a loan servicer for Freddie Mac and Ginnie Mae, TBW was generally obligated to advance the pass-through payments to investors in the mortgage loans even where borrowers failed to make principal and interest payments in a timely manner. If TBW failed to advance the required pass-through payments, it risked losing its right to act as a loan servicer, and thus the associated fees, on behalf of Freddie Mac and Ginnie Mae.

**B. Ocala Funding**

3. Ocala Funding, LLC, was a TBW wholly owned entity formed on or about January 14, 2005. TBW formed Ocala Funding as a financing vehicle to provide it additional funding for mortgage loans. Ocala Funding was managed by TBW and had no employees of its own. Ocala Funding sold commercial paper to financial institution investors and used the funds raised to acquire mortgage loans originated or purchased by TBW. Generally, Ocala Funding then sold the loans to Freddie Mac. As of on or about June 30, 2008, Ocala Funding had two dedicated financial institution investors: Deutsche Bank, which agreed to purchase up to \$1.25 billion of commercial paper, and BNP Paribas Bank, which agreed to purchase up to \$500 million of the commercial paper. Ocala Funding, in turn, was required to maintain collateral in the form of cash and/or mortgage loans at least equal to the value of outstanding commercial paper.

4. LaSalle Bank, N.A., was headquartered in Illinois and was retained by Ocala Funding to, among other things, maintain custody of mortgage loan files for mortgage loans purchased by Ocala Funding, and to operate bank accounts for Ocala Funding. LaSalle Bank was purchased in or about October 2007 by Bank of America, N.A.

**C. Colonial BancGroup and Colonial Bank**

5. Colonial BancGroup, Inc., was a Delaware corporation organized in 1974 as a bank holding company that managed Colonial Bank and other, smaller subsidiaries. Colonial BancGroup, headquartered in Montgomery, Alabama, derived most of its income from Colonial Bank. Colonial BancGroup's securities were registered pursuant to § 12(b) of the Securities and Exchange Act of 1934 and traded on the New York Stock Exchange under trading symbol "CNB." On or about August 25, 2009, Colonial BancGroup filed for bankruptcy in the United States Bankruptcy Court for the Middle District of Alabama in Montgomery.

6. Colonial Bank was headquartered in Montgomery, Alabama, and since in or about June 2008 was an Alabama state-chartered bank with the Federal Deposit Insurance Corporation (FDIC) as its primary federal regulator. Colonial Bank was primarily involved in retail and commercial banking. As of December 31, 2008, Colonial Bank held approximately \$26 billion in assets, which accounted for nearly all of Colonial BancGroup's consolidated assets. As of on or about December 31, 2008, Colonial Bank had approximately 350 branches in Florida, Alabama, Georgia, Nevada, and Texas, with deposits of approximately \$19 billion. On or about August 14, 2009, the Alabama State Banking Department, the state regulator for Colonial Bank, seized Colonial Bank and appointed the FDIC as receiver.

7. Colonial Bank's Mortgage Warehouse Lending Division (MWLD) was based in Orlando, Florida, and provided short-term, secured funding to mortgage lending companies. MWLD's largest customer was TBW. During 2008, MWLD provided approximately \$70 billion in interim funding to mortgage companies to fund approximately 400,000 residential mortgages.

MWLD accounted for at least 20% of Colonial Bank's pre-tax income from 2005 through 2009, and in 2008 and 2009 was one of Colonial Bank's few banking segments that reported a profit.

**D. Freddie Mac and Ginnie Mae**

8. Freddie Mac was a government-sponsored enterprise established by Congress to provide liquidity and stability to the housing market in the United States. Freddie Mac purchased residential mortgages in the secondary mortgage market, securitized those mortgages, and then sold them to investors as mortgage-backed securities. Freddie Mac also purchased mortgages and mortgage-backed securities for its own mortgage-related investment portfolios. Freddie Mac guaranteed the timely payment of principal and interest for its mortgage-backed securities. Freddie Mac was headquartered in McLean, Virginia.

9. Ginnie Mae was a government-owned corporation within the United States Department of Housing and Urban Development. Ginnie Mae did not buy or sell loans or issue mortgage-backed securities. Rather, Ginnie Mae guaranteed mortgage-backed securities issued by companies such as TBW that were backed by federally insured or guaranteed loans. Ginnie Mae was headquartered in Washington D.C.

**E. TARP**

10. The Troubled Asset Relief Program (TARP) was created by the Emergency Economic Stabilization Act of 2008 and was designed, among other things, to restore liquidity and stability to the financial system in the wake of the financial crisis. One of the sub-programs created under TARP was the Capital Purchase Program (CPP), in which government funds would be invested in financial institutions in exchange for preferred shares in those institutions. Financial institutions seeking TARP funds under CPP would apply through their primary federal

bank regulator, and both an institution's eligibility and the amount of the CPP investment would depend, in part, upon information reflected in the institution's financial statements.

## **II. The Defendant and Co-Conspirators**

11. LEE BENTLEY FARKAS, the defendant, resided in Ocala, Florida, and was the chief executive officer of TBW until in or about July 2003 and the chairman thereafter.

FARKAS was the majority shareholder of TBW.

12. Co-conspirators included executives and employees of TBW and Colonial Bank.

## **III. The Scheme to Defraud**

13. Beginning in or about early 2002, TBW began to experience significant cash flow problems and was unable to cover adequately, among other things, its operating expenses. In an effort to cover the shortfalls, FARKAS and co-conspirators devised a scheme to misappropriate funds from Colonial Bank, Ocala Funding accounts, and eventually the United States government. The scheme evolved over the years as FARKAS and co-conspirators sought to misappropriate more money and to hide the misappropriations from, among others, certain Colonial Bank and Colonial BancGroup management, Freddie Mac, Ginnie Mae, the FDIC, financial institution investors in Ocala Funding, auditors, regulators, and shareholders. The scheme ultimately led to the misappropriation of more than \$1 billion.

14. Initially, the scheme involved TBW and Colonial Bank co-conspirators hiding millions of dollars of TBW overdrafts in its primary bank account at Colonial Bank, which arose from TBW's operating deficits, through frequent transfers of funds back and forth between that account and another. After the overdrafts reached into the tens of millions of dollars, however, FARKAS and co-conspirators revised the scheme and misappropriated hundreds of millions of

dollars more by selling Colonial Bank what amounted to fictitious assets. To do this, FARKAS and co-conspirators engaged in sales to Colonial Bank of mortgage loans that did not exist, that TBW already had sold to others, or that had significantly impaired value. As a result, FARKAS and co-conspirators caused Colonial Bank to falsely report the value of mortgage loans in its accounting records.

15. As part of their scheme, FARKAS and co-conspirators also misappropriated hundreds of millions of dollars from Ocala Funding accounts through improper fund transfers, fraudulent transactions, and false documentation. Beginning in or about late 2008 through in or about mid-2009, as TBW's funding shortfalls became even more severe and Colonial BancGroup struggled to stay solvent, FARKAS and co-conspirators expanded the scheme in an effort to defraud the United States government. The conspirators fraudulently sought to acquire a major stake in Colonial BancGroup and to gain access to over \$500 million in taxpayer money through Colonial BancGroup's application for TARP funding under the CPP program.

FARKAS and co-conspirators never obtained any TARP funds.

**A. Overdrafts in TBW's Master Account at Colonial Bank – The Sweeping Scheme**

16. 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. Conspirators at TBW and Colonial Bank 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.

17. By in or about December 2003, the size of the deficit due to overdrafts had grown to tens of millions of dollars. In response, FARKAS and co-conspirators devised a plan to disguise the deficit as payments for mortgage loan assets purchased by Colonial Bank.

**B. Plan B/COLB**

18. In or about December 2003, FARKAS and 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. 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.

19. In this part of the scheme, which the conspirators called "Plan B," the conspirators sought to disguise the tens of millions of dollars of overdrafts as payments related to Colonial Bank's purchase through the COLB facility of legitimate TBW mortgage loans. FARKAS and co-conspirators accomplished this by causing TBW to provide false mortgage loan data to Colonial Bank under the pretense that it was selling the bank interests in mortgage loans. As FARKAS and co-conspirators knew, however, the Plan B data included data for loans

that TBW had already committed or sold to other third-party investors or that did not exist. As a result, these loans were not, in fact, available for sale to Colonial Bank.

20. As TBW continued to experience operating losses, FARKAS and co-conspirators engaged in additional sales of Plan B loans to Colonial Bank, causing Colonial Bank to advance to TBW tens of millions of additional dollars from the COLB facility. In reality, the Plan B loans could not be resold to recoup Colonial Bank's outlay for its interests in the loans. As a result, FARKAS and co-conspirators sold tens of millions of dollars worth of what amounted to fake assets to Colonial Bank and caused Colonial Bank to falsely record the value of these assets in its accounting records.

**C. Recycling Plan B Loans**

21. To avoid scrutiny from regulators, auditors, and Colonial Bank management of Plan B loans sold to Colonial Bank, FARKAS and co-conspirators devised a plan that gave the false appearance that TBW was periodically selling the Plan B loans off of the COLB facility. The conspirators referred to this aspect of the scheme as, among other things, "recycling," and the method for recycling evolved over time. One way FARKAS and co-conspirators effectuated a recycle was that they caused new Plan B data to be sent to Colonial Bank to replace old Plan B data. By doing so, FARKAS and co-conspirators created a document trail that gave the false appearance that mortgage loans had been sold to investors and that Colonial Bank, in turn, had purchased interests in new mortgage loans in their place.

**D. Fictitious AOT Trades**

22. In or about mid-2005, FARKAS and co-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.

23. Unlike with the COLB facility, Colonial Bank only extended financing through the AOT facility to TBW. Colonial Bank purchased Trades to provide TBW with immediate liquidity while TBW sought to finalize sales of the pools of loans backing the Trades, or mortgage-backed securities formed from them, to third-party investors. This interim funding provided TBW liquidity to originate or purchase new mortgage loans pending the resales. At settlement with a third-party investor, Colonial Bank was to have recouped its investment in a Trade.

24. In an effort to transfer the deficit caused by the Plan B loans on the COLB facility to the AOT facility, FARKAS and co-conspirators 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 FARKAS and co-conspirators knew, Colonial Bank held these fictitious Trades in its accounting records at the amount Colonial Bank paid for them.

25. 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 co-conspirators continued to cause TBW to sell hundreds of millions

of dollars of additional fictitious Trades to Colonial Bank through the AOT facility. Like the Trades described in paragraph 24 above, these Trades had no pools of loans collateralizing them.

26. To support these fraudulent transactions, FARKAS and co-conspirators caused false data and documentation to be sent from TBW to Colonial Bank. For example, TBW co-conspirators sent Colonial Bank co-conspirators schedules listing fictitious Trades with unique identifying numbers that TBW co-conspirators reused from Trades previously sold to other investors. The Trades also included pricing information not based on the value of any underlying mortgage loans but instead made up to meet TBW's funding needs. TBW co-conspirators also sent Colonial Bank co-conspirators fabricated agreements purporting to reflect commitments by investors to purchase the Trades in the near future, generally in 30 to 60 days.

**E. Trades Backed by Impaired-Value Loans and REO**

27. In addition to causing Colonial Bank to purchase fictitious Trades, FARKAS and co-conspirators caused significant numbers of impaired-value mortgage loans that TBW had been unable to sell to be hidden on the AOT facility by using them to collateralize Trades that Colonial Bank purchased through the AOT facility. These impaired-value loans included, among other things, loans in default and significantly "aged" loans. In general, significantly aged loans were considered impaired, and thus of lesser value, because TBW had been unable to sell them to investors. These Trades were also sometimes collateralized by bank-repossessed properties associated with foreclosed mortgage loans, known as real estate owned (REO). As REO no longer had mortgage loans associated with them, REO could not properly be included in mortgage-backed securities.

28. Because TBW was generally unable to sell these Trades containing impaired-value loans and REO, FARKAS and co-conspirators caused these pools to be repackaged as new Trades with fabricated agreements purporting to reflect commitments by third parties to purchase the mortgage loan assets. As a result, some of the impaired-value loans and REO remained disguised on the AOT facility for a period of years, despite the AOT facility being designed for assets to be resold within 30 to 60 days.

**F. Recycling of Fictitious and Impaired AOT Trades**

29. As with the Plan B loans, FARKAS and co-conspirators recycled the fictitious and impaired Trades on AOT. The conspirators did this by 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 impaired-value loans and REO and, in either case, had no corresponding, legitimate commitment to be purchased by third parties. For example, after co-conspirators provided fabricated documents to Colonial Bank, Colonial Bank advanced money from its bank accounts to TBW-controlled bank accounts, which gave the false appearance that Colonial Bank had purchased new AOT Trades. Near in time, co-conspirators directed payments back to Colonial Bank to give the false appearance that the expiring Trades had been sold to investors. These advances and paydowns amounted to round-trip transactions, which generally left TBW and Colonial Bank in a similar financial position as before the transactions. In Colonial Bank's accounting records, however, it falsely appeared that old Trades had settled and had been replaced with new, legitimate Trades.

30. Numerous wire transfers between Colonial Bank and TBW involved transfers to LaSalle Bank, which had been purchased by Bank of America, and as a result, some of these wires were processed through a Bank of America server located in Richmond, Virginia.

**G. Colonial Bank's Accounting of the Fictitious and Impaired AOT Trades**

31. On or about July 28, 2009, Colonial Bank accounting records identified approximately 120 purportedly unique Trades held for resale on the AOT Facility. Colonial Bank reported in its accounting records that these Trades had a total value of approximately \$1.47 billion. Nearly all of the Trades held on AOT at this time were recycled Trades that re-used identifying information for Trades that TBW previously had sold to other banks. Moreover, nearly all of the approximately 120 Trades held for resale on Colonial Bank's AOT facility had fabricated agreements generated by co-conspirators purporting to reflect commitments by legitimate third-party investors to buy the Trades in the near future.

32. As a result of the fraud scheme, approximately one-third of the Trades on the AOT facility were fictitious and had no mortgage loans backing them. These Trades represented fraudulent advances made to TBW to cover its cash shortfalls. In its accounting records, Colonial Bank recorded these fictitious Trades as Securities Purchased under Agreements to Resell.

33. As a result of the fraud scheme, nearly all of the mortgage loans backing the remaining Trades on the AOT facility consisted of impaired-value loans and REO. Moreover, Colonial Bank records showed that nearly all of the impaired-value loans and REO backing the Trades on the AOT facility on or about July 28, 2009, had already been part of different Trades listed in Colonial Bank's accounting records in or about April 2009. According to Colonial

Bank records, those different Trades, and thus the impaired-value loans and REO backing them, had purportedly been sold to investors in or about April 2009. In fact, those sales never took place. Instead, FARKAS and co-conspirators created fabricated documents and transactions to give the false appearance that the third-party resales were taking place when in fact FARKAS and co-conspirators were merely moving the impaired-value loans and REO into different Trades over time to hide the fact that TBW could not sell the impaired-value loans and REO.

34. As a result, FARKAS and co-conspirators caused Colonial Bank to record fabricated purchases and sales on the AOT Facility of Trades backed by impaired-value loans and REO, which were held in Colonial Bank's accounting records as Securities Purchased under Agreements to Resell. In fact, TBW had been unable to resell the impaired-value mortgage loans and REO backing the Trades, and there were no legitimate agreements for resale to third-party investors.

35. FARKAS and co-conspirators also caused audit confirmations to be sent to Colonial Bank's outside auditors that falsely attested that the balances on the COLB and AOT facilities were accurate.

#### **H. Ocala Funding**

36. In addition to misappropriating funds from Colonial Bank through the COLB and AOT facilities, FARKAS and TBW co-conspirators caused TBW to misappropriate money from Ocala Funding. FARKAS and TBW co-conspirators caused the diversion of hundreds of millions of dollars from Ocala Funding bank accounts, located at LaSalle Bank, to pay down TBW operating expenses, such as mortgage loan servicing payments owed to investors in Freddie Mac and Ginnie Mae securities, payroll, and other unrelated obligations. As a result of

these diversions, Ocala Funding experienced significant shortfalls in the amount of collateral it possessed to back the outstanding commercial paper owned by its financial institution investors, primarily Deutsche Bank and BNP Paribas. In addition, FARKAS and co-conspirators caused Ocala Funding to sell loans owned by Colonial Bank to Freddie Mac without paying Colonial Bank for the loans. As a result, FARKAS and co-conspirators caused at least Freddie Mac and Colonial Bank to each believe it had an undivided ownership interest in thousands of the same loans.

37. To cover up the collateral shortfalls, FARKAS and co-conspirators caused false information to be sent to the financial institution investors, including Deutsche Bank and BNP Paribas, in documents that inaccurately and intentionally inflated figures representing the aggregate value of the loans held in the Ocala Funding facility or under-reported the amount of outstanding commercial paper. By doing so, FARKAS and co-conspirators sought to mislead investors into believing that there was sufficient cash and mortgage loan collateral to back the outstanding commercial paper owned by the investors. FARKAS and co-conspirators also sent LaSalle Bank falsified collateral lists that misrepresented the ownership status of mortgage loans held by Ocala Funding. In total, the misappropriated funds and double-sold mortgage loans amounted to more than \$1 billion.

#### **I. TARP Funding**

38. In or about October 2008, Colonial BancGroup submitted an application to the FDIC seeking \$570 million in TARP funding under the CPP program. In connection with the application, regulators and the United States Treasury Department reviewed Colonial BancGroup's financial data and filings, including the materially false information related to

mortgage loan and securities assets held by Colonial Bank's MWLD resulting from the fraudulent conduct of FARKAS and co-conspirators. In or about December 2008, Treasury conditionally approved \$553 million of TARP funding to Colonial BancGroup if, among other things, Colonial BancGroup could first raise \$300 million in private capital.

39. FARKAS, aware of Colonial BancGroup's TARP application and its contingent approval, sought to lead a group of investors to raise the \$300 million in private capital. In or about March 2009, FARKAS and co-conspirators represented that TBW would invest \$150 million in Colonial BancGroup. Additionally, FARKAS and co-conspirators represented to Colonial BancGroup that two other investors had agreed to contribute \$50 million each and solicited MWLD "friends and family" for the remaining \$50 million. FARKAS and co-conspirators misrepresented the commitments of some investors.

40. On or about April 1, 2009, FARKAS and co-conspirators caused Colonial BancGroup to file with the United States Securities and Exchange Commission (SEC) a Form 8-K, which was filed electronically with the EDGAR Management Office of Information and Technology, in Alexandria, Virginia. This Form 8-K announced that Colonial BancGroup had secured definitive agreements from investors, pending due diligence, to satisfy the \$300 million private capital contingency requirement.

41. The Form 8-K attached a stock purchase agreement that, among other things, represented that each purported investor had already deposited into an escrow account set up for the capital raise 10% of its proposed investment. To give the appearance that the escrow requirement had in fact been satisfied, FARKAS and a TBW co-conspirator caused \$25 million—which purportedly represented the 10% deposit for TBW's \$150 million investment

(\$15 million) and for the two purported \$50 million investors (\$5 million each)—to be deposited into the escrow account at Platinum Community Bank, a wholly owned subsidiary of TBW.

42. FARKAS and a TBW co-conspirator had in fact diverted that \$25 million from an Ocala Funding bank account. Further, FARKAS and other co-conspirators supplied the 10% down payment on behalf of the two \$50 million investors without the investors' knowledge or consent. The \$25 million wire transfer from an Ocala Funding bank account to Platinum Community Bank was processed through a Bank of America server located in Richmond, Virginia.

43. Colonial Bank never received TARP funding.

**J. False Financial Filings with SEC and Ginnie Mae**

44. FARKAS and co-conspirators caused Colonial BancGroup to file materially false financial data with the SEC regarding the assets in Colonial Bank's MWLD in its annual and quarterly reports, Forms 10-K and 10-Q respectively, which were filed electronically with the SEC's EDGAR Management Office of Information and Technology, in Alexandria, Virginia. The fraudulent Plan B loans on the COLB facility were reflected as assets in the financial data as "Loans Held for Sale," and the fictitious and impaired Trades on the AOT facility were reported as assets in the financial data as "Securities Purchased under Agreements to Resell."

45. 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.

46. As a result of the fraudulent scheme perpetrated by FARKAS and co-conspirators, approximately several hundred million dollars of the \$1.6 billion worth of assets purportedly held on the AOT facility, and thus reported in the 2008 Form 10-K and March 31, 2009, Form 10-Q as Securities Purchased under Agreements to Resell, did not exist. FARKAS and co-conspirators also knew that the vast majority of the remaining Trades held on AOT were backed by impaired-value loans and REO. Further, FARKAS and co-conspirators knew that most, if not all, of the Trades held on the AOT facility did not have legitimate agreements to be resold to third-party investors as required for Trades held on the AOT facility and as reported in the Forms 10-K and 10-Q.

47. In addition, FARKAS and co-conspirators caused Colonial BancGroup on or about April 1, 2009, to file with the SEC a Form 8-K, which was filed electronically with the EDGAR Management Office of Information and Technology, in Alexandria, Virginia, announcing that Colonial BancGroup had secured definitive agreements from investors, pending due diligence, to satisfy the private capital contingency requirement.

48. FARKAS and co-conspirators also caused TBW to file materially false financial data with Ginnie Mae relating to TBW's overall economic viability. Ginnie Mae used this financial data as a factor when determining whether TBW's status as an approved issuer of Ginnie Mae securities would be extended. TBW sent the financial data for Ginnie Mae's review to a location in McLean, Virginia. In part as a result of its unwitting reliance upon TBW's

materially false financial data, Ginnie Mae continued to approve TBW on an annual basis as an issuer of Ginnie Mae securities. Ginnie Mae also increased the amount of securities TBW could issue, and, as a result, from in or about July 2008 to in or about August 2009, TBW increased the amount of Ginnie Mae securities it issued from approximately \$14.8 billion to approximately \$26.8 billion. Ginnie Mae terminated TBW as an issuer and servicer of Ginnie Mae securities in or about August 2009, and Ginnie Mae assumed TBW's entire Ginnie Mae portfolio at that time.

COUNT 1

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

**I. The Conspiracy**

49. The allegations in paragraphs 1 through 48 in the Introduction section are realleged as if fully set forth herein.

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

LEE BENTLEY FARKAS

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

a. bank fraud, that is, to knowingly and intentionally execute, and attempt to 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 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 knowingly 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;

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, § 781), in violation of Title 18, United States Code, § 1348;

## **II. Manner and Means of the Conspiracy**

51. Among the manner and means by which defendant FARKAS and others known and unknown to the Grand Jury would and did carry out the conspiracy included, but were not limited to, the following:

a. FARKAS and co-conspirators caused the transfer of funds between TBW accounts in an effort to hide TBW overdrafts.

b. FARKAS 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. FARKAS 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. FARKAS and co-conspirators caused TBW to sell to Colonial Bank, via the AOT facility, Trades backed by impaired-value loans and REO that had fabricated agreements reflecting commitments by investors to purchase them in the near future.

e. FARKAS and co-conspirators periodically “recycled” the 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. FARKAS and co-conspirators covered up their misappropriations of funds from the COLB and AOT facilities by providing false documents and information to Colonial Bank.

g. FARKAS and TBW co-conspirators misappropriated funds from Ocala Funding bank accounts.

h. FARKAS and TBW co-conspirators covered up shortfalls in collateral held by Ocala Funding to back commercial paper by sending investors and others documents containing material misrepresentations.

i. FARKAS and TBW co-conspirators caused mortgage loans held by Ocala Funding to be sold to both Colonial Bank and Freddie Mac.

j. FARKAS and co-conspirators caused Colonial BancGroup to file with the 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.

k. FARKAS and co-conspirators caused TBW to submit materially false information to Ginnie Mae to obtain an extension of authority to issue Ginnie Mae mortgage-backed securities.

1. FARKAS and co-conspirators caused Colonial BancGroup to submit materially false information to the FDIC and to the SEC in furtherance of its application for TARP funds.

(All in violation of Title 18, United States Code, § 1349.)

COUNTS 2 - 7

(Bank Fraud)

THE GRAND JURY FURTHER CHARGES:

52. On or about the dates set forth below, in the Eastern District of Virginia and elsewhere, defendant

LEE BENTLEY FARKAS,

knowingly and intentionally executed, and attempted to execute, a scheme and artifice to defraud Colonial Bank, a financial institution with deposits insured by the FDIC, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of Colonial Bank, by means of materially false and fraudulent pretenses, representations, and promises, as set forth in Counts 2 - 7 below.

53. The scheme and artifice to defraud is described in paragraphs 13 through 48 of this Indictment, which are re-alleged and incorporated, along with paragraphs 1 through 12, as if fully set forth herein.

Count	Date	Description
2	November 19, 2008	Wire payment of approximately \$76,603,100.00 from Colonial Bank to LaSalle Bank
3	January 6, 2009	Wire payment of approximately \$66,400,000.00 from Colonial Bank to LaSalle Bank
4	May 29, 2009	Wire payment of approximately \$154,927,380.54 from Colonial Bank to LaSalle Bank
5	June 18, 2009	Wire payment of approximately \$46,081,431.04 from Colonial Bank to LaSalle Bank
6	June 30, 2009	Wire payment of approximately \$59,655,985.97 from Colonial Bank to LaSalle Bank

<b>Count</b>	<b>Date</b>	<b>Description</b>
7	July 6, 2009	Wire payment of approximately \$31,933,110.73 from Colonial Bank to LaSalle Bank

(All in violation of Title 18, United States Code, §§ 1344 and 2.)

COUNTS 8 - 13

(Wire Fraud)

THE GRAND JURY FURTHER CHARGES:

54. On or about the dates set forth below, in the Eastern District of Virginia and elsewhere, defendant

LEE BENTLEY FARKAS,

having intentionally devised and intending to devise a scheme and artifice to defraud TARP (counts 8-9, 13) and Colonial Bank, a financial institution (counts 10-12), and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, knowingly transmitted and caused 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, as set forth in Counts 8 - 13 below.

55. The scheme and artifice to defraud is described in paragraphs 13 through 48 of this Indictment, which are re-alleged and incorporated, along with paragraphs 1 through 12, as if fully set forth herein.

Count	Date	Description
8	March 30, 2009	\$25 million wire from LaSalle Bank in Illinois to Platinum Community Bank in Florida, which was routed to a Bank of America server in Richmond, Virginia
9	April 1, 2009	Email from CEO of Platinum Community Bank, in Florida, to the Deputy Regional Director of the FDIC, which email was routed to FDIC servers located in Arlington, Virginia

Count	Date	Description
10	May 13, 2009	Wire payment of approximately \$46,751,197.85 from Colonial Bank in Florida to LaSalle Bank in Illinois, processed by servers in Richmond, Virginia, and transmitted to the Federal Reserve Bank of Richmond, Virginia
11	May 18, 2009	Wire payment of approximately \$46,608,205.11 from Colonial Bank in Florida to LaSalle Bank in Illinois, processed by servers in Richmond, Virginia, and transmitted to the Federal Reserve Bank of Richmond, Virginia
12	May 19, 2009	Wire payment of approximately \$51,016,179.69 from Colonial Bank in Florida to LaSalle Bank in Illinois, processed by servers in Richmond, Virginia, and transmitted to the Federal Reserve Bank of Richmond, Virginia
13	May 22, 2009	Email from a "friends and family" investor located in McLean, Virginia, to FARKAS's assistant in Florida

(All in violation of Title 18, United States Code, §§ 1343 and 2.)

COUNTS 14 - 16

(Securities Fraud)

THE GRAND JURY FURTHER CHARGES:

56. On or about the dates set forth below, in the Eastern District of Virginia and elsewhere, defendant

LEE BENTLEY FARKAS,

knowingly and intentionally executed a scheme and artifice to defraud any person in connection with any security of Colonial BancGroup, an issuer with a class of securities registered under §12 of the Securities Exchange Act of 1934 (Title 15, United States Code, § 781), as described in Counts 14 - 16 below.

57. The scheme and artifice to defraud is described in paragraphs 13 through 48 of this Indictment, which are re-alleged and incorporated, along with paragraphs 1 through 12, as if fully set forth herein.

Count	Date	Description
14	March 2, 2009	Form 10-K for the period ending December 31, 2008, filed electronically by Colonial BancGroup with the SEC's EDGAR Management Office of Information and Technology Alexandria, Virginia
15	April 1, 2009	Form 8-K current report, filed electronically by Colonial BancGroup with the SEC's EDGAR Management Office of Information and Technology Alexandria, Virginia
16	May 8, 2009	Form 10-Q for the period ending March 31, 2009, filed electronically by Colonial BancGroup with the SEC's EDGAR Management Office of Information and Technology Alexandria, Virginia

(All in violation of Title 18, United States Code, §§ 1348 and 2.)

FORFEITURE NOTICE

58. Pursuant to Rule 32.2(a), the defendant is hereby notified that, if convicted of any of the charges in this Indictment, the defendant shall forfeit to the United States, pursuant to Title 18, United States Code, §§ 981(a)(1)(C), 982(a)(2)(A), and Title 28, United States Code, § 2461, any property, real or personal, which constitutes or is derived from proceeds traceable to the count of conviction including wire fraud, in violation of Title 18, United States Code, § 1343; bank fraud, in violation of Title 18, United States Code, § 1344; securities fraud, in violation of Title 18, United States Code, § 1348; as well as conspiracy to commit such offenses, in violation of Title 18, United States Code, § 1349. Such forfeitable property includes a sum of money equal to at least \$22 million in United States currency, representing the amount of proceeds obtained as a result of the offenses alleged in the Indictment, for which the defendant is jointly and severally liable.

59. Pursuant to Title 21, United States Code, § 853(p), as incorporated by Title 18, United States Code, § 982(b)(1), and by Title 28, United States Code, § 2461(c), the defendant shall forfeit substitute property, up to the value of the amount described, i.e., \$22 million in United States currency, if, by any act or omission of the defendant, the \$22 million in United States currency or any portion thereof, cannot be located upon the exercise of due diligence; has been transferred, sold to, or deposited with a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty. The property subject to forfeiture as substitute assets includes, but is not limited to, the following:

- a. A sum of money equal to the amount of proceeds obtained as a result of the conspiracy, bank fraud, securities fraud and wire fraud offenses;
- b. real property known as 480 SW 87th Place, Ocala , Florida;
- c. real property known as 2010 NE 18th St, Ft. Lauderdale, Florida;
- d. real property known as 7785 SW 62nd Ct, Ocala, Florida;
- e. real property known as 950 Peachtree St., N.W. #18903, Atlanta, Georgia;
- f. real property known as 2711 S.E. 17<sup>th</sup> St., Ocala, Florida;
- g. a 1963 Rolls Royce bearing VIN: LSCX11;
- h. a 1929 Ford Model A bearing VIN: A1766832;
- i. a 1973 Triumph TR6 bearing VIN: CF10020U;
- j. a 1970 Cadillac El Dorado bearing VIN: H0270364;
- k. a 1958 Mercedes Benz Cabriolet 220 bearing VIN: 128030N8500042;
- l. a 2008 Infiniti bearing VIN: 5N3AA08C18N900648;
- m. a 1961 Porsche CV bearing VIN: 89466;
- n. a 1937 Pack CV bearing VIN: 1019334;
- o. a 2005 Marc CV bearing VIN: SA9RA260150A11055.

(Pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982(a)(2)(A), 28 U.S.C. § 2461, and 21 U.S.C. § 853.)

A TRUE BILL:

Pursuant to the E-Government Act,  
the original of this page has been filed  
under seal in the Clerk's Office.

FOREPERSON OF THE GRAND JURY

DATE: June 15, 2010

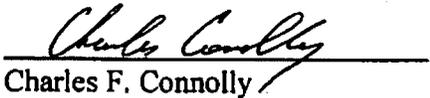
DENIS J. MCINERNEY  
Chief, Fraud Section  
Criminal Division  
United States Department of Justice



Patrick F. Stokes

Deputy Chief  
Brigham Q. Cannon  
Charles D. Reed  
Robert A. Zink  
Trial Attorneys

NEIL H. MACBRIDE  
United States Attorney



Charles F. Connolly

Paul J. Nathanson  
Assistant United States Attorneys



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
Case Title: TBW/Colonial Bank		Subject(s): Lee B. Farkas
<b>PROGRAM AREA</b> (Check any and all that apply ✓)		
Freddie Mac <input checked="" type="checkbox"/>	Fannie Mae <input checked="" type="checkbox"/>	FHLB <input type="checkbox"/> FHFA <input type="checkbox"/> Other <input type="checkbox"/>
<b>PREDICATION:</b>		
<p>This case was a referral from SIGTARP.</p> <p>The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding</p>		
<b>STATUS:</b>		
<p>This fraud investigation focuses on Colonial's fraudulent attempt to obtain CPP funding utilizing a bogus capital raise of \$300 million of capital from a group headed by Mr. Lee Farkas, Chairman of Taylor, Bean &amp; Whitaker (TBW). In April, 2011, Lee Farkas was convicted and ordered detained. Lee Farkas was indicted by Grand Jury, arrested and convicted on all 14 counts, in the Eastern District of Virginia. June 27 Farkas was sentenced of thirty years imprisonment. The investigating team has concluded work related to the forfeiture motion to be heard 06/27/2011.</p> <p>On June 10, 2011, Desire Brown and Raymond Bowman were sentenced to 72 months and 30 months imprisonment, respectively. On June 17, 2011, Cathy Kissick and Teresa Kelly were sentenced to 96 month and 3 months imprisonment, respectively. On June 21, 2011, Sean Ragland was sentenced to 3 months imprisonment and 9 months home confinement, and Paul Allen was sentenced to 40 months imprisonment. Lee Farkas' sentencing is scheduled for June 30, 2011.</p>		
<b>ANTICIPATED ACTIONS:</b>		
<p>The team is concluding the review of emails of Delton de Armas, CFO of TBW, in anticipation of bringing evidence before a Federal Grand Jury, Eastern District of Virginia (EDVA).</p>		

This report is the property of the Federal Housing Finance Agency - Office of Inspector General (FHFA-OIG) and contains law enforcement information that is **SENSITIVE BUT UNCLASSIFIED**. Appropriate safeguards should be made for the report and access should be limited to officials on a need-to-know basis. Public disclosure is determined by the Freedom of Information Act, Title 5, U.S.C. § 552, and the Privacy Act, Title 5, U.S.C. § 552a. The report may not be disclosed, reproduced, or distributed without prior approval from the FHFA-OIG.

Lee Bentley Farkas



Catherine Kissick



Desiree Brown



Teresa Kelly/Teresa Carrier



Raymond Bowman



Paul Allen



Sean Ragland



Delton DeArmas



Lee Bentley Farkas

(b) (7)(C)

Catherine Kissick

(b) (7)(C)

Desiree Brown

(b) (7)(C)

Teresa Kelly/Teresa Carrier

(b) (7)(C)

Raymond Bowman

(b) (7)(C)

Paul Allen

(b) (7)(C)

Sean Ragland

(b) (7)(C)

Delton DeArmas

(b) (7)(C)

# Mortgage Bankers' Financial Reporting Form

Fannie Mae Form 1002 / Freddie Mac Form 1055  
Ginnie Mae Form HUD 11750

Reporting Period: Fourth Quarter 2008  
Data for the Period Ending: 10/31/2008  
Submitted 2009-02-26 17:37:05-05  
Submit Code 30030

This form was generated on August 9, 2010 by WebMB (<http://www.mbfrf.org>) for Taylor, Bean & Whitaker. This copy of the form is for informational uses only. Please submit your MBFRF online by using the "Submit Form" option.

## Taylor, Bean & Whitaker Information

Address ..... 315 NE 14th Street  
City ..... Ocala  
State ..... FL  
Zip Code ..... 34470  
Website ..... <http://www.taylorbean.com/>  
FHA ..... 7499100008  
Freddie Mac ID ..... 120177  
Ginnie Mae ID ..... 3869  
Company Type ..... Privately Held Company (Independent Mtg Bank)  
Is Woman Owned? ..... N  
Is Minority Owned? ..... Not Minority Owned  
Fiscal Year End ..... 03/31  
Date Operations Commenced ..... 02/01/1982  
Independent Auditing Company ..... Deloitte & Touche  
Date of Most Recent Financial Statement ..... 04/30/2008  
Independent Auditor Opinion ..... Unqualified  
Number of Consecutive Years Current Firm has Audited ..... 8

## Contact Information

Name ..... Delton G. de Armas  
Position ..... Chief Financial Officer  
Phone ..... (352) 671-0029  
Email ..... DdeArmas@taylorbean.com

**Schedule A: Assets**

Cash and Cash Equivalents, Unrestricted .....	5,134	
		A010
Cash and Cash Equivalents, Restricted .....	13,712	
		A020
Securities Held to Maturity, at Amortized Cost .....	399	
		A030
Securities Held to Maturity, at Fair Value .....	0	
		A032
Securities Available for Sale .....	0	
		A034
Trading Account Securities .....	0	
		A036
Reverse Repurchase Agreements .....		A040
Receivables from Unrelated Parties .....		A050
Mortgage Loans Held for Sale (HFS), at Lower of Cost or Market (LOCOM) .....	0	
		A060
Mortgage Loans Held for Sale (HFS), at Fair Value .....	598,907	
		A062
Mortgage Loans Held for Investment (HFI), at Amortized Cost .....	-15,099	
		A064
Mortgage Loans Held for Investment (HFI), at Fair Value .....	67,089	
		A066
Other Financial Instrument Assets, at Fair Value .....		A070
Non-Mortgage Investments .....	38,938	
		A080
Real Estate Owned, at Net Realizable Value .....	163,365	
		A090
Investment in Joint Ventures, Partnerships, and Other Entities .....	911	
		A100
Other Real Estate Investments .....		A110
Net Mortgage Servicing Rights .....	806,898	
		A160
Reserve for Other Losses Contra .....	-21,246	
		A170
Property, Equipment, Leasehold, Net of Accum. Depreciation .....	22,039	
		A180
Receivables from Related Parties .....	58,732	
		A190
Deferred Tax Assets .....	-97,788	
		A200
Goodwill and Other Intangible Assets .....		A210
Derivative Assets .....	110,955	
		A220
Other Assets .....	482,753	
		A230
Total Assets .....	2,235,699	
		A240
MEMO: Escrow Funds (Held in Trust for Investors or Mortgagors) .....	339,257	
		A250
MEMO: Capitalized Hardware and Other Telecommunications Property and Equipment ..	9,035	
		A260
MEMO: Capitalized Software .....	5,968	
		A262
MEMO: Watercraft .....		A264
MEMO: Aircraft .....		A266

**Schedule A-030: Securities**

	Held to Maturity At Amortized Cost	Held to Maturity At Fair Value	Available for Sale	Trading Account
<b>Investment-Grade Securities</b>				
Agency MBS .....	A030A	A032A	A034A	A036A
Non-Agency MBS .....	A030B	A032B	A034B	A035B
Commercial MBS Investment Grade .....	A030C	A032C	A034C	A036C
Non-Mortgage ABS Investment Grade .....	A030D	A032D	A034D	A036D
Obligations of Government Sponsored Enterprise ..	A030E	A032E	A034E	A036E
U.S. Treasury Obligations .....	A030F	A032F	A034F	A036F
Other Securities Investment Grade .....	A030G	A032G	A034G	A036G
Total Investment-Grade Securities .....	0	0	0	0
<b>Non-Investment Grade Securities</b>				
Non-Agency MBS Non-Investment Grade .....	A030L	A032L	A034L	A036L
Principal Only Securities Non-Investment Grade ..	A030M	A032M	A034M	A036M
Interest Only Strips Non-Investment Grade .....	A030N	A032N	A034N	A036N
Commercial MBS Non-Investment Grade .....	A030O	A032O	A034O	A036O
Debt Securities Non-Investment Grade .....	A030P	A032P	A033P	A036P
Other Securities Non-Investment Grade .....	A030Q	A032Q	A034Q	A036Q
Total Non-Investment Grade Securities .....	0	0	0	0
Non-Rated Retained Interests .....	A030S	A032S	A034S	A036S
Other Securities .....	399			
	A030U	A032U	A034U	A036U
Total Securities .....	399	0	0	0
Unamortized Deferred Fees and Costs, if Not In- cluded Above .....	A030V	A032V	A034V	A036V
	A030W			
Net Securities .....	399	0	0	0
	A030T	A032T	A034T	A036T

## Schedule A-060: Mortgage Loans Held for Sale and Held for Investment, UPB

	HFS, at LOCOM	HFS, at Fair Value	HFI, at Amortized Cost	HFI, at Fair Value
<b>Residential First Mortgages (1-4 Unit)</b>				
Government (FHA/ VA/ RHS) Fixed .....	A060A	327,531 A062A	A064A	A066A
Government (FHA/ VA/ RHS) ARM .....	A060B	11,444 A062B	A064B	A066B
Prime Conforming Fixed .....	A060C	238,550 A062C	A064C	67,089 A066C
Prime Conforming ARM .....	A060D	20,449 A062D	A064D	A066D
Prime Non-Conforming (Jumbo) Fixed .....	A060E	A062E	A064E	A066E
Prime Non-Conforming (Jumbo) ARM .....	A060F	58 A062F	A064F	A066F
Other Fixed .....	A060G	A062G	A064G	A066G
Other ARM .....	A060H	A062H	A064H	A066H
Total Residential First Mortgage Loans .....	0 A060I	598,032 A062I	0 A064I	67,089 A066I
<b>Other Mortgages</b>				
Closed-End Second Mortgages .....	A060L	A062L	A064L	A066L
Funded HELOCs .....	A060M	A062M	A064M	A066M
Reverse Mortgages .....	A060N	A062N	A064N	A066N
Construction and Land Development Loans .....	A060O	A062O	A064O	A066O
Multifamily Loans Agency .....	A060P	A062P	A064P	A066P
Commercial Mortgage Loans .....	A060Q	A062Q	A064Q	A066Q
Other Mortgage Loans .....	A060R	516 A062R	A064R	A066R
Total Other Loans .....	0 A060V	516 A062V	0 A064V	0 A066V
Total Mortgage Loans, UPB (before adjustments)	0 A060W	598,548 A062W	0 A064W	67,089 A066W
<b>Adjustments</b>				
Fair Value Adjustments for Loans Held For Sale (for FAS 159) .....		359 A062X		A066X
(Discount)/ Premium on Loans Contra .....	A060Y		A064Y	
Other Deferred Fees on Loans Contra .....	A060Z		A064Z	

Deferred Costs on Loans Contra .....	<u>A060AA</u>		<u>A064AA</u>	
Basis Adjustments from Hedging .....	<u>A060AB</u>		<u>A064AB</u>	
Other Basis Adjustments .....	<u>A060AC</u>		<u>A064AC</u>	
Accum Amort. of Discounts/ Premiums Deferred Fees & Cost, and Basis Adjustments .....			<u>A064AD</u>	
LOCOM Valuation Allowance Contra .....	<u>A060AE</u>			
Reserve For Credit Losses On Loans Held For In- vestment at Amortized Cost .....			<u>-15,099</u>	
			<u>A064AF</u>	
Total Adjustments .....	<u>0</u>	<u>359</u>	<u>-15,099</u>	<u>0</u>
	A060AG	A062AG	A064AG	A066AG
Total Mortgage Loan, UPB (after adjustments) ..	<u>0</u>	<u>598,907</u>	<u>-15,099</u>	<u>67,089</u>
	A060T	A062T	A064T	A066T
MEMO: UPB of Loans Included in Total Mortgage Loans (before Adjustments) that are Accounted for as Financings. ....	<u>A060AH</u>	<u>A062AH</u>	<u>A064AH</u>	<u>A066AH</u>
MEMO: UPB of Loans Included in Total Mort- gage Loans (before Adjustments) that are on Non- Accrual Status / Non Interest Earning .....	<u>A060AI</u>	<u>A062AI</u>	<u>A064AI</u>	<u>A066AI</u>

**Schedule A-090: Real Estate Owned**

Real Estate Owned, at Cost .....	<u>232,134</u>
	A090A
Valuation Allowance Contra .....	<u>-68,769</u>
	A090B
Real Estate Owned at Net Realizable Value .....	<u>163,365</u>
	A090T

**Schedule A-120R: Rollforward of Mortgage Servicing Rights (MSRs)**

**Rollforward of Amortized MSRs (excluding Valuation Allowance)**

Balance at Beginning of Period .....	0
	A120A
Additions: from Transfers of Financial Assets .....	_____
	A120B
<i>Error Warning - W108: Capitalized Servicing on Loans/MBS Sold Servicing Retained (C310) is not equal to zero but additions and transfers (A120B and A120C) are reported to be zero</i>	
Additions: From Purchases and Other Assumptions .....	_____
	A120C
Disposals: Sales and Other .....	_____
	A120D
Amortization (must be negative) .....	_____
	A120E
Other Than Temporary Impairment (OTTI) .....	_____
	A120F
Basis Adjustments from Net Hedging Activity .....	_____
	A120G
Other Changes .....	_____
	A120H
Balance at End of Period .....	0
	A120T
Balance at End of Previous Period .....	0
	A120P

**Rollforward of MSR Valuation Allowance**

Balance at Beginning of Period .....	0
	A130A
Change in Valuation Allowance .....	_____
	A130B
Balance at End of Period .....	0
	A130T
Balance at End of Previous Period .....	0
	A130P
Total Amortized MSRs, Net of Valuation Allowance, at End of Period .....	0
	A140T
MEMO: Fair Value of Amortized MSRs at End Of Period .....	_____
	A130E

**Rollforward of Fair Value MSRs**

Balance at Beginning of Period .....	824,549
	A150A
Remeasurement of MSRs to Fair Value upon Adoption of FAS 156 .....	_____
	A150B
Additions: from Transfers of Financial Assets .....	100,280
	A150C
Additions: from Purchases and Other Assumptions .....	_____
	A150D
Reductions: from MSRs Sold .....	_____
	A150E
Change in Value Due to Realization of Cash Flows .....	-25,499
	A150F
Change in Value Due to Market And Model Changes .....	-92,432
	A150G
Other Changes .....	0
	A150H
Balance at End of Period .....	806,898
	A150T
Balance at End of Previous Period .....	824,549
	A150P
Total MSRs at End of Period .....	806,898
	A160T

**Schedule A-220-B-180: Derivatives**

	Derivative Assets	Derivative Liabilities
Interest Rate Lock Commitments (IRLCs) .....	4,691 <small>A220A</small>	26,568 <small>B180A</small>
Other Loan Commitments Classified as Derivatives .....	<small>A220B</small>	<small>B180B</small>
Derivatives Designated as Hedges of Funded Loans .....	92,898 <small>A220C</small>	26,412 <small>B180C</small>
Derivatives Designated as Hedges of MSRs .....	5,780 <small>A220D</small>	86,121 <small>B180D</small>
Derivatives Designated As Hedges Other .....	7,586 <small>A220E</small>	<small>B180E</small>
Derivatives Not Designated as Hedges .....	<small>A220F</small>	<small>B180F</small>
Total Derivatives .....	110,955 <small>A220T</small>	139,101 <small>B180T</small>
MEMO: UPB of IRLCs before Fallout Adjustments .....	748,505 <small>A220G</small>	2,370,608 <small>B180G</small>
MEMO: UPB of IRLCs after Fallout Adjustments .....	753,196 <small>A220H</small>	2,344,040 <small>B180H</small>

**Schedule A-230: Other Assets**

Securities Borrowed .....	4,321	A230A
Accrued Interest Receivable .....	375,031	A230B
Accounts Receivable .....	89,764	A230C
P&I, T&I, and Foreclosure Advances .....	101	A230D
Advances Other .....		A230E
Foreclosure Claims Receivable .....		A230F
Current Income Taxes Receivable .....		A230G
Other Assets Other .....	13,536	A230H
Other Assets Other as Percentage of Total Assets .....	1	A230I
Explanation of Amounts in "Other Assets Other" .....		A230J
Total Other Assets .....	482,753	A230T

**Schedule B: Liabilities and Equity****Liabilities**

Outstanding Balance on Debt Facilities .....	1,066,356	B010
Collateralized Mortgage Debt Relating to Financings .....		B020
Collateralized Mortgage Debt Other .....		B030
Trust Preferred Securities .....		B040
Deposits .....		B050
Advances from Federal Home Loan Banks .....		B060
Commercial Paper .....		B070
Other Short-Term Payables to Related Parties .....	759,028	B080
Other Short-Term Notes Payable to Unrelated Parties .....	6,772	B090
Accrued Expenses .....	58,471	B100
Estimated Future Loss Liability (Recourse) .....		B110
Other Short-term Liabilities .....	23,744	B120
Other Long-Term Liabilities to Related Parties .....		B130
Other Long-Term Liabilities to Unrelated Parties .....		B140
Servicing Liabilities .....		B150
Guaranty Liabilities under FIN 45 .....		B160
Other Financial Instrument Liabilities, at Fair Value .....		B170
Derivative Liabilities .....	139,101	B180
Taxes Payable .....		B190
Deferred Tax Liability .....		B200
Repurchase Reserves .....	47,734	B210
Total Liabilities .....	2,101,206	B220
Minority Interest .....		B230
Subordinated Debt .....	3,000	B240
<b>Owners' Equity</b>		
<b>For Corporations:</b>		
Preferred Stock, Issued and Outstanding .....		B250
Common Stock, Issued and Outstanding .....		B260
Additional Paid-In Capital .....	13,720	B270
Retained Earnings .....	117,773	B280
Treasury Stock .....		B290
Other Comprehensive Income (OCI) .....		B300
Noncontrolling Interest .....		B310
<b>For Partnerships and Sole Proprietorships:</b>		

General Partners' Capital .....	_____	B320
<b>For Partnerships:</b>		
Limited Partners' Capital .....	_____	B330
Members' Capital .....	_____	B340
<b>For All Companies:</b>		
Total Equity .....	_____	131,493 B350
Total Liabilities and Equity .....	_____	2,235,699 B360

**Schedule B-350R: Equity Rollforward**

Balance at Beginning of Period .....	123,114	
		B350A
Net Income / (Loss) .....	8,379	
		B350B
Issuance of New Stock or Conversions of Preferred to Common .....		B350C
Stock Repurchases .....		B350D
Other Capital Contributions .....		B350E
OCI: Unrealized Gains (Losses) from Assets Available-for-Sale .....		B350F
OCI: Unrealized Gains (Losses) from Derivatives Designated as Cash Flow Hedges .....		B350G
OCI: Other Changes in OCI .....		B350H
Cumulative Effect from Adoption of FAS 156 .....		B350I
Cumulative Effect from Adoption of FAS 159 .....		B350J
Cumulative Effect Adjustments to Retained Earnings Other .....		B350K
Dividends/ Distributions .....		B350L
Changes in the carrying amount of Noncontrolling Interest .....		B350M
Equity Adjustments .....		B350N
Balance at End of Period .....	131,493	
		B350T
Balance at End of Previous Period .....	123,114	
		B350P

**Schedule C: Income**

1-4 Unit Residential  
Only

	Total	Origination Warehousing, and Secondary Marketing	Servicing	Multifamily/ Commercial	Residential Portfolio Management and All Other
<b>NET INTEREST INCOME</b>					
<b>Interest Income</b>					
Warehousing Interest Income from Loans Held For Sale Residential and Multifamily/ Commercial .....	37,329	37,329			
	C010	C010		C010	
Interest Income on Loans Held for In- vestment .....	6,278				6,278
	C020			C020	C020
Interest Income from Securities Held to Maturity .....	4				4
	C030			C030	C030
Interest Income from Securities Avail- able for Sale .....	0				0
	C040			C040	C040
Interest Income from Trading Securi- ties .....	0				0
	C050			C050	C050
Other Interest Income .....	911	911			
	C060	C060	C060	C060	C060
Recognition of Yield Adjustment ...	0	0			
	C070	C070		C070	C070
Servicing-Related/ Escrow Interest Income .....	0				0
	C080		C080	C080	
Total Interest Income .....	44,522	38,240	0	0	6,282
	C090	C090	C090	C090	C090
<b>Interest Expense</b>					
Warehousing Interest Expense Res- idential and Multifamily/ Commer- cial .....	51,735	51,735			
	C100	C100		C100	
Income Property Interest Expense ..	0				0
	C110			C110	C110
Interest Expense on MBS Pools/ Pre- payment Interest Shortfall .....	0				0
	C120		C120	C120	
Interest Expense on Residential MSR Asset .....	6,637		6,637		
	C130		C130		
Interest Expense Debt Issuance ....	0				0
	C140				C140
Other Interest Expense .....	106	106			
	C150	C150	C150	C150	C150
Total Interest Expense .....	58,478	51,841	6,637	0	0
	C160	C160	C160	C160	C160
Net Interest Income .....	-13,956	-13,601	-6,637	0	6,282
	C170	C170	C170	C170	C170
<b>NON-INTEREST INCOME</b>					
<b>Originations-Related Non-Interest Income</b>					
(Discounts)/ Premiums Recognized As Income (only if FV option elected for LHS) .....	3,712	3,712			
	C200	C200		C200	

Origination Fees .....	0	0	0
	C210	C210	C210
Fees Received from Correspondents and Brokers .....	105,341	105,341	105,341
	C220	C220	C220
Broker Fees Received on Loans Bro- kered Out .....	0	0	0
	C230	C230	C230
Other Originations-Related Income ..	0	0	0
	C240	C240	C240
Contra: Above Amounts Reclassified as Gain on Sale or Deferred (under FAS 91) .....	0	0	0
	C250	C250	C250
Total Origination-Related Non- Interest Income .....	109,053	109,053	109,053
	C260	C260	C260

**Secondary Marketing Gains/ (Losses) On Sale**

Gain (Loss) on Loans/ MBS Sold with Servicing Retained (excluding capitalized servicing) .....	42	42	42
	C300	C300	C300

*Error Warning - W135: Capitalized Servicing on Loans/MBS Sold Servicing Retained (C310) is not equal to zero but additions and transfers (A120A and A120B) are reported to be zero*

Capitalized Servicing On Loans/ MBS Sold with Servicing Retained ..	74,908	74,908	74,908
	C310	C310	C310

Gain (Loss) on Loans/ MBS Sold with Servicing Released (excluding servicing released premiums) .....	59,999	59,999	59,999
	C320	C320	C320

Servicing Released Premiums on Loans/ MBS Sold with Servicing Re- leased .....	13	13	13
	C330	C330	C330

Fees Paid to Brokers .....	-27,037	-27,037	-27,037
	C340	C340	C340

Direct Fees Reclassified as Gain on Sale in Accordance with FAS 91 .....	0	0	0
	C350	C350	C350

Direct Expenses Reclassified as Gain on Sale in Accordance with FAS 91 .....	0	0	0
	C360	C360	C360

Recognition of Retained Interests) ..	0	0	0
	C370	C370	C370

Pair-Off Expenses and Other Hedge Costs .....	-14,880	-14,880	-14,880
	C380	C380	C380

Provision for Repurchase (EPD, FPD, etc.) Reserve .....	-3,190	-3,190	-3,190
	C390	C390	C390

LOCOM Adjustments on Loans Held for Sale .....	0	0	0
	C400	C400	C400

Income Relating to Interest Rate Lock Commitments (IRLCs) .....	0	0	0
	C410	C410	C410

Gains/ (Losses) on Derivatives Used to Hedge Interest Rate Locks and Loans Held for Sale .....	20,007	20,007	20,007
	C420	C420	C420

Gains/ (Losses) on Changes in Fair Value of Loans Held for Sale .....	0	0	0
	C430	C430	C430

Other Secondary Marketing Gains (Losses) .....	0	0	0
	C440	C440	C440

Net Secondary Marketing Income Gain/ (Loss) on Sale .....	109,862	109,862	109,862
	C450	C450	C450

**Servicing-Related Non-Interest Income**

Servicing Fees, First Mortgages ....	93,262	93,262	93,262
	C500	C500	C500

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Servicing Fees, Second Mortgages, Reverse Mortgages, Other .....	0				
	C510		C510	C510	C510
Subservicing Fees Earned (including intercompany subservicing fees) .....	0				
	C520		C520	C520	C520
Subservicing Fees Intracompany Only .....	0				
	C530		C530	C530	C530
Late Fees and Other Ancillary Income .....	5,370		5,370		
	C540		C540	C540	C540
Amortization of Mortgage Servicing Rights .....	0				
	C550		C550	C550	C550
Other Than Temporary Impairment of MSRs .....	0				
	C560		C560	C560	C560
Changes in MSR Valuation Allowance (+/-) .....	0				
	C570		C570	C570	C570
Change in MSR Value Due to Realization of Cash Flows (+/-) .....	-25,499		-25,499		
	C580		C580	C580	C580
Change in MSR Value Due to Market and Model Changes (+/-) .....	-92,432		-92,432		
	C590		C590	C590	C590
Gains(Losses) on Derivatives Used to Hedge MSRs (+/-) .....	-71,802		-71,802		
	C600		C600	C600	C600
Other Changes in MSR Value (+/-) .....	0				
	C610		C610	C610	C610
Net Gain (Loss) on Bulk Sales of Servicing Rights .....	0				
	C620		C620	C620	C620
Net Gain (Loss) from Sale of REO .....	-25,759		-25,759		
	C630		C630	C630	C630
Other Servicing-Related Income .....	0		0		
	C640		C640	C640	C640
Total Servicing-Related Non-Interest Income .....	-116,860		-116,860	0	0
	C650		C650	C650	C650
<b>Other Non-Interest Income</b>					
Provision for Credit Losses on Loans Held For Investment .....	-5,883				-5,883
	C700			C700	C700
Other Than Temporary Impairment (not MSR-Related) & Other Credit Related Losses .....	0				
	C710			C710	C710
Net Gain (Loss) from Sale of Securities .....	0				
	C720	C720	C720	C720	C720
Unrealized Gains/ (Losses) on Trading Securities .....	0				
	C730			C730	C730
Gains (Losses) on Other Derivatives or Other Financial Instruments .....	0				
	C740	C740	C740	C740	C740
Gains/ (Losses) on Changes in Fair Value of Loans Held for Investment .....	0				
	C750			C750	C750
Pre-Tax Income/ (Loss) from Investments in JVs, Partnerships, and Other Entities .....	1				1
	C760	C760	C760	C760	C760
Other Non-Interest Income .....	-1,363				-1,363
	C770	C770	C770	C770	C770
Total Other Non-Interest Income .....	-7,245	0	0	0	-7,245
	C780	C780	C780	C780	C780
Total Gross Income .....	80,854	205,314	-123,497	0	-963
	C800	C800	C800	C800	C800

**Schedule CF: Selected Cash Flow Data**

Net Cash (Used)/ Provided by Operating Activities .....	CF010
Cash Flows from Investing Activities .....	CF020
Cash Flows from Financing Activities .....	CF030
Total Increase/ (Decrease) in Cash .....	<u>0</u>
	CF040

**Schedule D: Non-Interest Expenses and Net Income**

	1-4 Unit Residential Only				
	Total	Origination Warehousing, and Secondary Marketing	Servicing	Multifamily/ Commercial	Residential Portfolio Management and All Other
<b>Personnel Compensation (Non-Corporate)</b>					
<b>Origination, Secondary Marketing and Warehousing Personnel</b>					
Loan Production .....	1,936	1,936			
	D010	D010			
Loan Origination .....	15,928	15,928			
	D020	D020			
Warehousing and Secondary Market- ing Personnel .....	-5,112	-5,112			
	D030	D030			
Post-Close and Other Production Support Staff .....	14,347	14,347			
	D040	D040			
Origination-Related Management and Directors .....	93	93			
	D050	D050		D050	
Other Origination-Related Personnel	0				
	D060	D060		D060	D060
<b>Total Origination Compensation ...</b>	<b>27,192</b>	<b>27,192</b>		<b>0</b>	<b>0</b>
	D070	D070		D070	D070
<b>Servicing Personnel</b>					
Servicing-Related Management and Directors .....	55		55		
	D080		D080	D080	
Other Servicing-Related Personnel	6,144		6,144		
	D090		D090	D090	
<b>Total Servicing Compensation .....</b>	<b>6,199</b>		<b>6,199</b>	<b>0</b>	<b>0</b>
	D100		D100	D100	
<b>Other Personnel</b>					
Other Personnel .....	4,518				4,518
	D110				D110
Contra: Direct Personnel Expenses Reclassified as Gain on Sale or De- ferred in Accordance with FAS 91 ..	0				
	D120	D120		D120	D120
<b>Total Non-Corporate Compensation</b>	<b>37,909</b>	<b>27,192</b>	<b>6,199</b>	<b>0</b>	<b>4,518</b>
	D130	D130	D130	D130	D130
MEMO: Amount of Direct Compensa- tion Related to Temporary / Con- tractor Personnel .....	0				
	D140	D140	D140	D140	D140
<b>Other Personnel Expenses</b>					
Employee Benefits (including Educa- tion and Training) .....	2,605	1,835	454		316
	D150	D150	D150	D150	D150
Other Personnel Expenses .....	0				
	D160	D160	D160	D160	D160
<b>Total Other Personnel Expenses .....</b>	<b>2,605</b>	<b>1,835</b>	<b>454</b>	<b>0</b>	<b>316</b>
	D170	D170	D170	D170	D170

Total Personnel Expenses .....	<u>40,514</u>	<u>29,027</u>	<u>6,653</u>	<u>0</u>	<u>4,834</u>
	D180	D180	D180	D180	D180
Occupancy and Equipment (including depreciation) .....	<u>5,431</u>				<u>5,431</u>
	D200	D200	D200	D200	D200
Technology-Related Expenses (including depreciation) .....	<u>4,573</u>				<u>4,573</u>
	D210	D210	D210	D210	D210
Outsourcing Fees .....	<u>0</u>				<u>0</u>
	D220	D220	D220	D220	D220
Professional Fees, Including Consulting/ Advisory/ Legal .....	<u>7,359</u>				<u>7,359</u>
	D230	D230	D230	D230	D230
Subservicing Fees Paid Including Intercompany Subservicing Fees Paid .....	<u>0</u>				<u>0</u>
	D240	D240	D240	D240	D240
Unreimbursed Servicing Expenses for Foreclosure and REO .....	<u>19,544</u>		<u>19,544</u>		
	D250	D250	D250	D250	
Changes in REO Valuation Allowance .....	<u>-225</u>				<u>-225</u>
	D260	D260		D260	D260
Provision For Other Losses .....	<u>4,248</u>				<u>4,248</u>
	D270	D270	D270	D270	D270
All Other Non-Interest Expenses ...	<u>-13,006</u>				<u>-13,006</u>
	D280	D280	D280	D280	D280
Contra: Direct Operating Expenses Reclassified as Gain On Sale or Deferred in Accordance with FAS 91 ..	<u>0</u>				<u>0</u>
	D290	D290	D290	D290	D290
Total - Other Non-Interest Expenses	<u>27,924</u>	<u>0</u>	<u>19,544</u>	<u>0</u>	<u>8,380</u>
	D300	D300	D300	D300	D300
Total Gross Non-Interest Expenses (before Corporate Allocation) .....	<u>68,438</u>	<u>29,027</u>	<u>26,197</u>	<u>0</u>	<u>13,214</u>
	D310	D310	D310	D310	D310
Net Income (Loss) before Corporate Allocations and Minority Interest ..	<u>12,416</u>	<u>176,287</u>	<u>-149,694</u>	<u>0</u>	<u>-14,177</u>
	D320	D320	D320	D320	D320

**Corporate Administration/ Overhead Allocations**

Corporate Management .....	<u>0</u>				
	D400				
Corporate Technology Charges .....	<u>0</u>				
	D410				
Goodwill Impairment .....	<u>0</u>				
	D420				
Other Corporate Expenses or Allocations not Included Above .....	<u>0</u>				
	D430				
Total Corporate Administration/ Allocation .....	<u>0</u>				
	D440				
Total Gross Non-Interest Expenses (After Corporate Allocation) .....	<u>68,438</u>				
	D500				

**Income Taxes, Non-recurring Items, and Minority Interest**

Income (Loss) .....	<u>12,416</u>				
	D510				
Income Taxes .....	<u>4,037</u>				
	D520				
Net Income (Loss) before Nonrecurring Items & Minority Interest .....	<u>8,379</u>				
	D530				
Nonrecurring Items .....	<u>0</u>				
	D540				
Net Income (Loss) before Minority Interest .....	<u>8,379</u>				
	D550				

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Minority Interest .....	<u>          </u>
	D560
Net Income (Loss) after Corporate Allocations and Minority Interest ..	<u>8,379</u>
	D600

**Schedule H: Average Number of Full-Time Equivalent (FTE) Employees**

	1-4 Unit Residential Only				
	Total	Origination Warehousing, and Secondary Marketing	Servicing	Multifamily/ Commercial	Residential Portfolio Management and All Other
<b>Origination Employees</b>					
Loan Production Officers (Sales Employees) .....	161	161			
	H010	H010			
Loan Origination Fulfillment/ Non-Sales Employees .....	828	828			
	H020	H020			
Warehousing and Marketing Employees .....	40	40			
	H030	H030			
Post-Close and Production Support Staff .....	412	412			
	H040	H040			
Origination-Related Management and Directors .....	5	5		H050	
	H050	H050			
Other Origination-Related Personnel .....	0	0		H060	H060
	H060	H060			
<b>Total Origination Employees</b> .....	<b>1,446</b>	<b>1,446</b>		<b>0</b>	<b>0</b>
	H070	H070		H070	H070
<b>Servicing Employees</b>					
Servicing-Related Management and Directors .....	3		3	H080	
	H080		H080		
Other Servicing-Related Personnel .....	363		363	H090	
	H090		H090		
<b>Total Servicing Employees</b> .....	<b>366</b>		<b>366</b>	<b>0</b>	
	H100		H100	H100	
Other Employees .....	252	252		H110	H110
	H110	H110	H110	H110	H110
<b>Total Employees (before Corporate Personnel)</b> .....	<b>2,064</b>	<b>1,698</b>	<b>366</b>	<b>0</b>	<b>0</b>
	H130	H130	H130	H130	H130
MEMO: Number of Employees Included Above Related to Temporary / Contractor Personnel .....	0				
	H140	H140	H140	H140	H140
Corporate Administration/ Overhead Employees .....					
	H150				
<b>Total Full-Time Equivalent Employees</b> .....	<b>2,064</b>				
	H160				

**Schedule I: Loan Originations**

	UPB(\$000)	Loan Count	Average Loan Size(\$000)
<b>Residential First Mortgages (1-4 Unit)</b>			
Government (FHA/ VA/ RHS) Fixed .....	4,029,790	26,343	153
	I010	I010	I010
Government (FHA/ VA/ RHS) ARM .....	156,961	564	278
	I020	I020	I020
Prime Conforming Fixed .....	2,901,561	14,503	200
	I030	I030	I030
Prime Conforming ARM .....	262,980	872	302
	I040	I040	I040
Prime Non-Conforming (Jumbo) Fixed .....	-76,375	-135	566
	I050	I050	I050
Prime Non-Conforming (Jumbo) ARM .....	-32,658	-56	583
	I060	I060	I060
Other Fixed .....	5,861	56	105
	I070	I070	I070
Other ARM .....	2,658	9	295
	I080	I080	I080
Total Residential First Mortgages .....	7,250,778	42,156	172
	I100	I100	I100
<b>Other Mortgages</b>			
Closed-End Second Mortgages .....	284	6	47
	I110	I110	I110
Funded HELOCs .....			
	I120	I120	I120
Reverse Mortgages .....			
	I130	I130	I130
Construction and Land Development Loans, 1-4 Unit Residential .....			
	I140	I140	I140
Multifamily LoansAgency .....			
	I150	I150	I150
Commercial Mortgage Loans .....			
	I160	I160	I160
Other Mortgage Loans .....			
	I170	I170	I170
Total Other Loans .....	284	6	47
	I180	I180	I180
Total Mortgage Loans Originated .....	7,251,062	42,162	172
	I200	I200	I200
Retail .....			
	I210	I210	I210
Wholesale Correspondent .....	882,752	5,516	160
	I220	I220	I220
Wholesale Broker .....	6,368,026	36,640	174
	I230	I230	I230
Total First Residential Volume (must equal Total in I100 above) .....	7,250,778	42,156	172
	I240	I240	I240

Fixed Rate .....	<u>6,860,837</u> 1250	<u>40,767</u> 1250	<u>168</u> 1250
ARM .....	<u>389,941</u> 1251	<u>1,389</u> 1251	<u>281</u> 1251
Total First Residential Volume .....	<u>7,250,778</u> 1259	<u>42,156</u> 1259	<u>172</u> 1259
Jumbo .....	<u>-109,032</u> 1260	<u>-191</u> 1260	<u>571</u> 1260
Non-Jumbo .....	<u>7,359,810</u> 1261	<u>42,347</u> 1261	<u>174</u> 1261
Total First Mortgage Volume (must equal Total in I100 above) .....	<u>7,250,778</u> 1269	<u>42,156</u> 1269	<u>172</u> 1269
Alt Doc .....	<u>2,176</u> 1270	<u>14</u> 1270	<u>155</u> 1270
Full Doc .....	<u>7,248,602</u> 1271	<u>42,142</u> 1271	<u>172</u> 1271
Total First Mortgage Volume (must equal Total in I100 above) .....	<u>7,250,778</u> 1279	<u>42,156</u> 1279	<u>172</u> 1279
Interest Only .....	<u>1,440</u> 1280	<u>5</u> 1280	<u>288</u> 1280
Not Interest Only .....	<u>7,249,338</u> 1281	<u>42,151</u> 1281	<u>172</u> 1281
Total First Mortgage Volume (must equal Total in I100 above) .....	<u>7,250,778</u> 1289	<u>42,156</u> 1289	<u>172</u> 1289
Option ARMs .....	<u>0</u> 1290	<u>0</u> 1290	<u></u> 1290
Not Option ARMs .....	<u>7,250,778</u> 1291	<u>42,156</u> 1291	<u>172</u> 1291
Total First Mortgage Volume (must equal Total in I100 above) .....	<u>7,250,778</u> 1299	<u>42,156</u> 1299	<u>172</u> 1299
Loans with Prepayment Penalties .....	<u>0</u> 1300	<u>0</u> 1300	<u></u> 1300
Loans without Prepayment Penalties .....	<u>7,250,778</u> 1301	<u>42,156</u> 1301	<u>172</u> 1301
Total First Mortgage Volume (must equal Total in I100 above) .....	<u>7,250,778</u> 1309	<u>42,156</u> 1309	<u>172</u> 1309
Purchase .....	<u>3,767,448</u> 1310	<u>23,380</u> 1310	<u>161</u> 1310
Refinance Rate-Term .....	<u>1,506,569</u> 1311	<u>7,559</u> 1311	<u>199</u> 1311
Refinance Cash-Out Refinances .....	<u>1,976,761</u> 1312	<u>11,217</u> 1312	<u>176</u> 1312
Refinance Restructure .....	<u></u> 1313	<u></u> 1313	<u></u> 1313
Refinance Other/ Unknown .....	<u></u> 1314	<u></u> 1314	<u></u> 1314
Total First Mortgage Volume (must equal Total in I100 above) .....	<u>7,250,778</u> 1319	<u>42,156</u> 1319	<u>172</u> 1319
Owner-Occupied .....	<u>7,250,778</u> 1320	<u>42,156</u> 1320	<u>172</u> 1320
Non-Owner Occupied .....	<u>0</u> 1321	<u>0</u> 1321	<u></u> 1321

Total First Mortgage Volume (must equal Total in I100 above) .....	7,250,778	42,156	172
	<u>1329</u>	<u>1329</u>	<u>1329</u>
Loans with Private Mortgage Insurance .....	4,389,269	26,870	163
	<u>1330</u>	<u>1330</u>	<u>1330</u>
Loans without Private Mortgage Insurance .....	2,861,509	15,286	187
	<u>1331</u>	<u>1331</u>	<u>1331</u>
Total First Mortgage Volume (must equal Total in I100 above) .....	7,250,778	42,156	172
	<u>1339</u>	<u>1339</u>	<u>1339</u>
Loans with Piggyback Seconds or Funded HELOCs .....	0	0	0
	<u>1340</u>	<u>1340</u>	<u>1340</u>
Loans without Piggyback Seconds or Funded HELOCs .....	7,250,778	42,156	172
	<u>1341</u>	<u>1341</u>	<u>1341</u>
Total First Mortgage Volume (must equal Total in I100 above) .....	7,250,778	42,156	172
	<u>1349</u>	<u>1349</u>	<u>1349</u>

**First Mortgage Borrower's FICO Score Distribution**

Equals 600 or less .....	878,204	6,136	143
	<u>1350</u>	<u>1350</u>	<u>1350</u>
Greater than 600 but less than or equal to 650 ...	1,355,151	8,877	153
	<u>1351</u>	<u>1351</u>	<u>1351</u>
Greater than 650 but less than or equal to 700 ...	1,546,584	9,110	170
	<u>1352</u>	<u>1352</u>	<u>1352</u>
Greater than 700 but less than or equal to 750 ...	1,440,702	7,764	186
	<u>1353</u>	<u>1353</u>	<u>1353</u>
Greater than 750 .....	2,030,137	10,269	198
	<u>1354</u>	<u>1354</u>	<u>1354</u>
Total First Mortgage Volume (must equal Total in I100 above) .....	7,250,778	42,156	172
	<u>1359</u>	<u>1359</u>	<u>1359</u>

Average

Average FICO Score for First Mortgage Borrowers (simple average based on loan count) .....	<u>685</u>
	1360
Average FICO Score for Second and HELOC Mortgage Borrowers (simple average based on loan count) .....	<u>631</u>
	1365

**First Mortgage Loan-to-Value (LTV) Distribution**

Equals 60% or less .....	736,938	4,462	165
	<u>1370</u>	<u>1370</u>	<u>1370</u>
Greater than 60% but less than or equal to 70% ..	507,486	2,626	193
	<u>1371</u>	<u>1371</u>	<u>1371</u>
Greater than 70% but less than or equal to 80% ..	1,617,085	8,198	197
	<u>1372</u>	<u>1372</u>	<u>1372</u>
Greater than 80% but less than or equal to 90% ..	928,766	5,108	182
	<u>1373</u>	<u>1373</u>	<u>1373</u>
Greater than 90% but less than or equal to 100% .	3,448,783	21,667	159
	<u>1374</u>	<u>1374</u>	<u>1374</u>
Greater than 100% .....	11,720	95	123
	<u>1375</u>	<u>1375</u>	<u>1375</u>
Total First Mortgage Volume (must equal Total in I100 above) .....	7,250,778	42,156	172
	<u>1379</u>	<u>1379</u>	<u>1379</u>

Wtd.  
Average

Weighted Average LTV on First Mortgages Only (enter two-decimal figure, e.g., 87.65 for 87.65% weighted LTV) .....	83.63
	1380
Weighted Average CLTV Combined First and Sec- ond Mortgages (enter two-decimal figure, e.g., 87.65 for 87.65% weighted CLTV) .....	83.63
	1385
Weighted Average Coupon at Origination on First Mortgages Only (enter two-decimal figure, e.g., 6.78 for 6.775%) .....	6.44
	1390

**First Mortgage Residential Loans Sold by Investor Type**

Production Sold to Secondary Market Agencies (Fannie, Freddie, Ginnie) .....	5,389,929	31,052	174
	1400	1400	1400
Production Sold to Others (Non-Affiliate) .....	86,090	458	188
	1401	1401	1401
Production Sold to Others (Affiliate) .....	1402	1402	1402
Production Kept in Portfolio/ Held for Investment	1403	1403	1403
Production Sold through Non-Agency Securitized with Sale Treatment .....	1404	1404	1404
Production Sold through Non-Agency Securitized without Sale Treatment .....	1405	1405	1405
<b>Total 1 4 Unit Residential Loans Sold this Period</b>	<b>5,476,019</b>	<b>31,510</b>	<b>174</b>
	1409	1409	1409
Production Sold Servicing Released .....	57,295	333	172
	1410	1410	1410
Production Brokered Out .....	1420	1420	1420

Ratio

Pull-Through Ratio (enter two-decimal figure, e.g., 67.55 for 67.54%) .....	58.75
	1430
Total Multifamily/ Commercial Loans Sold This Pe- riod .....	1440
	1440
	1440

**Warehouse Period**

Days

Average Days in Warehouse 1-4 Unit Residential Mortgages Only .....	38
	1450
Average Days in Warehouse Multifamily Loans .....	1455
Average Days in Warehouse Commercial Mortgage Loans .....	1456
	1456
Production Warehoused in Excess of 90 Days as of Period End 1-4 Unit Residential Mortgages Only ..	1460
	1460
	1460

# Schedule K: Debt Facilities

Facility #	Facility Provider Name	Facility Provided by Affiliates	Facility Type	Outstanding Borrowings (\$000)	Credit Facility Limit (\$000)	Wtd Avg Advance Rate	TINW Requirements (\$000)	Covenant Violations	Waiver for Violation	Facility Expiration Date
Facility #1	Colonial Bank	No	Warehouse Line of Credit	99,967	100,000					
Facility #2	Colonial Bank	No	MSR Line of Credit	K040A 298,532	K050A 299,000	K080A	K090A	K100A	K110A	K120A
Facility #3	Colonial Bank	No	Warehouse Line of Credit	K040B 19,394	K050B 19,800	K080B	K090B	K100B	K110B	K120B
Facility #4	Colonial Bank	No	Other	K040C 55,385	K050C 55,385	K080C	K090C	K100C	K110C	K120C
Facility #5	Nadixis	No	MSR Line of Credit	K040D 138,000	K050D 250,000	K080D	K090D	K100D	K110D	K120D
Facility #6	Dresdner	No	Warehouse Line of Credit	K040E 40,804	K050E 300,000	K080E	K090E	K100E	K110E	K120E
Facility #7	CSFB	No	Warehouse Line of Credit	K040F 412,245	K050F 600,000	K080F	K090F	K100F	K110F	K120F
Facility #8	K010G	No	Warehouse Line of Credit	K040G	K050G	K080G	K090G	K100G	K110G	K120G
Facility #9	K010H	No	Warehouse Line of Credit	K040H	K050H	K080H	K090H	K100H	K110H	K120H
Facility #10	K010I	No	Warehouse Line of Credit	K040I	K050I	K080I	K090I	K100I	K110I	K120I
Total Other Facilities	K010J	No	Warehouse Line of Credit	K040J	K050J	K080J	K090J	K100J	K110J	K120J
Total				K040K 1,064,367						
MEMO: Total Number of Facilities				K040T						

**Schedule L: Servicing Portfolio**

	UPB(\$000)	Loan Count	Average Loan Size(\$000)
<b>Residential First Mortgages (1-4 Unit Residential)</b>			
Government (FHA/ VA/ RHS) Fixed .....	19,723,395	139,351	142
	L010	L010	L010
Government (FHA/ VA/ RHS) ARM .....	344,140	1,888	182
	L020	L020	L020
Prime (Conforming and Jumbo)- Fixed .....	51,414,394	299,212	172
	L030	L030	L030
Prime (Conforming and Jumbo) - ARM .....	3,037,156	12,089	251
	L040	L040	L040
Other Fixed .....	L050	L050	L050
Other ARM .....	L060	L060	L060
Total Residential First Mortgages .....	74,519,085	452,540	165
	L100	L100	L100
<b>Other Mortgages</b>			
Closed-End Second Mortgages .....	L110	L110	L110
Funded HELOCs .....	L120	L120	L120
Reverse Mortgages .....	L130	L130	L130
Construction and Land Development Loans, 1-4 Unit Residential .....	L140	L140	L140
Multifamily LoansAgency .....	L150	L150	L150
Commercial Mortgage Loans .....	L160	L160	L160
Other Mortgages Not Reported Above .....	L170	L170	L170
Total Other Mortgages Outstanding .....	0	0	L180
	L180	L180	L180
Total Servicing / Mortgage Outstanding .....	74,519,085	452,540	165
	L200	L200	L200
<b>Residential First Mortgages (1-4 Unit Residential) Only:</b>			
Fixed Rate .....	71,137,789	438,563	162
	L201	L201	L201
ARM .....	3,381,296	13,977	242
	L202	L202	L202
Total First Mortgage Residential Volume Outstand- ing (must equal Total in L100 above) .....	74,519,085	452,540	165
	L209	L209	L209
Interest Only .....	4,583,145	17,916	256
	L210	L210	L210
Not Interest Only .....	69,935,940	434,624	161
	L211	L211	L211
Total First Mortgage Residential Outstanding (must equal Total in L100 above) .....	74,519,085	452,540	165
	L219	L219	L219

Option ARMs .....	59,542	201	296
	L220	L220	L220
Not Option ARMs .....	74,459,543	452,339	165
	L221	L221	L221
Total First Mortgage Residential Outstanding (must equal Total in L100 above) .....	74,519,085	452,540	165
	L229	L229	L229
Loans with Prepayment Penalties .....	0	0	
	L230	L230	L230
Loans without Prepayment Penalties .....	74,519,085	452,540	165
	L231	L231	L231
Total First Mortgage Residential Outstanding (must equal Total in L100 above) .....	74,519,085	452,540	165
	L239	L239	L239
Owner-Occupied .....	70,383,127	420,332	167
	L240	L240	L240
Non-Owner Occupied .....	4,135,958	32,208	128
	L241	L241	L241
Total First Mortgage Volume (must equal Total in L100 above) .....	74,519,085	452,540	165
	L249	L249	L249
Loans with Private Mortgage Insurance .....	31,208,929	202,750	154
	L250	L250	L250
Loans without Private Mortgage Insurance .....	43,311,056	249,790	173
	L251	L251	L251
Total First Mortgage Residential Outstanding (must equal Total in L100 above) .....	74,519,085	452,540	165
	L259	L259	L259
Loans with Piggyback Seconds or Funded HELOCs .....	0	0	
	L260	L260	L260
Loans without Piggyback Seconds or Funded HE- LOCs .....	74,519,085	452,540	165
	L261	L261	L261
Total First Mortgage Residential Volume (must equal Total in L100 above) .....	74,519,085	452,540	165
	L269	L269	L269

**Investor Distribution**

Serviced for Portfolio/ Affiliates/ Parent .....	0	0	
	L270	L270	L270
Serviced for Secondary Market Agencies (Fannie, Freddie, Ginnie) .....	67,886,519	413,795	164
	L271	L271	L271
Serviced for Other Investors or Securities .....	6,632,566	38,745	171
	L272	L272	L272
Total First Mortgage Volume must equal Total in L100 above) .....	74,519,085	452,540	165
	L279	L279	L279

**Loan Age**

Weighted Average Loan Age (in Months) Residen- tial First Mortgages Only .....	16.00
	L280

**Subservicing**

UPB of Loans Subserviced for Others, Excluding Intracompany Portfolio .....	L290	L290	L290
UPB of Loans Subserviced by Others .....	L300	L300	L300

**Bankruptcy Status**

Percentage

Of total first mortgage residential mortgage debt outstanding, what portion of loans had bankruptcy status as of the period end? .....

0.36  
L310

**Reductions in Portfolio**

For this quarter only, Loans Removed from Servicing Portfolio Due to Prepayment of Mortgage, Transfer of Asset, or Other Reason .....

<u>1,375,982</u>	<u>6,133</u>	<u>224</u>
L320	L320	L320

**Seriously Delinquent Loans as of Period End (90 Days or More Delinquent and Loans in Foreclosure Process) Residential First Mortgages (1-4 Unit Residential)**

Government (FHA/ VA/ RHS) - Fixed .....	<u>1,020,840</u>	<u>7,769</u>	<u>131</u>
	L410	L410	L410

Government (FHA/ VA/ RHS) - ARM .....	<u>0</u>	<u>0</u>	<u></u>
	L420	L420	L420

Prime (Conforming and Jumbo)- Fixed .....	<u>1,685,253</u>	<u>8,118</u>	<u>208</u>
	L430	L430	L430

Prime (Conforming and Jumbo) - ARM .....	<u>0</u>	<u>0</u>	<u></u>
	L440	L440	L440

Other - Fixed .....	<u>86,815</u>	<u>1,667</u>	<u>52</u>
	L450	L450	L450

Other - ARM .....	<u>0</u>	<u>0</u>	<u></u>
	L460	L460	L460

Total Residential First Mortgages .....	<u>2,792,908</u>	<u>17,554</u>	<u>159</u>
	L500	L500	L500

**Other Mortgages**

Closed-End Second Mortgage Loans .....	<u>0</u>	<u>0</u>	<u></u>
	L510	L510	L510

Funded HELOCs .....	<u>0</u>	<u>0</u>	<u></u>
	L520	L520	L520

Reverse Mortgages .....	<u>0</u>	<u>0</u>	<u></u>
	L530	L530	L530

Construction and Land Development Loans, 1-4 Unit Residential .....	<u>0</u>	<u>0</u>	<u></u>
	L540	L540	L540

Multifamily LoansAgency .....	<u>0</u>	<u>0</u>	<u></u>
	L550	L550	L550

Commercial Mortgage Loans .....	<u>0</u>	<u>0</u>	<u></u>
	L560	L560	L560

Other Loans Not Reported Above .....	<u>0</u>	<u>0</u>	<u></u>
	L570	L570	L570

Total Other Loans .....	<u>0</u>	<u>0</u>	<u></u>
	L580	L580	L580

Total Mortgage Loans 90 or More Days Delinquent and Loans in Foreclosure Process .....	<u>2,792,908</u>	<u>17,554</u>	<u>159</u>
	L600	L600	L600

**Schedule N: Recourse Exposure**

	UPB(\$000)	Loan Count	Average Loan Size(\$000)
Loans and MBS Recourse Agreements .....	0	0	
	N010	N010	N010
Home Equity Loans and MBS .....	0	0	
	N030	N030	N030
Other Loans .....	0	0	
	N040	N040	N040
Total Recourse Exposure .....	0	0	
	N050	N050	N050

**Schedule O: Reserves and Valuation Allowance Rollforwards**

Beginning Balance .....	0
	O010
Provision for Credit Losses on Loans Held for Investment .....	15,099
	O020
Charge-Offs, Net of Recoveries .....	0
	O030
Adjustments upon Adoption of FAS 159 .....	0
	O040
Other Changes .....	0
	O050
Ending Balance .....	15,099
	O060
<b>Rollforward of Valuation Allowance on REO</b>	
Beginning REO Valuation Allowance .....	51,929
	O110
Changes in REO Valuation Allowance .....	16,840
	O120
Ending REO Valuation Allowance .....	68,769
	O130
<b>Rollforward of Reserve for Other Losses</b>	
Beginning Reserve for Other Losses .....	0
	O210
Provision For Other Losses .....	4,248
	O220
Charge-Offs, Net of Recoveries .....	0
	O230
Other changes .....	16,998
	O240
Ending Reserve for Other Losses .....	21,246
	O250
<b>Rollforward of Repurchase Reserves</b>	
Beginning Repurchase Reserve .....	44,544
	O310
Provision for Repurchases (EPD, FPD, etc.) .....	3,190
	O320
Charge-Offs, Net of Recoveries .....	0
	O330
Other Changes .....	0
	O340
Ending Repurchase Reserve .....	47,734
	O350
MEMO: UPB of Loans Repurchased or Indemnified During the Quarter .....	48,014
	O360
MEMO: Number of Loans Repurchased or Indemnified During the Quarter .....	296
	O370

**Schedule P: GNMA Pass-Through Data**

Lines of Credit Available for Advances .....	<u>0</u>
	P010
Dollar Amount of Foreclosed Loans .....	<u>0</u>
	P030

**Schedule Q: Pledged of Restricted Items**

Carrying Value of Pledged Assets .....	<u>0</u>
	Q010
Total Restricted Retained Earnings .....	<u>0</u>
	Q020
Total Pledged Servicing .....	<u>0</u>
	Q030

**Schedule R: Loan Modifications**

	<u>UPB(\$000)</u>	<u>Loan Count</u>	<u>Average Loan Size(\$000)</u>
Loan Modifications .....	<u>0</u> R010	<u>0</u> R010	<u>0</u> R010

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Warning Explanations

*A120C*: This amount cannot be separately identified

*C3101*: This amount cannot be separately identified

(b) (7)(C)

**From:** Emerzian, Peter  
**Sent:** Tuesday, August 27, 2013 8:06 AM  
**To:** (b) (7)(C) Conlon, Paul; patrick stokes (b) (7)(C)  
(b) (7)(C); Febles, Rene  
**Subject:** TBW

## U.S. judge tosses BofA suit vs FDIC over \$1.7 bln investor losses

### RELATED

#### \* Judge says lacked jurisdiction to hear claims

\* Case arose from \$2.9 billion Taylor Bean mortgage fraud

By Jonathan Stempel

Aug 26 (Reuters) - A federal judge on Monday threw out Bank of America Corp's lawsuit against the Federal Deposit Insurance Corp over \$1.7 billion of investor losses stemming from the collapses in 2009 of a large regional bank and a large mortgage lender.

The lawsuit concerned the FDIC's role as receiver for an banking unit of Alabama's Colonial BancGroup Inc and the implosion of Taylor, Bean & Whitaker Mortgage Corp, home to what federal prosecutors called a \$2.9 billion mortgage fraud.

Bank of America, as trustee for notes issued by Taylor Bean's Ocala Funding LLC unit, had contended that the FDIC wrongly denied claims by Ocala noteholders to recover from Colonial Bank. Among the buyers of Ocala's notes were Deutsche Bank AG and France's BNP Paribas SA.

Last December, U.S. District Judge Barbara Rothstein in Washington, D.C. dismissed some of Bank of America's claims but let the Charlotte, North Carolina-based lender pursue claims on behalf of itself, Deutsche Bank and BNP Paribas.

But on Monday, she dismissed those claims as well, saying the FDIC determination that there were not enough assets in Colonial's estate to pay general unsecured creditors deprived her of jurisdiction.

"The No-Value Determination is a final agency action that is binding on this court and is preclusive as to whether there are now or ever will be assets sufficient to satisfy general unsecured claims against the Colonial receivership," she wrote.

Rothstein said the only way for Bank of America to challenge this determination is under the Administrative Procedures Act, not through individual lawsuits against the FDIC. She dismissed the lawsuit with prejudice, meaning it cannot be brought again.

Bank of America spokesman Bill Halldin declined immediate comment.

The case arose from a scheme in which Taylor Bean sold fake loans to Colonial Bank and diverted money from Ocala, and gave Bank of America false collateral lists that misrepresented the status of loans in which Ocala supposedly had an interest.

Former Taylor Bean Chairman Lee Farkas is serving a 30-year prison term following his April 2011 conviction on 14 counts of bank fraud, securities fraud, wire fraud and conspiracy.

Prosecutors accused him of masterminding the \$2.9 billion fraud, which they said occurred from 2002 to 2009.

Taylor Bean was based in Ocala, Florida, and Colonial in Montgomery, Alabama. Colonial had \$25 billion of assets when it collapsed in August 2009 and was the largest U.S. lender to fail that year.

The case is Bank of America [NA v. FDIC](#), U.S. District Court, District of Columbia, No. 10-01681.



**Peter C. Emerzian**

Deputy Inspector General for Investigations  
Office of Inspector General  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024  
Office: 202-730-4751  
Mobile: 202-604-0882

(b) (7)(C)

---

**From:** Emerzian, Peter  
**Sent:** Tuesday, July 10, 2012 4:00 PM  
**To:** !OIGSTAFF  
**Subject:** FW: Tomorrow night at 10(eastern) on CNBC

Lee Farkas, former Chairman of TBW will be feature on American Greed tomorrow night.



**Peter C. Emerzian**  
Deputy Inspector General for Investigations  
Office of Inspector General  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024  
Office: 202-730-4751  
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---

**From:** (b) (7)(C)  
**Sent:** Tuesday, July 10, 2012 1:14 PM  
**To:** Emerzian, Peter  
**Subject:** RE: Tomorrow night at 10(eastern) on CNBC

Link from American Greed

<http://www.cnbc.com/id/48080606>

**COMING UP ON AMERICAN GREED**

**Episode 65: *Financial Home Invasion***



Lee Farkas was a mortgage mogul, a millionaire and chairman of Taylor, Bean & Whitaker. But unknown to his clients, Farkas made his fortune by peddling fake mortgages and looting his company.

American Greed takes you inside a multi-billion dollar scam!

(b) (7)(C)

**From:** (b) (7)(C)  
**Sent:** Monday, June 11, 2012 2:56 PM  
**To:** Stokes, Patrick (CRM); Emerzian, Peter; O'Shea, Nancy; (b) (7)(C) (b) (7)(C)  
**Cc:** (b) (7)(C)  
**Subject:** RE: For Sale: \$30.8 Billion of TBW MSRs  
**Attachments:** Govt Pos Sentencing.pdf

All – Reminder that Delton de Armas's sentencing is Friday. Attached is the position paper we filed. WE (b) (7)(E)  
The Defense asked for a sentence equal to what Ragland received.

(b) (7)(C)

---

**From:** Stokes, Patrick (b) (7)(C)  
**Sent:** Thursday, June 07, 2012 8:18 AM  
**To:** 'Peter.Emerzian@fhfaoig.gov'; (b) (7)(C) '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; (b) (7)(C); O'Shea, Nancy; (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.



**Peter C. Emerzian**

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(b) (7)(C)

**From:** Stokes, Patrick (b) (7)(C)  
**Sent:** Thursday, June 7, 2012 8:18 AM  
**To:** Emerzian, Peter; (b) (7)(C); O'Shea, Nancy; (b) (7)(C) (b) (7)(C)  
**Subject:** Re: For Sale: \$30.8 Billion of TBW MSRs

(b) (5)

**From:** Emerzian, Peter [mailto:Peter.Emerzian@fhfa.ig.gov]  
**Sent:** Thursday, June 07, 2012 08:07 AM  
**To:** Stokes, Patrick; (b) (7)(C); (b) (7)(C); (b) (7)(C); (b) (7)(C)  
**Subject:** For Sale: \$30.8 Billion of TBW MSRs

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(b) (7)(C)

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**From:** Emerzian, Peter  
**Sent:** Thursday, June 7, 2012 8:07 AM  
**To:** patrick stokes (b) (7)(C)  
O'Shea, Nancy; (b) (7)(C) S (b) (7)(C)  
**Subject:** For Sale: \$30.8 Billion of TBW MSRs

FYI

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400 7th Street, SW  
Washington, DC 20024  
Office: 202-730-4751  
Mobile: 202-604-0882

(b) (7)(C)

**From:** Emerzian, Peter  
**Sent:** Wednesday, June 6, 2012 7:55 AM  
**To:** (b) (7)(C)(7)(C)  
**Subject:** FW: Ragland Debarment  
**Attachments:** Ragland crim info \_filed.pdf; Ragland plea agreement \_filed.pdf; Ragland SOF \_filed.pdf; Ragland Debarment letter.pdf

The debarment letter has all his identifiers



**Peter C. Emerzian**  
Assistant Inspector General for Investigations  
Office of Inspector General  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024  
Office: 202-730-4751  
Mobile: 202-604-0882

---

**From:** Emerzian, Peter  
**Sent:** Monday, April 04, 2011 7:52 AM  
**To:** (b) (7)(C)  
**Cc:** Sharpley, Christopher (Christopher.Sharpley@fhfa.gov); Brian Baker (b) (7)(C) Bryan Saddler  
(b) (7)(C); Paul Conlon (b) (7)(C)  
**Subject:** Ragland Debarment

(b) (7)(C)

Attached is the debarment material for Sean Ragland, former TBW employee

Peter

(b) (7)(C)

---

**From:** Emerzian, Peter  
**Sent:** Tuesday, March 20, 2012 1:31 PM  
**To:** (b) (7)(C)  
**Subject:** FW: plea press release  
**Attachments:** fraud.tbw.de armas.plea.docx



**Peter C. Emerzian**  
Assistant Inspector General for Investigations  
Office of Inspector General  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024  
Office: 202-730-4751  
Mobile: 202-604-0882

---

**From:** Belisle, Kristine  
**Sent:** Tuesday, March 20, 2012 12:56 PM  
**To:** Linick, Steve; Stephens, Michael; DiSanto, Emilia; Sharpley, Christopher; Emerzian, Peter; O'Shea, Nancy  
**Subject:** FW: plea press release

Here is the release DOJ just sent out.

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, March 20, 2012 12:25 PM  
**To:** (b) (7)(C) Belisle, Kristine  
**Cc:** (b) (7)(C)  
**Subject:** RE: plea press release for tomorrow

Here is the release. We'll send out momentarily.

Thanks,

(b) (7)(C)

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, February 13, 2012 5:18 PM  
**To:** (b) (7)(C)  
**Subject:** sof  
**Attachments:** DE ARMAS SOF final 02 13 12 (3).docx

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

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, February 13, 2012 5:18 PM  
**To:** (b) (7)(C)  
**Subject:** RE: TBW  
**Attachments:** DE ARMAS SOF final 02 13 12 (3).docx

The indictment did not go through on Feb. 10<sup>th</sup>, we are still waiting to hear back about the indictment and arrest.

Attached is DeArmas SOF.

---

**From:** (b) (7)(C)  
**Sent:** Monday, February 13, 2012 4:22 PM  
**To:** (b) (7)(C)  
**Subject:** RE: TBW

SOF would be great.

(b) (5), but Peter said you indicted two more on Feb 10.

Thanks,

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, February 13, 2012 4:13 PM  
**To:** (b) (7)(C)  
**Subject:** RE: TBW

We have a plea for DeArmas who was a TBW employee under Farkas. We are aiming for Feb 27<sup>th</sup> over at EDVA. I can send the statement of facts (unofficial SOF) if that would make it easier.

(b) (5). I will keep you posted.

---

**From:** (b) (7)(C)  
**Sent:** Monday, February 13, 2012 4:09 PM  
**To:** (b) (7)(C)  
**Subject:** TBW

(b) (7)(C)  
Peter tells me you might have another stat re: TBW (DeAramas) if so, could you advise when it goes and give me a bullet on the guy's title and specifics on what he's charged with.

Thanks,

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

(b) (7)(C)(O)  
(b) (7)(C)(C)

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(b) (7)(C)

---

**From:** Stokes, Patrick (b) (7)(C)  
**Sent:** Monday, February 13, 2012 12:25 PM  
**To:** (b) (7)(C) Emerzian, Peter; (b) (7)(C)  
O'Shea, Nancy  
**Cc:** (b) (7)(C)  
**Subject:** De Armas Plea Docs  
**Attachments:** De Armas plea agmt final 02.13.12.docx; DE ARMAS SOF final 02.13.12.docx

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. (b) (7)(C) has previously asked (b) (5)

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.

(b) (7)(C)

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Friday, January 6, 2012 3:54 PM  
**To:** (b) (7)(C)  
**Attachments:** Copy of Farkas--Victim Listing 5b.xlsx

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Friday, January 6, 2012 3:58 PM  
**To:** (b) (7)(C)(b) (7)(C)  
**Attachments:** Copy of Farkas--Victim Listing 5b.xlsx

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(b) (7)(C)

**From:** (b) (7)(C)  
**Sent:** Wednesday, December 21, 2011 12:00 PM  
**To:** (b) (7)(C); Stokes, Patrick (CRM); (b) (7)(C)  
**Cc:** (b) (7)(C); Emerzian, Peter; (b) (7)(C); (b) (7)(C) O'Shea, Nancy;  
(b) (7)(C)  
**Subject:** RE: Delton de Armas

I think that works.

---

**From:** (b) (7)(C)  
**Sent:** Wednesday, December 21, 2011 11:53 AM  
**To:** (b) (7)(C); Stokes, Patrick (CRM); (b) (7)(C)  
**Cc:** (b) (7)(C); Emerzian, Peter; (b) (7)(C); O'Shea, Nancy; (b) (7)(C)  
**Subject:** RE: Delton de Armas

After speaking with (b) (7)(C) and Peter, I have revised paragraph 21. See what you think:

(b) (5)

---

**From:** (b) (7)(C)  
**Sent:** Monday, December 19, 2011 2:47 PM  
**To:** (b) (7)(C); Emerzian, (b) (7)(C); (b) (7)(C) O'Shea, Nancy  
**Cc:** Stokes, Patrick; (b) (7)(C)  
**Subject:** RE: Delton de Armas

All – Attached is a revised sof for Delton. Please review and let me know if there are any factual issues with the language. Note that the attached includes the revisions proposed by Delton and his new attorney. We are still reviewing, but I wanted to try to move this along as expeditiously as possible.

Please copy (b) (7)(C) and I on any responses, so we can make sure we address any issues over the holiday weeks.

Thanks.

(b) (7)(C)

(b) (7)(C)

**From:** (b) (7)(C) >  
**Sent:** Wednesday, December 21, 2011 11:53 AM  
**To:** (b) (7)(C)  
**Cc:** (b) (7)(C); Emerzian, Peter; (b) (7)(C); (b) (7)(C) O'Shea, Nancy;  
(b) (7)(C)  
**Subject:** RE: Delton de Armas  
**Attachments:** DeArmas SOF draft.12-8-11.DD revisions.docx

After speaking with (b) (7)(C) and Peter, I have revised paragraph 21. See what you think:

(b) (5)

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**From:** (b) (7)(C)  
**Sent:** Monday, December 19, 2011 2:47 PM  
**To:** (b) (7)(C); Emerzian, Peter; (b) (7)(C) O'Shea, Nancy  
**Cc:** Stokes, Patrick; (b) (7)(C)  
**Subject:** RE: Delton de Armas

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Thanks.

(b) (7)(C)

(b) (7)(C)

---

**From:** (b) (7)(C) >  
**Sent:** Wednesday, December 21, 2011 11:51 AM  
**To:** Emerzian, Peter  
**Cc:** (b) (7)(C); O'Shea, Nancy; (b) (7)(C)  
**Subject:** RE: Delton de Armas

Yes. Here is the new language from (b) (7)(C)

(b) (5)

---

**From:** Emerzian, Peter [mailto:Peter.Emerzian@fhfa.gov]  
**Sent:** Wednesday, December 21, 2011 11:28 AM  
**To:** (b) (7)(C)  
**Cc:** (b) (7)(C); O'Shea, Nancy; (b) (7)(C)  
**Subject:** RE: Delton de Armas

(b) (7)(C)

The TBW financial statement for year ending 4/30/08, prepared by D & T, was submitted "directly" to Freddie Mac, within the jurisdiction of EDVA, and received/reviewed by Freddie on August 14, 2008.

See attached.

Does that answer your question?

Peter



**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

---

**From:** (b) (7)(C)  
**Sent:** Wednesday, December 21, 2011 10:44 AM  
**To:** Emerzian, Peter

Cc: (b) (7)(C)  
Subject: FW: Delton de Armas

Peter,

I wanted to make sure that we were on the same page. I looked at the Delton SOF and paragraph 21 (b) (5)  
I (b) (5)

---

From: (b) (7)(C)  
Sent: Tuesday, December 20, 2011 11:23 AM  
To: (b) (7)(C)  
Subject: RE: Delton de Armas

Hey. Actually in Miami on detail for 6 months. Will look at this today and figure out.

---

From: (b) (7)(C) 1  
Sent: Monday, December 19, 2011 3:36 PM  
To: (b) (7)(C)  
Subject: RE: Delton de Armas

Re: Paragraph 21. (b) (5)  
They were a Ginnie Mae contractor. (b) (5)

---

From: (b) (7)(C)  
Sent: Monday, December 19, 2011 2:47 PM  
To: (b) (7)(C); Emerzian, Peter; (b) (7)(C); O'Shea, Nancy  
Cc: Stokes, Patrick (CRM); (b) (7)(C)  
Subject: RE: Delton de Armas

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(b) (7)(C)

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**To:** (b) (7)(C)  
**Cc:** (b) (7)(C); O'Shea, Nancy; (b) (7)(C)  
**Subject:** RE: Delton de Armas  
**Attachments:** TBW Financial 2008.pdf

(b) (7)(C),

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Office of Inspector General  
Federal Housing Finance Agency  
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Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

---

**From:** (b) (7)(C)  
**Sent:** Wednesday, December 21, 2011 10:44 AM  
**To:** Emerzian, Peter  
**Cc:** (b) (7)(C)  
**Subject:** FW: Delton de Armas

Peter,

I wanted to make sure that we were on the same page. I looked at the Delton SOF and paragraph 21

(b) (5)  
(b) (5)

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**From:** (b) (7)(C)  
**Sent:** Tuesday, December 20, 2011 11:23 AM  
**To:** (b) (7)(C)  
**Subject:** RE: Delton de Armas

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Sent: Monday, December 19, 2011 3:36 PM  
To: (b) (7)(C)  
Subject: RE: Delton de Armas

[Re: Paragraph 21.](#) (b) (5)  
They were a Ginnie Mae contractor. (b) (5)

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From: (b) (7)(C)  
Sent: Monday, December 19, 2011 2:47 PM  
To: (b) (7)(C); Emerzian, Peter (b) (7)(C); O'Shea, Nancy  
Cc: Stokes, Patrick (CRM); (b) (7)(C)  
Subject: RE: Delton de Armas

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Please copy (b) (7)(C) and I on any responses, so we can make sure we address any issues over the holiday weeks.

Thanks.

(b) (7)(C)

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, December 19, 2011 2:47 PM  
**To:** (b) (7)(C); Emerzian, Peter (b) (7)(C) (b) (7)(C)  
O'Shea, Nancy  
**Cc:** Stokes, Patrick (CRM); (b) (7)(C)  
**Subject:** RE: Delton de Armas  
**Attachments:** DeArmas SOF draft.12-8-11.DD revisions.docx

All – Attached is a revised sof for Delton. Please review and let me know if there are any factual issues with the language. Note that the attached includes the revisions proposed by Delton and his new attorney. We are still reviewing, but I wanted to try to move this along as expeditiously as possible.

Please copy (b) (7)(C) and I on any responses, so we can make sure we address any issues over the holiday weeks.

Thanks.

(b) (7)(C)

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, November 28, 2011 4:44 PM  
**To:** (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery  
**Attachments:** (b) (7)(C).pdf

Hi (b) (7)(C)

I am not sure I sent this last week, but here is the 302 that we discussed. If you need anything else, please let me know.

Hope you enjoyed your holiday weekend.

(b) (7)(C)

-----Original Message-----

**From:** (b) (7)(C) (b) (7)(C)  
**Sent:** Monday, November 21, 2011 2:32 PM  
**To:** Emerzian, Peter; O'Shea, Nancy; (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

All, (b) (7)(C) did the MOI, she is working on sending it to me when she can find a way to free it from her old computer.  
Thanks!

(b) (7)(C)

Trial Attorney  
Asset Forfeiture and Money Laundering Section U.S. Department of Justice  
1400 New York Avenue, NW  
Washington DC 20005  
Work: (b) (7)(C)  
Email: (b) (7)(C)

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-----Original Message-----

**From:** Emerzian, Peter [mailto:Peter.Emerzian@fhfa.gov]  
**Sent:** Monday, November 21, 2011 2:31 PM  
**To:** O'Shea, Nancy; (b) (7)(C) (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

I wasn't involved with (b) (7)(C) conversation

-----Original Message-----

**From:** O'Shea, Nancy

Sent: Monday, November 21, 2011 2:05 PM

To: (b) (7)(C) Emerzian, Peter; (b) (7)(C) (b) (7)(C)

Subject: RE: Farkas forfeiture discovery

(b) (7)(C) Peter and I would have been the only agents doing investigative paperwork, of this group. I did not do the 302 but I recall (b) (7)(C) telling us about the call the following morning. If Peter did not do the paperwork, it would have been (b) (7)(C). Why don't you forward the request to them after hearing from Peter.

-----Original Message-----

From: (b) (7)(C) (b) (7)(C)

Sent: Monday, November 21, 2011 11:43 AM

To: O'Shea, Nancy; Emerzian, Peter; (b) (7)(C) (b) (7)(C)

Subject: RE: Farkas forfeiture discovery

One more question for everyone: does anyone recall doing an MOI regarding the conversation (b) (7)(C) had with counsel for (b) (7)(C) where we learned that (b) (7)(C) had not paid for the condo in Key West? TBW is asking for any records we have of that information.

Thanks,

(b) (7)(C)

Trial Attorney

Asset Forfeiture and Money Laundering Section U.S. Department of Justice

1400 New York Avenue, NW

Washington DC 20005

Work: (b) (7)(C)

Email: (b) (7)(C)

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-----Original Message-----

From: O'Shea, Nancy [mailto:Nancy.O'Shea@fhfa.gov]

Sent: Friday, November 18, 2011 2:45 PM

To: (b) (7)(C) Emerzian, Peter; (b) (7)(C)

Subject: FW: Farkas forfeiture discovery

(b) (7)(C), there was nothing we received post-trial relating to Farkas assets. I will look at our discovery log and double check Monday. I am sorry that we may not have responded to you previously but I think you may have been using our SIGTARP email. Peter, (b) (7)(C) and I are at FHFA-OIG now. Thanks for all your efforts in this part of the case.

-----Original Message-----

From: O'Shea, Nancy

Sent: Friday, November 18, 2011 2:37 PM

To: (b) (7)(C) Emerzian, Peter; (b) (7)(C)

Subject: RE: Farkas forfeiture discovery

(b) (7)(C) thanks for forwarding this to us because I think (b) (7)(C) must be using our SIGTARP emails.

-----Original Message-----

From: (b) (7)(C) (b) (7)(C) (b) (7)(C)  
Sent: Friday, November 18, 2011 12:40 PM  
To: Emerzian, Peter; (b) (7)(C) O'Shea, Nancy  
Subject: FW: Farkas forfeiture discovery

Hi Everyone,

I can assist but I thought we provided her with everything. Let me know .

(b) (7)(C)

-----Original Message-----

From: (b) (7)(C) (b) (7)(C)  
Sent: Friday, November 18, 2011 12:06 PM  
To: (b) (7)(C) (b) (7)(C) Peter.Emerzian@fhfa.gov;  
O'Shea, Nancy; (b) (7)(C) (b) (7)(C)  
Cc: (b) (7)(C)  
Subject: Farkas forfeiture discovery

All-

I hope you are all doing well. We have entered the discovery phase of the ancillary proceedings (b) (5)  
(b) (5)  
e.

Here is what I need. I have received a request for production from the TBW Plan Trustee that asks for the following information from all of the agencies involved in the investigation of Farkas and his assets:

"All documents, communications, notes, records, reports, investigative reports, analyses of reports, notes from interviews, witness statements, and any other documents that are within your control that are associated with any investigation into the assets and holdings of Lee B. Farkas."

So, please let me know if you or your agency has any documentation that relates to Farkas' assets, bank accounts, purchases, etc. that was not previously given to the trial team. I have access to all of the information that the trial team had (including all of the MOIs that were turned over in criminal discovery and the one of the interview with Farkas after his sentencing); I'm looking for any additional documentation that you may have that was created or received as you were looking at Farkas's assets, including documents received or created after trial.

I would appreciate a response whether you have anything new or not so I can keep track of who has what. If there are concerns about certain information being privileged or sensitive, give me a call and we can discuss-TBW (b) (5)

(b) (5) . I would appreciate a response before Thanksgiving if at all possible.

Best,

(b) (7)(C)

Trial Attorney

Asset Forfeiture and Money Laundering Section

U.S. Department of Justice

1400 New York Avenue, NW

Washington DC 20005

Work: (b) (7)(C)

Email: (b) (7)(C)  
<mailto:(b) (7)(C)>

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 10:03 AM  
**To:** Emerzian, Peter; (b) (7)(C)  
**Subject:** RE: Final Determination for Sean Ragland

Peter:

It's for FY 12. The list was for FY 11. If you have it in CMS, it'll automatically tally next year when I pull the FY 12 report.

(b) (7)(C)

---

**From:** Emerzian, Peter  
**Sent:** Tuesday, November 22, 2011 10:02 AM  
**To:** (b) (7)(C)(7)(C)  
**Subject:** RE: Final Determination for Sean Ragland

(b) (7)(C)

I put in, I just want you to add to your list



**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 10:00 AM  
**To:** (b) (7)(C)  
**Cc:** Emerzian, Peter  
**Subject:** RE: Final Determination for Sean Ragland

I will add this information. Thanks (b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 9:59 AM  
**To:** (b) (7)(C)  
**Cc:** Emerzian, Peter  
**Subject:** FW: Final Determination for Sean Ragland

(b) (7)(C)

I tried to attach to the case file, but I'm not on the "staff" tab on TBW. Would you please add and update the file claiming the stat for this suspension/deb.

Thanks,

(b) (7)(C)

---

**From:** Emerzian, Peter  
**Sent:** Tuesday, November 22, 2011 9:14 AM  
**To:** (b) (7)(C)  
**Subject:** FW: Final Determination for Sean Ragland



**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 9:11 AM  
**To:** (b) (7)(C); Sharpley, Christopher; Emerzian, Peter; Baker, Brian; Saddler, Bryan; (b) (7)(C)  
**Subject:** Final Determination for Sean Ragland

This notice has been sent to Mr. Ragland.

*Thanks In Advance!*

(b) (7)(C)

*U.S. Department of Housing and Urban Development  
Office of General Counsel  
Departmental Enforcement Center  
Compliance Division  
1250 Maryland Avenue, SW  
Washington, D.C. 20024  
Suite 200*

**(b) (7)(C)**

(b) (7)(C)

---

**From:** Emerzian, Peter  
**Sent:** Tuesday, November 22, 2011 10:02 AM  
**To:** (b) (7)(C) (7)(C)  
**Subject:** RE: Final Determination for Sean Ragland

(b) (7)(C)

I put in, I just want you to add to your list



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Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

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**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 10:00 AM  
**To:** (b) (7)(C)  
**Cc:** Emerzian, Peter  
**Subject:** RE: Final Determination for Sean Ragland

I will add this information. Thanks (b) (7)(C)

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**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 9:59 AM  
**To:** (b) (7)(C)  
**Cc:** Emerzian, Peter  
**Subject:** FW: Final Determination for Sean Ragland

(b) (7)(C)

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Thanks,

(b) (7)(C)

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**From:** Emerzian, Peter  
**Sent:** Tuesday, November 22, 2011 9:14 AM  
**To:** (b) (7)(C)  
**Subject:** FW: Final Determination for Sean Ragland



**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 9:11 AM  
**To:** (b) (7)(C)  
Christopher; Emerzian, Peter; Baker, Brian; Saddler, Bryan; (b) (7)(C)  
**Subject:** Final Determination for Sean Ragland

This notice has been sent to Mr. Ragland.

*Thanks In Advance!*

(b) (7)(C)  
U.S. Department of Housing and Urban Development  
Office of General Counsel  
Departmental Enforcement Center  
Compliance Division  
1250 Maryland Avenue, SW  
Washington, D.C. 20024  
Suite 200  
(b) (7)(C)

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 10:00 AM  
**To:** (b) (7)(C)  
**Cc:** Emerzian, Peter  
**Subject:** RE: Final Determination for Sean Ragland

I will add this information. Thanks (b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 9:59 AM  
**To:** (b) (7)(C)  
**Cc:** Emerzian, Peter  
**Subject:** FW: Final Determination for Sean Ragland

(b) (7)(C)

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Thanks,

(b) (7)(C)

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**From:** Emerzian, Peter  
**Sent:** Tuesday, November 22, 2011 9:14 AM  
**To:** (b) (7)(C)  
**Subject:** FW: Final Determination for Sean Ragland



**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 9:11 AM  
**To:** (b) (7)(C)  
Sharpley, Christopher; Emerzian, Peter; Baker, Brian; Saddler, Bryan; (b) (7)(C)  
**Subject:** Final Determination for Sean Ragland

This notice has been sent to Mr. Ragland.

*Thanks In Advance!*

(b) (7)(C)  
U.S. Department of Housing and Urban Development  
Office of General Counsel  
Departmental Enforcement Center  
Compliance Division  
1250 Maryland Avenue, SW  
Washington, D.C. 20024  
Suite 200  
(b) (7)(C)

(b) (7)(C)

**From:** (b) (7)(C)  
**Sent:** Tuesday, November 22, 2011 9:59 AM  
**To:** (b) (7)(C)  
**Cc:** Emerzian, Peter  
**Subject:** FW: Final Determination for Sean Ragland  
**Attachments:** RAGLAND Sean Final.pdf

(b) (7)(C)

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**From:** Emerzian, Peter  
**Sent:** Tuesday, November 22, 2011 9:14 AM  
**To:** (b) (7)(C)  
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**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
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**Sent:** Tuesday, November 22, 2011 9:11 AM  
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harpley, Christopher; Emerzian, Peter; Baker, Brian; Saddler, Bryan; (b) (7)(C)  
**Subject:** Final Determination for Sean Ragland

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**(b) (7)(C)**

*U.S. Department of Housing and Urban Development  
Office of General Counsel  
Departmental Enforcement Center  
Compliance Division  
1250 Maryland Avenue, SW  
Washington, D.C. 20024  
Suite 200*

**(b) (7)(C)**

(b) (7)(C)

**From:** (b) (7)(C) ( (b) (7)(C) )  
**Sent:** Monday, November 21, 2011 2:32 PM  
**To:** Emerzian, Peter; O'Shea, Nancy; (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

All, (b) (7)(C) did the MOI, she is working on sending it to me when she can find a way to free it from her old computer. Thanks!

(b) (7)(C)  
Trial Attorney  
Asset Forfeiture and Money Laundering Section U.S. Department of Justice  
1400 New York Avenue, NW  
Washington DC 20005  
Work: (b) (7)(C)  
Email: (b) (7)(C)

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-----Original Message-----

**From:** Emerzian, Peter [mailto:Peter.Emerzian@fhfa.gov]  
**Sent:** Monday, November 21, 2011 2:31 PM  
**To:** O'Shea, Nancy; (b) (7)(C) (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

I wasn't involved with (b) (7)(C) conversation

-----Original Message-----

**From:** O'Shea, Nancy  
**Sent:** Monday, November 21, 2011 2:05 PM  
**To:** (b) (7)(C) Emerzian, Peter; (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

(b) (7)(C), Peter and I would have been the only agents doing investigative paperwork, of this group. I did not do the 302 but I recall (b) (7)(C) telling us about the call the following morning. If Peter did not do the paperwork, it would have been (b) (7)(C). Why don't you forward the request to them after hearing from Peter.

-----Original Message-----

**From:** (b) (7)(C) (b) (7)(C)  
**Sent:** Monday, November 21, 2011 11:43 AM  
**To:** O'Shea, Nancy; Emerzian, Peter; (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

One more question for everyone: does anyone recall doing an MOI regarding the conversation (b) (7)(C) had with counsel for (b) (7)(C) where we learned that (b) (7)(C) had not paid for the condo in Key West? TBW is asking for any records we have of that information.

Thanks,

(b) (7)(C)  
Trial Attorney  
Asset Forfeiture and Money Laundering Section U.S. Department of Justice  
1400 New York Avenue, NW  
Washington DC 20005  
Work: (b) (7)(C)  
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-----Original Message-----

From: O'Shea, Nancy [mailto:Nancy.O'Shea@fhfa.gov]  
Sent: Friday, November 18, 2011 2:45 PM  
To: (b) (7)(C) Emerzian, Peter; (b) (7)(C)  
Subject: FW: Farkas forfeiture discovery

(b) (7)(C), there was nothing we received post-trial relating to Farkas assets. I will look at our discovery log and double check Monday. I am sorry that we may not have responded to you previously but I think you may have been using our SIGTARP email. Peter (b) (7)(C) and I are at FHFA-OIG now. Thanks for all your efforts in this part of the case.

-----Original Message-----

From: O'Shea, Nancy  
Sent: Friday, November 18, 2011 2:37 PM  
To: (b) (7)(C) Emerzian, Peter; (b) (7)(C)  
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(b) (7)(C) thanks for forwarding this to us because I think (b) (7)(C) must be using our SIGTARP emails.

-----Original Message-----

From: (b) (7)(C) (b) (7)(C) (b) (7)(C)  
Sent: Friday, November 18, 2011 12:40 PM  
To: Emerzian, Peter; (b) (7)(C) O'Shea, Nancy  
Subject: FW: Farkas forfeiture discovery

Hi Everyone,

I can assist but I thought we provided her with everything. Let me know .

(b) (7)(C)

-----Original Message-----

From: (b) (7)(C) (b) (7)(C)  
Sent: Friday, November 18, 2011 12:06 PM

To: [REDACTED] (b) (7)(C) [REDACTED] (b) (7)(C) Peter.Emerzian@fhfa.gov;  
O'Shea, Nancy; (b) (7)(C) [REDACTED] (b) (7)(C) [REDACTED]  
Cc: (b) (7)(C).  
Subject: Farkas forfeiture discovery

All-

I hope you are all doing well. We have entered the discovery phase of the ancillary proceedings [REDACTED] (b) (5)  
[REDACTED]

Here is what I need. I have received a request for production from the TBW Plan Trustee that asks for the following information from all of the agencies involved in the investigation of Farkas and his assets:

"All documents, communications, notes, records, reports, investigative reports, analyses of reports, notes from interviews, witness statements, and any other documents that are within your control that are associated with any investigation into the assets and holdings of Lee B. Farkas."

So, please let me know if you or your agency has any documentation that relates to Farkas' assets, bank accounts, purchases, etc. that was not previously given to the trial team. I have access to all of the information that the trial team had (including all of the MOIs that were turned over in criminal discovery and the one of the interview with Farkas after his sentencing); I'm looking for any additional documentation that you may have that was created or received as you were looking at Farkas's assets, including documents received or created after trial.

I would appreciate a response whether you have anything new or not so I can keep track of who has what. If there are concerns about certain information being privileged or sensitive, give me a call and we can discuss-TBW [REDACTED] (b) (5)  
[REDACTED] I would appreciate a response before Thanksgiving if at all possible.

Best,

[REDACTED] (b) (7)(C)

Trial Attorney  
Asset Forfeiture and Money Laundering Section

U.S. Department of Justice

1400 New York Avenue, NW

Washington DC 20005

Work: (b) (7)(C)

Email: (b) (7)(C)  
(b) (7)(C)

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(b) (7)(C)

---

**From:** Emerzian, Peter  
**Sent:** Monday, November 21, 2011 2:31 PM  
**To:** O'Shea, Nancy; (b) (7)(C) (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

I wasn't involved with (b) (7)(C) conversation

-----Original Message-----

**From:** O'Shea, Nancy  
**Sent:** Monday, November 21, 2011 2:05 PM  
**To:** (b) (7)(C) Emerzian, Peter; (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

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1400 New York Avenue, NW  
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Work: (b) (7)(C)  
Email: (b) (7)(C)

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**From:** O'Shea, Nancy [mailto:Nancy.O'Shea@fhfa.gov]  
**Sent:** Friday, November 18, 2011 2:45 PM  
**To:** (b) (7)(C) Emerzian, Peter; (b) (7)(C)

Subject: FW: Farkas forfeiture discovery

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Subject: RE: Farkas forfeiture discovery

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Sent: Friday, November 18, 2011 12:40 PM

To: Emerzian, Peter; (b) (7)(C) O'Shea, Nancy

Subject: FW: Farkas forfeiture discovery

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I can assist but I thought we provided her with everything. Let me know .

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Sent: Friday, November 18, 2011 12:06 PM

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O'Shea, Nancy; (b) (7)(C) (b) (7)(C)

Cc: (b) (7)(C)

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**Sent:** Monday, November 21, 2011 2:18 PM  
**To:** (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

Do you remember scanning it electronically and uploading it into the Colonial file, when you sent it to the USA's office. If not, please do so at your earliest convenience. (b) (7)(E)

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Trial Attorney  
Asset Forfeiture and Money Laundering Section U.S. Department of Justice  
1400 New York Avenue, NW  
Washington DC 20005  
Work: 202-307-2343  
Email: (b) (7)(C)

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To: Emerzian, Peter; (b) (7)(C) O'Shea, Nancy  
Subject: FW: Farkas forfeiture discovery

Hi Everyone,

I can assist but I thought we provided her with everything. Let me know .

(b) (7)(C)

-----Original Message-----

From: (b) (7)(C) [mailto:(b) (7)(C)]  
Sent: Friday, November 18, 2011 12:06 PM  
To: (b) (7)(C), (b) (7)(C) Peter.Emerzian@fhfa.gov;  
O'Shea, Nancy; (b) (7)(C) (b) (7)(C)  
Cc: (b) (7)(C)  
Subject: Farkas forfeiture discovery

All-

I hope you are all doing well. We have entered the discovery phase of the ancillary proceedings where (b) (5)  
[REDACTED]

Here is what I need. I have received a request for production from the TBW Plan Trustee that asks for the following information from all of the agencies involved in the investigation of Farkas and his assets:

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I would appreciate a response before Thanksgiving if at all possible.

Best,

(b) (7)(C)

Trial Attorney

Asset Forfeiture and Money Laundering Section

U.S. Department of Justice

1400 New York Avenue, NW

Washington DC 20005

Work: (b) (7)(C)

Email: (b) (7)(C)  
<mailto:(b) (7)(C)>

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(b) (7)(C)

**From:** O'Shea, Nancy  
**Sent:** Monday, November 21, 2011 2:05 PM  
**To:** (b) (7)(C) Emerzian, Peter; (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

(b) (7)(C), Peter and I would have been the only agents doing investigative paperwork, of this group. I did not do the 302 but I recall (b) (7)(C) telling us about the call the following morning. If Peter did not do the paperwork, it would have been (b) (7)(C). Why don't you forward the request to them after hearing from Peter.

-----Original Message-----

**From:** (b) (7)(C) [mailto:(b) (7)(C)]  
**Sent:** Monday, November 21, 2011 11:43 AM  
**To:** O'Shea, Nancy; Emerzian, Peter; (b) (7)(C) (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

One more question for everyone: does anyone recall doing an MOI regarding the conversation (b) (7)(C) had with counsel for (b) (7)(C) where we learned that (b) (7)(C) had not paid for the condo in Key West? TBW is asking for any records we have of that information.

Thanks,

(b) (7)(C)  
Trial Attorney  
Asset Forfeiture and Money Laundering Section U.S. Department of Justice  
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**Sent:** Friday, November 18, 2011 2:45 PM  
**To:** (b) (7)(C) Emerzian, Peter; (b) (7)(C)  
**Subject:** FW: Farkas forfeiture discovery

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Subject: RE: Farkas forfeiture discovery

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**Sent:** Friday, November 18, 2011 2:45 PM  
**To:** (b) (7)(C); Emerzian, Peter; (b) (7)(C)  
**Subject:** FW: Farkas forfeiture discovery

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Cc: (b) (7)(C)

Subject: Farkas forfeiture discovery

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(b) (7)(C)

**From:** (b) (7)(C) <(b) (7)(C)>  
**Sent:** Friday, November 18, 2011 2:51 PM  
**To:** O'Shea, Nancy; Emerzian, Peter; (b) (7)(C)  
**Subject:** RE: Farkas forfeiture discovery

Ah, that makes a few things make sense! I didn't realize you had switched emails.

I don't expect there to be much new material, (b) (5) If not, that's fine, I just want to be sure.

(b) (7)(C)  
Trial Attorney  
Asset Forfeiture and Money Laundering Section U.S. Department of Justice  
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Washington DC 20005  
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Cc: (b) (7)(C)

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**Sent:** Friday, November 18, 2011 2:45 PM  
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(b) (7)(C)  
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[Redacted]

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, October 31, 2011 12:22 PM  
**To:** (b) (7)(C)  
**Subject:** FW: Cathie Kissick  
**Attachments:** 9-6-11 summary of info.doc

---

**From:** Emerzian, Peter  
**Sent:** Friday, October 28, 2011 12:58 PM  
**To:** (b) (7)(C) O'Shea, Nancy  
**Subject:** FW: Cathie Kissick



**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

---

**From:** Stokes, Patrick (b) (7)(C)  
**Sent:** Wednesday, October 26, 2011 3:27 PM  
**To:** Emerzian, Peter  
**Subject:** Cathie Kissick

I don't remember if I sent this to you previously. This is a list of areas Cathie might be able to provide some follow-up cooperation. I have a more detailed list I'll also forward. Once you've had a chance to review, let's discuss whether you think there's anything there. Thanks.

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**To:** O'Shea, Nancy; (b) (7)(C)  
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**Subject:** RE: Financials

Last question – do we know when Freddie received them?

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**Sent:** Friday, April 22, 2011 10:41 AM  
**To:** Emerzian, Peter  
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Have a great weekend. You deserve it.

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

Freddie Mac  
8200 Jones Branch Drive  
McLean, VA 22102

(b) (7)(C) (direct)  
(b) (7)(C)

"Emerzian, Peter"  
<[Peter.Emerzian@fhfa.gov](mailto:Peter.Emerzian@fhfa.gov)>

04/22/2011 10:25 AM

To (b) (7)(C)

cc

Subject Re: Proof of Claim

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To: Emerzian, Peter

Cc: (b) (7)(C)

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**From:** (b) (7)(C)  
**Sent:** Tuesday, October 4, 2011 5:35 PM  
**To:** (b) (7)(C)  
**Subject:** FW: TBW 1055  
**Attachments:** TBW 1055.zip

Here are the 1055 forms incase these are helpful as well

---

**From:** Emerzian, Peter  
**Sent:** Tuesday, October 04, 2011 5:32 PM  
**To:** (b) (7)(C)  
**Subject:** FW: TBW 1055

These are the electronic 1055 forms sent to Freddie by TBW



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Blackberry: 202-604-0882

**From:** (b) (7)(C)  
**Sent:** Tuesday, October 04, 2011 5:00 PM  
**To:** Emerzian, Peter  
**Subject:** TBW 1055

Peter -

Per your request.

If you need anything further, please let me know.

Feel free to call with any questions.

Thanks,

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**Subject:** Proof of Claim

Peter -

Attached is Freddie's Proof of Claim in the TBW bankruptcy. The financials are on their way.

Thanks,

(b) (7)(C)

(b) (7)(C)  
(b) (7)(C)  
Freddie Mac  
8200 Jones Branch Drive  
McLean, VA 22102

(b) (7)(C) (direct)  
(b) (7)(C) (fax)  
(b) (7)(C)

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, October 4, 2011 5:24 PM  
**To:** Emerzian, Peter  
**Subject:** TBW Financials  
**Attachments:** 001-412-001 (2).pdf

Were these sent to Freddie and Ginnie?

(b) (7)(C)

Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
BB

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Tuesday, October 4, 2011 5:24 PM  
**To:** Emerzian, Peter  
**Subject:** TBW Financials  
**Attachments:** 001-412-001 (2).pdf

Were these sent to Freddie and Ginnie?

(b) (7)(C)

Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
BB

(b) (7)(C)

---

**From:** Stokes, Patrick (b) (7)(C)  
**Sent:** Monday, October 3, 2011 11:50 AM  
**To:** (b) (7)(C); Emerzian, Peter; (b) (7)(C)  
(b) (7)(C); (b) (7)(C); (b) (7)(C); O'Shea, Nancy; (b) (7)(C)  
**Subject:** Delton De Armas

I wanted to give everyone a quick update on the plea negotiations. Delton's attorney called me this morning (b) (5)

[REDACTED]

(b) (7)(C)

(b) (5)

. Let me know if you have any thoughts.

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 2:19 PM  
**To:** O'Shea, Nancy  
**Subject:** weekly updates  
**Attachments:** WeeklyHome 9 26 11.docm; WeeklyTBW 9 26 11.docm

I updated Farkas's weekly to reflect the new offer and attached (b) (7)(C) update.

If you do not have any changes, I will forward these on to (b) (7)(C).

(b) (7)(C)

Special Agent

Office of Investigations

FHFA Office of Inspector General

O: (b) (7)(C)

BB

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 12:01 PM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

Thanks

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:56 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

(b) (5)

---

**From:** (b) (7)(C) (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:54 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

(b) (5)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:50 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:15 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

It's changing. "Delbert," as (b) (7)(C) called him, (b) (5), (b) (7)(C) going to talk to him about a (b) (5)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 9:55 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

(b) (5) ?

---

**From:** (b) (7)(C) [mailto:(b) (7)(C)]  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW, and (b) (5) Delton was (b) (5).

(b) (7)(C)

Special Agent

Office of Investigations

FHFA Office of Inspector General

O: (b) (7)(C)

BB

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:58 AM  
**To:** O'Shea, Nancy  
**Subject:** RE: DEARMAS

To clarify, it will be (b) (5)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:56 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

Thanks. I'll send to (b) (7)(C).

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:54 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

FYI

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:50 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:15 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

It's changing. "Delbert," as (b) (7)(C) called him (b) (5), (b) (7)(C) (b) (5)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 9:55 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

(b) (5)

---

**From:** (b) (7)(C) [mailto:(b) (7)(C)]  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW,

(b) (5)

Delton was

(b) (5)

(b) (7)(C)

Special Agent

Office of Investigations

FHFA Office of Inspector General

O: (b) (7)(C)

BB

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(b) (7)(C)

---

From: (b) (7)(C)  
Sent: Monday, September 26, 2011 11:56 AM  
To: (b) (7)(C)  
Subject: RE: DEARMAS

(b) (5)

---

From: (b) (7)(C) [mailto:(b) (7)(C)]  
Sent: Monday, September 26, 2011 11:54 AM  
To: (b) (7)(C)  
Subject: RE: DEARMAS

(b) (5)

---

From: (b) (7)(C)  
Sent: Monday, September 26, 2011 11:50 AM  
To: (b) (7)(C)  
Subject: FW: DEARMAS

From: (b) (7)(C)  
Sent: Monday, September 26, 2011 11:15 AM  
To: (b) (7)(C)  
Subject: RE: DEARMAS

It's changing. "Delbert," as (b) (7)(C) called him, (b) (5) (b) (7)(C) (b) (5)

From: (b) (7)(C)  
Sent: Monday, September 26, 2011 9:55 AM  
To: (b) (7)(C)  
Subject: FW: DEARMAS

(b) (5)

---

From: (b) (7)(C) [mailto:(b) (7)(C)]  
Sent: Monday, September 26, 2011 9:46 AM  
To: (b) (7)(C)  
Subject: DEARMAS

I am updating management on TBW, and (b) (5) Delton was (b) (5)

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General

O: (b) (7)(C)  
B

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:56 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

Thanks. I'll send to (b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:54 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

FYI

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:50 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:15 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

It's changing. "Delbert," as (b) (7)(C) called him, (b) (5) (b) (7)(C) (b) (5)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 9:55 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

(b) (5)

---

**From:** (b) (7)(C) [mailto:(b) (7)(C)]  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW, and (b) (5) Delton was (b) (5)

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)

BB: (b) (7)(C)

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:54 AM  
**To:** O'Shea, Nancy  
**Subject:** FW: DEARMAS

FYI

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:50 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:15 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

It's changing. "Delbert," as (b) (7)(C) called him, (b) (5) (b) (7)(C) (b) (5)  
(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 9:55 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

(b) (5) ?

---

**From:** (b) (7)(C) [mailto:(b) (7)(C)]  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW, (b) (5) Delton (b) (5)

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
BB

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:54 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

(b) (5)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:50 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:15 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

It's changing. "Delbert," as (b) (7)(C) called him, (b) (5) (b) (7)(C) going (b) (5)

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 9:55 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

(b) (5)

---

**From:** (b) (7)(C) [<mailto:Kari.Meyer@fhfa.gov>]  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW, and (b) (5) Delton was (b) (5).

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O (b) (7)(C)  
B

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:50 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 11:15 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

It's changing. "Delbert," as (b) (7)(C) called him, (b) (5) (b) (7)(C) (b) (5)  
.

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 9:55 AM  
**To:** (b) (7)(C)  
**Subject:** FW: DEARMAS

(b) (5)

---

**From:** (b) (7)(C) [mailto:(b) (7)(C)]  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW, and (b) (5) Delton (b) (5).

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
BB (b) (7)(C)

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 10:27 AM  
**To:** O'Shea, Nancy  
**Subject:** weekly updates  
**Attachments:** BNC 9 26 11.docm; WeeklyTBW 9 26 11.docm

Attached are the updates for Farkas and BNC. I am waiting to hear back from (b) (7)(C) to see if there is an update on (b) (7)(C) (b) (7)(C). I offered to pitch in and help out if they need anything. I'll send over (b) (7)(C) update when I hear back from him.

I talked to (b) (7)(C) Friday, (b) (7)(C) (b) (7)(C). Told her we would do lunch or something before she takes off.

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
B

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 10:17 AM  
**To:** (b) (7)(C)  
**Subject:** RE: DEARMAS

correct

---

**From:** (b) (7)(C) [mailto:(b) (7)(C)]  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW, (b) (5) Delton was (b) (5).

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
BB

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(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Monday, September 26, 2011 9:46 AM  
**To:** (b) (7)(C)  
**Subject:** DEARMAS

I am updating management on TBW, (b) (5) Delton (b) (5).

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
BB

(b) (7)(C)

**From:** Emerzian, Peter  
**Sent:** Tuesday, September 20, 2011 5:00 PM  
**To:** stokes,patrick (b) (7)(C);  
(b) (7)(C); O'Shea, Nancy; (b) (7)(C);  
(b) (7)(C)  
**Subject:** FW: Ocala.com: Audit: It wasn't just Taylor Bean that led to Platinum bank's failure

FYI



**Peter C. Emerzian**  
Special Agent-in-Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street N.W.  
Washington, DC 20006  
Telephone: 202-445-2098  
Blackberry: 202-604-0882

By [Susan Latham Carr](#)  
Staff writer

**Published: Monday, September 19, 2011 at 8:03 p m.**

**Last Modified: Monday, September 19, 2011 at 9:53 p.m.**

Platinum Community Bank failed not only because its owner, Taylor, Bean & Whitaker Mortgage Corporation, conducted unsound transactions, but because its regulator, the Office of Thrift Supervision, failed to do its job, a federal audit found. As a result, the Federal Deposit Insurance Corporation has estimated its losses from the thrift's failure at \$50.2 million.

In its audit report outlining the causes of Platinum's demise, the Office of the Inspector General of the U.S. Department of the Treasury said there were "two significant deficiencies in supervision."

The first involved the OTS' failure to contact state mortgage banking regulators that licensed TBW when TBW had applied in February 2008 to buy Platinum Bancshares Inc. Platinum Bancshares, with headquarters in Rolling Meadows, Ill., was Platinum Community Bank's holding company.

Had it bothered to make the inquiries as it is expected to do, the OTS would have learned that TBW was the subject of a multi-state examination by mortgage regulators from Arizona, Georgia, Idaho, Illinois, Massachusetts, Mississippi, New Jersey, North Carolina, Pennsylvania, Vermont and the District of Columbia. Numerous issues surfaced about TBW's business practices for which TBW ultimately paid \$9 million in fines.

Instead, OTS approved TBW's application on June 24, 2008. According to the OIG report, "...OTS concluded that TBW was a capably managed, successful company with conservative and sound mortgage banking practices."

The second involved OTS's failure to act "swiftly and forcefully" when TBW was engaging in unsafe practices. TBW began transferring Federal Home Loan Mortgage Corporation (Freddie Mac) escrow dollars to Platinum. TBW then ordered Platinum to buy mortgage loans from TBW using the escrow dollars, which is considered an unsafe practice.

OTS knew about the transfer of Freddie Mac escrow dollars to Platinum.

In its business plan submitted with its application to buy Platinum in February 2008, TBW advised OTS that \$5 million of escrow would be transferred to Platinum in December 2008, and another \$5 million would be transferred in June 2009.

But, instead, TBW transferred larger amounts and earlier than it said it would.

By October 2008, the deposits had reached \$38.7 million, which increased Platinum's assets and reduced its Tier 1 capital ratio, which is the money the bank needs to operate safely.

In its Oct. 27, 2008, examination, OTS required the Platinum board to review the business plan and address the increases in the escrow deposits.

It also directed the board to establish minimum capital ratios. Platinum submitted a new plan in June 2009, which was never approved, but which was discussed with TBW's chief executive officer who told regulators that it was approved by Lee Farkas, TBW chairman at the time.

Farkas was found guilty of 14 counts of bank, wire and securities fraud in April and sentenced to 30 years in prison.

On July 2, 2009, Platinum bought \$198 million of TBW mortgage loans using the escrow dollars TBW had transferred to Platinum's escrow clearing account.

When the OTS examiner learned about that during a July 13, 2009, examination, the examiner notified supervisors and was told to gather more information.

The OTS did not take any action to stop the loan purchases.

That same month, TBW gave Platinum another \$210 million in escrow dollars.

On July 20, 2009, TBW's chief financial officer told the examiner that the loan purchases were continuing.

Between July 15 and July 31, 2009, while OTS examiners were at Platinum examining the bank, Platinum purchased an additional \$292 million in TBW loans using escrow and other dollars.

On July 30, 2009, OTS directed Platinum to discontinue funding loans in TBW's name and issued a supervisory directive to that effect the next day.

"We believe OTS should have directed Platinum to cease further loan purchased on July 13 when it first learned of the unsafe and unsound practice. Furthermore, we found the lack of urgency on the part of OTS officials alarming," the audit stated. "Had OTS taken action on July 13, it may have prevented Platinum's purchase of the additional \$292 million in loans, and the loss to the Deposit Insurance Fund as a result of the thrift's failure may have been lessened."

The OTS closed Platinum on Sept. 4, 2009, and appointed the FDIC as receiver. The thrift was unprofitable since it opened its doors in 1999.

The OIG audited Platinum to outline the reasons why the thrift, which had been doing poorly before it was purchased by TBW in July 2008, failed so that the errors will not be repeated.

However, the OTS has been disbanded and the Office of the Comptroller of the Currency now oversees thrifts.

Nevertheless, the OIG reported that it received technical comments for its audit from former OTS officials who are now employed by the OCC.

The audit was presented to the OCC, which made few comments.

Contact Susan Latham Carr at 867-4156 or [susan.carr@starbanner.com](mailto:susan.carr@starbanner.com)

(b) (7)(C)

---

**From:** (b) (7)(C)  
**Sent:** Thursday, September 8, 2011 10:47 AM  
**To:** O'Shea, Nancy  
**Subject:** case status updates  
**Attachments:** BNC 09 08 1.docm; WeeklyTBW 9 8 11.docm; Weekly (b) (7)(C) 9 8 11.docm

Attached are my weekly updates. I do not know if there is information to add to Farkas regarding the (b) (7)(C) loan. Also, I have not received confirmation that (b) (7)(C) were indicted yet. Hopefully I hear from someone soon, and can make any necessary changes. If there are no changes, let me know and I will send to (b) (7)(C).

(b) (7)(C)  
Special Agent  
Office of Investigations  
FHFA Office of Inspector General  
O: (b) (7)(C)  
BE

(b) (7)(C)

---

From: (b) (7)(C)  
Sent: Monday, May 23, 2011 11:02 AM  
To: Victimassistance Fraud  
Cc: (b) (7)(C)  
Subject: Lee Bentley Farkas  
Attachments: IMGFarkas.PDF.pdf

Hi Mrs. (b) (7)(C)

I have attached the Victim Impact Statement we discussed on Friday. If you have any questions please call me at (b) (7)(C)

Thank you, (b) (7)(C)

Name of Victim: (b) (7)(C)

Date of Sentencing: June 27, 2011

VICTIM IMPACT STATEMENT/FINANCIAL CRIME

How have you and members of your family been affected by this crime? This may include both how you felt immediately after the crime and/or how you felt after some time has passed.

(b) (7)(C)

Have you initiated a bankruptcy action as a result of the alleged crime? \_\_\_ Yes  No If yes, please state the case name, court location, docket number, and status of the case.

Have you or members of your family received counseling or therapy as a result of this crime? Please explain.

N/A

Have you filed a civil suit against the defendant(s)? If yes, please list the case name, court location, docket number and current status of the case.

No

VICTIM IMPACT STATEMENT/FINANCIAL CRIME PAGE 2

Have you received any money or assets from the defendant(s) as a result of this litigation?

   Yes  No If yes, how much? (Attach verification)

Do you relate to people differently since the crime? Please explain.   No  

Has the crime affected your family's livelihood and lifestyle? Please explain.   No  

Have you experienced any of the following reactions to the crime:

PLEASE REALIZE THESE ARE NORMAL REACTIONS TO A TRAUMATIC EVENT OR SITUATION.

Anger    Anxiety    Fear    Grief    Guilt    Numb    Chronic Fatigue

Sleep Loss    Nightmares    Appetite Change    Unsafe    Uncontrolled Crying

   Trouble Concentrating  Repeated Memory of Crime    Depression

Please describe any other feelings you have had in response to the crime which you would like to share with the Judge. These may be either feelings you felt immediately after the crime or those you still feel.

The worst thing is we have lost faith in Financial  
Institutions. We worry this could happen again.

Do you feel the defendant(s) is or will be a threat to you, your family or the community?

   Yes  No Please explain.   

What else would you like the Judge to know about the defendant(s), or your situation as a result of the crime?

It is still hard to believe that because of the crimes  
of Lee Bentley Farkas and his co-defendants we have lost our  
stock and all the money and dividends.

VICTIM IMPACT STATEMENT/FINANCIAL CRIME P. 3

1. Please list your actual financial losses from this crime. List only those items for which you have not been or do not expect to be repaid. Please attach receipts or other records whenever possible. (Use additional paper if needed.)

(b) (7)(C)

TOTAL ACTUAL LOSS..... \$ We're not sure how to calculate.

2. Please list any amounts of money that have already been repaid by the defendant(s) in response to this crime.

N/A

3. Was any income lost as a result of the crime? If so, please state reason for the loss of income and estimate the total dollar amount lost. Indicate how your loss was calculated.

(b) (7)(C)

4. Have you been assessed any additional taxes, penalties or interest by the federal government as a result of this case? If yes, please explain.

N/A

5. If you have suffered any other expenses as a result of this crime, please list them below. Include such items as counseling, medical bills, etc. Please be specific and attach copies of receipts if possible.

N/A

\*\*\*\*\*

Print Name: (b) (7)(C)

Signature: (b) (7)(C)

Phone:  
e-mail:

Date: 5-20-11



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
Case Title: TBW/Colonial Bank	Subject(s): Lee B. Farkas	
UPB:	Number of Loans:	
<b>PROSECUTOR</b>		
Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
<b>PROGRAM AREA</b> (Check any and all that apply ✓)		
Freddie Mac <input checked="" type="checkbox"/>	Fannie Mae <input checked="" type="checkbox"/>	FHLB <input type="checkbox"/> FHFA <input type="checkbox"/> Other <input type="checkbox"/> _____
<b>PREDICATION:</b>		
This case was a referral from SIGTARP.		
The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.		
<b>STATUS:</b>		
Investigative team is in the process of finalizing a statement of facts for DeArmas in regards to his plea.		
<b>ANTICIPATED ACTIONS:</b>		
Investigative team is still waiting for a response from DeArmas regarding his plea offer.		
(b) (7)(E), (b) (5)		



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
Case Title: TBW/Colonial Bank	Subject(s): Lee B. Farkas	
UPB:	Number of Loans:	
<b>PROSECUTOR</b>		
Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
<b>PROGRAM AREA</b> (Check any and all that apply ✓)		
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<b>STATUS:</b>		
Investigative team is waiting for a court date for DeArma's Plea.		
<b>ANTICIPATED ACTIONS:</b>		
(b) (5), (b) (7)(E)		



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
Case Title: TBW/Colonial Bank	Subject(s): Lee B. Farkas	
UPB:	Number of Loans:	
<b>PROSECUTOR</b>		
Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
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<b>STATUS:</b>		
<p>AUSAs discussed with DeArmas's attorneys false statements to HUD/Ginnie/Freddie for DeArmas plea offer.</p> <p>Kissick stated she might have additional information to provide to Investigative team.</p>		
<b>ANTICIPATED ACTIONS:</b>		
Investigative team is still waiting for a response from DeArmas regarding his plea offer.		

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<b>PROSECUTOR</b>		
Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
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<b>STATUS:</b>		
<p>Delton is in the process of having his retention agreement with his new attorney resolved this week, and the new attorney should any edits to DeArmas's plea next week.</p> <p>Investigative team spoke with DOJ asset forfeiture attorney who is tracking down Farkas's assets. Currently they have identified roughly 3-4 million of Farkas's assets.</p> <p>Investigative team reviewed info provided by the attorney of an incarcerated CNB executive, reviewed a related transcript, and discussed with ausa patrick stokes.</p>		
<b>ANTICIPATED ACTIONS:</b>		
<p>Investigative team is still waiting for a response from DeArmas regarding his plea offer.</p> <p><b>(b) (5), (b) (7)(E)</b></p>		



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
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<b>STATUS:</b>		
Investigative team is in the process of finalizing a statement of facts for DeArmas in regards to his plea.		
<b>ANTICIPATED ACTIONS:</b>		
Investigative team is still waiting for a response from DeArmas regarding his plea offer.		
(b) (5), (b) (7)(E)		



## OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



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<b>PREDICATION:</b>		
<p>This case was a referral from SIGTARP.</p> <p>The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.</p>		
<b>STATUS:</b>		
<p>Investigative team is working with DOJ's forfeiture attorney to update Farkas's assets spreadsheet to reflect the information provided by Faraks last week.</p>		
<b>ANTICIPATED ACTIONS:</b>		
<p>The reverse proffer is sceduled for 8/24/2011. Agents will continue to provide limited assistance on the forfeiture aspect.</p>		



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



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Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
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This case was a referral from SIGTARP.		
The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.		
<b>STATUS:</b>		
A reverse proffer was conducted with DeArmas and the Investigative Team. DeArmas was offered a 5 year conspiracy charge and a 5 year false statement charge for his cooperation. DeArmas has until early September to inform the Investigative Team about his decision to cooperate.		
OIG agents began assembling evidence regarding former Freddie Mac executive, (b) (7)(C). (b) (7)(C) at the time he met Farkas. In late 2005, (b) (7)(C) obtained a TBW construction loan to fund the purchase of land and commence construction of a residence in the amount of \$550,000. Agents have identified numerous draws from the account and subsequent withdrawals out of TBW account, including checks going to Green Forest Community Development Corporation (GF CDC) totalling \$165,798.50. GF CDC is a non-profit, faith-based program, which TBW was partnering with on a Freddie Mac housing initiative. Investigating agents have also identified a construction loan given to (b) (7)(C). Preliminary efforts reveal that no payment were made on that loan as well. (b) (7)(C) construction loan was subsequently modified and converted to a mortgage. The servicing records reveal no payments were ever made. (b) (7)(C) was subsequently promoted to (b) (7)(C). (b) (7)(C) is the current (b) (7)(C). (b) (7)(C) is a national neighborhood revitalization firm providing consulting services, strategies and comprehensive real estate services. (b) (7)(C) website reveals it has partnered with Freddie Mac since 1998.		
<b>ANTICIPATED ACTIONS:</b>		
Agents will continue to provide limited assistance on the forfeiture aspect and will discuss the		

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## OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



(b) (7)(C) aspect with Patrick Stokes, Fraud Division, Main Justice.



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



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The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.		
<b>STATUS:</b>		
DeArmas agreed	(b) (5)	
[REDACTED]		
<b>ANTICIPATED ACTIONS:</b>		
Investigative team is still waiting for a response from DeArmas regarding his plea offer.		



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
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Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
<b>PROGRAM AREA</b> (Check any and all that apply ✓)		
Freddie Mac <input checked="" type="checkbox"/>	Fannie Mae <input checked="" type="checkbox"/>	FHLB <input type="checkbox"/> FHFA <input type="checkbox"/> Other <input type="checkbox"/>
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This case was a referral from SIGTARP.		
The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.		
<b>STATUS:</b>		
Investigative team is still waiting for a response from DeArmas (b) (5)		
[REDACTED]		
<b>ANTICIPATED ACTIONS:</b>		
Agents will continue to provide limited assistance on the forfeiture aspect and will discuss the (b) (7)(C) aspect with Patrick Stokes, Fraud Division, Main Justice.		



# OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



Case Number: I-11-0010	Case Agent: O'Shea	Date Initiated: Monday, January 10, 2011
Case Title: TBW/Colonial Bank	Subject(s): Lee B. Farkas	
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<b>PROSECUTOR</b>		
Venue: Eastern District of Virginia	AUSA/DA (If Known): Patrick Stokes	
Presented for Prosecution: Yes	Accepted for Further Action: Yes	
<b>PROGRAM AREA</b> (Check any and all that apply ✓)		
Freddie Mac <input checked="" type="checkbox"/>	Fannie Mae <input checked="" type="checkbox"/>	FHLB <input type="checkbox"/> FHFA <input type="checkbox"/> Other <input type="checkbox"/>
<b>PREDICATION:</b>		
<p>This case was a referral from SIGTARP.</p> <p>The investigation has focused on the funding of TBW's operations through fraudulent advances backed by pools of phantom loans and aged loans, recycling/refreshing the pools, and hiding this from regulators and investors. Investigative efforts have also targeted the Capital Raise, false information being presented in Colonial's application for TARP funding, obstruction, double pledging of loans and a scheme involving Ocala Funding.</p>		
<b>STATUS:</b>		
<p>The investigative team has concluded the review of emails relating to Delton de Armas, CFO of TBW, in anticipation of bringing evidence before a Federal Grand Jury, Eastern District of Virginia (EDVA). Dearmas has agreed to come in for a reverse proffer on 08/24/2011. A two count offer of conspiracy (18 USC 371) and false statements (18 USC 1001) will be to him. The statutory max after combining both is 10 years.</p> <p>Telephonic interviews were concluded related to the 8/9/11 Restitution Hearing before Judge Brinkema. The judge directed the prosecution team to provide her with seven blank judgement orders, for the purpose of calculating the order in chambers. Judge Brinkema did mandate individual post release payment orders of all the convicted subjects.</p> <p>On 8/11/11, Farkas voluntarily provided information, which will significantly enhance the government's forfeiture action by identifying additional substitute assets. Farkas also provided information on related subjects, including former Freddie Mac executive, (b) (7)(C), when Farkas first met him. (b) (7)(C) was subsequently promoted to (b) (7)(C). In late 2005, (b) (7)(C) asked Farkas to help him obtain a construction loan to fund the purchase of land and commence construction of a home. Farkas advised (b) (7)(C) was not shy regarding how influential his position was to TBW. Farkas recalled some TBW wire transfers going to Green Forest Community Development Company (GFDC), which is a non-profit, faith-based program. TBW worked with GFDC on a Freddie Mac housing initiative. Farkas advised the (b) (7)(C) construction loan was later converted to a mortgage, which TBW satisfied. (b) (7)(C) made no payments on the loan.</p> <p>Wire transfers from TBW amounting to \$165,798.50 were traced by the investigative team to GFDC, that were identified in TBW's system as (b) (7)(C). The total loan proceeds were</p>		

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## OFFICE OF INVESTIGATIONS CASE STATUS SUMMARY



\$550,000. (b) (7)(C) (b) (7)(C) is a national neighborhood revitalization firm providing consulting services, strategies and comprehensive real estate services. (b) (7)(C) has partnered with Freddie Mac in various housing initiatives since 1998.

### ANTICIPATED ACTIONS:

The reverse proffer is scheduled for 8/24/2011. Agents will continue to provide limited assistance on the forfeiture aspect.



JUN 06 2011

Office of General Counsel  
Departmental Enforcement Center

**VIA UNITED PARCEL SERVICE and FACSIMILE**

Mr. Paul R. Allen  
c/o Stephen D. Graeff  
Carr, Morris & Graeff, P.C.  
Attorneys at Law  
8300 Boone Boulevard  
Suite 250  
Tysons Corner  
Vienna, VA 22182-2681

Re: Notice of Final Determination

Dear Mr. Allen:

By notice dated August 4, 2009 (Notice), you were told that the Department of Housing and Urban Development (HUD) proposed your debarment for an eighteen (18) month period. 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. You also were advised that if you did not respond to the Notice within 30 days, a final determination would be issued.

Since you, through your attorney, Stephen D. Graeff, have advised the Department that you are withdrawing your opposition to the above referenced proposed debarment action, your debarment has become final. During the 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 for eighteen (18) months from the date of this notice.

Sincerely,

**(b) (7)(C)**

Craig T. Clemmensen  
Director  
Departmental Enforcement Center

cc: Mr. Paul R. Allen  
2410 Oakmont Court  
Oakton, VA 22124-1000

CONCURRENCES

(b) (7)(C) 5/26/11  
FISCHER, CACBB

(b) (7)(C) 5/26/11  
FIELD, CACBB

BEAUDETTE, CACB

TO C. CLEMMENSEN FOR SIGNATURE

Sharepoint: Allen Paul Final Debarment without Suspension Subject – revised 5-26-11

cc:		
HU	Deputy Assistant Secretary for Single Family Housing (Bott, Vicki B.)	9282
T	President, Government National Mortgage Association (Tozer, Theodore W.)	PC 3FL
CACB	Director, DEC (Clemmensen, Craig T.)	Port#200
CACB	Deputy Director, DEC (Beaudette, James M.)	Port#200
CACC	Associate General Counsel for Program Enforcement (Narode, Dane M.)	Port#200
CACCB	Attorney, Office of Program Enforcement (Power, Brendan)	Port#200
HUL	Director, Office of Lender Activities & Program Compliance (Hadley, Joy L.)	P3214
HUL	Director, Mortgagee Review Board (Murray, Nancy A.)	3150
HUP	Director, Office of Single Family Program Development (Hill, Karin B.)	9278

Christopher R. Sharpley  
Deputy Inspector General for Investigations  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street, NW  
Washington, DC 20006

Peter Emerzian  
Special Agent in Charge  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street, NW  
Washington, DC 20006

Bryan Saddler  
Chief Counsel  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street, NW  
Washington, DC 20006

Brian W. Baker  
Deputy Chief Counsel  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street, NW  
Washington, DC 20006

4OGI	Special Agent in Charge, Tampa, OIG <span style="background-color: black; color: white;">(b) (7)(C)</span> OIG No.: n/a
4OGI	Special Agent, Tampa, OIG <span style="background-color: black; color: white;">(b) (7)(C)</span>
4OMA	Director, Tampa (Gadsden, Rosemary S.)
4HC	Chief Counsel, Jacksonville (Cox, Earl)

3GMA	Director, Washington, DC (Turner, Marvin W.)	
3GC	Chief Counsel, Washington, DC (Conlan, Russell S.)	
4AHHQ3	Branch Chief, QAD, Atlanta SF HOC (Kittrell, Nora)	
8AHHQ	Director, Quality Assurance Division, Denver SF HOC (Baker, Karen K.)	
8AHHO	Management Analyst, Denver SF HOC (Friedland, Marc A.)	
3AHH	Director, Philadelphia SF HOC (Ott, Richard M.)	
3AHHQ	Director, QAD, Philadelphia SF HOC (Shaffer, Julie)	
3AHHQ1	Supervisory Housing Specialist, QAD, Philadelphia SF HOC (DiPietro, Andy V.)	
3AHP	Chief, Technical Team 2, Processing and Underwriting Division, Philadelphia SF HOC (Roe, Kathleen E.)	
9JHHQ	Director, Quality Assurance Division and Acting Director, Operations & Customer Service Division, Santa Ana SF HOC (O'Toole, Shannon)	
CACC	Docket Clerk, Office of Program Enforcement (Gallegos, Nilda M.)	
CACBB	File	Port#200
CACBB	Fischer	Port#200
		Port#200

**Document Template**

Template Name: Final Debarment without Suspension Subject  
Date Last Modified: 2011-03-12



MAY 25 2011

Office of General Counsel  
Departmental Enforcement Center

MEMORANDUM FOR: Christopher R. Sharpley, Deputy Inspector General for Investigations,  
Office of Inspector General

FROM:

(b) (7)(C)

Departmental Enforcement Center, CACB

SUBJECT: Response to Debarment Referral of Raymond Bowman

This is in response to your March 22, 2011, debarment referral of Raymond Bowman. Mr. Bowman, a former principal of Taylor, Bean & Whittaker (TBW), plead guilty to crimes he committed while employed at TBW.

Prior to your referral, HUD determined that Mr. Bowman had engaged in other misconduct that subsequently became the subject of a debarment action. As the ultimate result of a Notice of Proposed Debarment issued to Mr. Bowman on August 4, 2009, Mr. Bowman was debarred for eighteen months, beginning on October 4, 2010. Thus, Mr. Bowman is currently debarred through April 3, 2012.

However, the misconduct that resulted in his debarment is not related to his activities described in the Criminal Information you provided. Please see the attached copy of the Notice, the Agreement, and the debarment entry in the Excluded Parties List System.

Accordingly, as Mr. Bowman is scheduled to be sentenced on June 10, 2011, on the charges related in the Criminal Information, (b) (5) (b) (5) Per our legal counsel's policy, we will not consider a debarment until a conviction has been rendered.

If you have any questions, please contact me, at (b) (7)(C) or Stanley E. Field, Director, Compliance Division, at (b) (7)(C)

Attachments

cc:

HU	Deputy Assistant Secretary for Single Family Housing (Bott, Vicki B.)	9282
CACB	Director, DEC (Clemmensen, Craig T.)	Port#200
CACB	Deputy Director, DEC (Beaudette, James M.)	Port#200
CACC	Associate General Counsel for Program Enforcement (Narode, Dane M.)	Port#200
HUL	Director, Office of Lender Activities & Program Compliance (Hadley, Joy L.)	P3214
HUL	Director, Mortgagee Review Board (Murray, Nancy A.)	3150
HUP	Director, Office of Single Family Program Development (Hill, Karin B.)	9278
4OGI	Special Agent in Charge, Tampa, OIG (b) (7)(C)      OIG No.: n/a	
4OGI	Special Agent, Tampa, OIG      (b) (7)(C)	
4OMA	Director, Tampa (Gadsden, Rosemary S.)	
4HC	Chief Counsel, Jacksonville (Cox, Earl)	
3GMA	Director, Washington, DC (Turner, Marvin W.)	
3GC	Chief Counsel, Washington, DC (Conlan, Russell S.)	
4AHHQ3	Branch Chief, QAD, Atlanta SF HOC (Kittrell, Nora)	
8AHHQ	Director, Quality Assurance Division, Denver SF HOC (Baker, Karen K.)	
8AHHO	Management Analyst, Denver SF HOC (Friedland, Marc A.)	
3AHH	Director, Philadelphia SF HOC (Ott, Richard M.)	
3AHHQ	Director, QAD, Philadelphia SF HOC (Shaffer, Julie)	
3AHHQ1	Supervisory Housing Specialist, QAD, Philadelphia SF HOC (DiPietro, Andy V.)	
3AHP	Chief, Technical Team 2, Processing and Underwriting Division, Philadelphia SF HOC (Roe, Kathleen E.)	
9JHHQ	Director, Quality Assurance Division and Acting Director, Operations & Customer Service Division, Santa Ana SF HOC (O'Toole, Shannon)	
CACC	Docket Clerk, Office of Program Enforcement (Gallegos, Nilda M.)	Port#200
CACBB	File	Port#200
CACBB	Fischer	Port#200



DEC 21 2011

Office of General Counsel  
Departmental Enforcement Center

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Ms. Desiree Elizabeth Brown  
Inmate Number: 77923-083  
FCI Coleman Medium  
Satellite Camp  
P.O. Box 1027  
Coleman, FL 33521

Re: Notice of Final Determination

Dear Ms. Brown:

By notice dated October 14, 2011(Notice), you were told that the Department of Housing and Urban Development (HUD) proposed your debarment for an indefinite period. 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. You also were advised that if you did not respond to the Notice 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 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 for an indefinite period from the date of this notice.

Sincerely,

**(b) (7)(C)**

Craig T. Clemmensen  
Director  
Departmental Enforcement Center

cc:		
CACB	Director, DEC, Craig T. Clemmensen	Portals 200
CACC	Associate General Counsel for Program Enforcement (Dane M. Narode.)	Portals 200
C	Deputy General Counsel for Enforcement and Fair Housing (Michelle M. Aronowitz)	
OIG	Special Agent In Charge, Tampa, (b) (7)(C)	4OGI
OIG	Asst. SAIC, Tampa, (b) (7)(C)	4OGI
Field Office Dir.	Miami Field Office, Armando Fana	4DMA
Chief Counsel	Miami Office, Sharon Swain	4DC
Director	Atlanta SF HOC, N. Daniel Rogers, III	4AHH
Chief	QAD, Atlanta SF HOC, Nora G. Kittrell	4AHHQ3
CID	cid_dec@hudoig.gov	
CACBB	Williams, V.M.	Portals 200
CACBB	File	Portals 200

Mail: Christopher R. Sharpley  
Deputy Inspector General for Investigations  
Office of Inspector General  
Federal Housing Finance Agency  
1625 Eye Street, NW  
Washington, DC 20006

Sharepoint:V.M Williams\BROWN\_Desiree Elizabeth/Final Determination/typed 12/12/2011



OFFICE OF GENERAL COUNSEL  
DEPARTMENTAL ENFORCEMENT CENTER

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Mr. Lee Bentley Farkas  
Alexandria Correctional Center  
2001 Mill Road  
Alexandria, VA 22314

Re: Notice of Proposed Debarment and Termination of Existing Suspension

Dear Mr. Farkas:

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 an indefinite period, to commence on the date of the final determination of this proposed action. 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 conviction in the United States District Court for the Eastern District of Virginia, Alexandria Division for violation of 18 U.S.C. §§ 1349 (Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud), 1343 (Wire Fraud), 1344 (Bank Fraud), 1348 (Securities Fraud), and 2 (Aiding and Abetting and Causing an Act to Be Done). Specifically, you were found guilty of participation in a scheme to defraud financial institutions by means of wire communication through materially false and fraudulent pretenses and representations. Your conviction is evidence of serious irresponsibility and is cause for debarment under the provisions of 2 C.F.R. § 180.800(a)(1), (3) and (4). In determining the length of your proposed debarment, I have taken into account the fact that you were suspended from participation in procurement and nonprocurement transactions throughout the Executive Branch of the Federal Government from October 20, 2010 through the date of this Notice. Your suspension is hereby terminated.

Since you were the chairman and the majority shareholder of Taylor, Bean & Whitaker Mortgage Corp., an entity involved in the origination of FHA-insured mortgages, you have been involved in covered transactions.

If you decide to contest this proposed debarment, you may submit a written argument and request an informal hearing, which you may attend in person, by telephone or through a representative. Pursuant to 2 C.F.R. § 180.825, your written submission must identify: 1) specific facts that contradict the statements contained in this Notice of Proposed Debarment and Termination of Existing Suspension (a general denial is insufficient to raise a genuine dispute

Termination 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 Termination 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.

Your written opposition and hearing request must be submitted within 30 days of your receipt of this Notice of Proposed Debarment and Termination 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, address 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. § 180.840. 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 (202) 245-4122.

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 30 days, 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 I. Clemmensen  
Director  
Departmental Enforcement Center

Enclosures

cc:		
HU	Associate Deputy Assistant Secretary for Single Family Housing (Hadley, Joy L.)	9282
CACB	Director, DEC (Clemmensen, Craig T.)	Port#200
CACC	Associate General Counsel for Program Enforcement (Narode, Dane M.)	Port#200
CID	<a href="mailto:cid_dec@hudoig.gov">cid_dec@hudoig.gov</a>	
4OGI	Special Agent in Charge, Tampa, OIG	
	(b) (7)(C) OIG No.: 2010 FC 002468 I	
4OGI	Special Agent, Tampa, OIG (b) (7)(C)	
4AHHJ1	Director, Tampa (Gadsden, Rosemary)	
4AHC	Chief Counsel, Jacksonville (Cox, Earl)	
3GMA	Director, Washington, DC (Hall, John E.)	
3GC	Chief Counsel, Washington, DC (Conlan, Russell S.)	
HUL	Director, Lender Approval and Recertification Division (Himes, Ivery W.)	P3214
HUL	Director, Mortgage Review Board (Murray, Nancy A.)	3150
HUP	Director, Office of Single Family Program Development (Hill, Karin B.)	9278
HUPH	Director, Home Mortgage Insurance Division (Miller, Cynthia)	9266
4AHH	Director, Atlanta SF HOC (Rogers, N. Daniel III)	
4AHHQ3	Branch Chief, QAD, Atlanta SF HOC (Kittrell, Nora)	
8AHH	Director, Denver SF HOC (Johnson, Ben)	
8AHHQ	Director, Quality Assurance Division, Denver SF HOC (Baker, Karen K.)	
8AHHO	Management Analyst, Denver SF HOC (Friedland, Marc A.)	
3AHH	Deputy Director, Philadelphia SF HOC (Ott, Richard M.)	
3AHHQ	Director, QAD, Philadelphia SF HOC (Shaffer, Julie)	
3AHHQ1	Supervisory Housing Specialist, QAD, Philadelphia SF HOC (DiPietro, Andy V.)	
3AHHP	Chief, Technical Team 2, Processing and Underwriting Division, Philadelphia SF HOC (Roe, Kathleen E.)	
9JHH	Director, Santa Ana SF HOC (Bates, Joseph C.)	
9JHHQ	Director, Quality Assurance Division and Acting Director, Operations & Customer Service Division, Santa Ana SF HOC (O'Toole, Shannon)	
CACC	Docket Clerk, Office of Program Enforcement (Gallegos, Nilda M.)	Port#200
CACBB	File	Port#200
CACBB	Lehrer	Port#200

SharePoint: Farkas, Lee: Proposed Debarment Indefinite-7-20-11



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 T. 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-EC-002468-II]

4OGI Assistant Special Agent in Charge, Tampa, OIG (b) (7)(C)

4DGI Assistant Special Agent in Charge, Miami, OIG (b) (7)(C)

4OGI Special Agent, Tampa, OIG (b) (7)(C)

Sharpley, Christopher R, Deputy Inspector General for Investigations, FHFA-OIG ([Christopher.Sharpley@fhfa.gov](mailto:Christopher.Sharpley@fhfa.gov))

Emerzian, Peter, Special Agent in Charge, Washington DC, FHFA-OIG ([Peter.Emerzian@fhfa.gov](mailto: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](mailto:cid_dec@hudoig.gov)

Sharepoint: Burks\Kelly Teresa\Final Debarment with Suspension



DEC 08 2011

OFFICE OF GENERAL COUNSEL  
DEPARTMENTAL ENFORCEMENT CENTER

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Ms. Catherine Kissick  
Register Number: 77945-083  
FCI Coleman Medium  
Federal Correctional Institution  
P.O. Box 1032  
Coleman, FL 33521

Re: Notice of Proposed Debarment

Dear Ms. Kissick:

The Department of Housing and Urban Development hereby proposes 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 an indefinite period from the date of the final determination of this proposed action. This action complies 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 conviction in the United States District Court for the Eastern District of Virginia, Alexandria Division, for violation of 18 U.S.C. § 1349 (Conspiracy to Commit Bank Fraud, Wire Fraud and Securities Fraud). Specifically, you pled guilty to and were found guilty of conspiring to commit bank fraud, wire fraud, and securities fraud through the sale and transfer of nonexistent or previously sold or collateralized loans. 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).

Since you are a former Vice President of Colonial Bank, a Government National Mortgage Association approved document custodian, you have been involved in covered transactions, and are subject to these regulations.

If you decide to contest this proposed debarment, you may submit a written argument and request an informal hearing, which you may attend in person, by telephone or through a representative. Pursuant to 2 C.F.R. § 180.825, your written submission must identify: 1) specific facts that contradict the statements contained in this Notice of Proposed Debarment (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 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.

Your written opposition and hearing request must be submitted within 30 days of your receipt of this Notice of Proposed Debarment. 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 (202) 245-4122.

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 30 days, 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).

(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)	
4OGI	Assistant Special Agent in Charge, Tampa, OIG (b) (7)(C)	
4DGI	Assistant Special Agent in Charge, Miami, OIG (b) (7)(C)	
4OGI	Special Agent, Tampa, OIG (b) (7)(C)	
	Sharpley, Christopher R, Deputy Inspector General for Investigations, FHFA-OIG ( <a href="mailto:Christopher.Sharpley@fhfa.gov">Christopher.Sharpley@fhfa.gov</a> )	
	Emerzian, Peter, Special Agent in Charge, Washington DC, FHFA-OIG ( <a href="mailto:Peter.Emerzian@fhfa.gov">Peter.Emerzian@fhfa.gov</a> )	
	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	Aker	Port#200
CACBB	Field	Port#200
CID	<a href="mailto:cid_dec@hudoig.gov">cid_dec@hudoig.gov</a>	

Sharepoint: Aker: Kissick, Catherine.Proposed Debarment



NOV 21 2011

Office of General Counsel  
Departmental Enforcement Center

**VIA UNITED PARCEL SERVICE**

Mr. Sean Ragland  
a/k/a Sean William Ragland  
24310 Grace Park  
San Antonio, TX 78255

Re: Notice of Final Determination

Dear Mr. Ragland:

By notice dated September 27, 2011 (Notice), you were told of the proposed debarment action against you by the Department of Housing and Urban Development 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 A. 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)	
4OGI	Assistant Special Agent in Charge, Tampa, OIG (b) (7)(C)	
4DGI	Assistant Special Agent in Charge, Miami, OIG (b) (7)(C)	
4OGI	Special Agent, Tampa, OIG (b) (7)(C)	
	Sharpley, Christopher R, Deputy Inspector General for Investigations, FHFA-OIG ( <a href="mailto:Christopher.Sharpley@fhfa.gov">Christopher.Sharpley@fhfa.gov</a> )	
	Emerzian, Peter, Special Agent in Charge, Washington DC, FHFA-OIG ( <a href="mailto:Peter.Emerzian@fhfa.gov">Peter.Emerzian@fhfa.gov</a> )	
	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	<a href="mailto:cid_dec@hudoig.gov">cid_dec@hudoig.gov</a>	

Sharepoint: Burks\Ragland Sean\Final Debarment with Suspension Subject

CORRECTED (if checked)

COMBINED FOR ALL CLASSES

PAYER'S name, street address, city, state, ZIP code, and telephone no.  COLONIAL BANGROUP, INC. (THE) 100 COLONIAL BANK BOULEVARD MONTGOMERY, AL 36117			1a Total ordinary dividends	1b Qualified dividends	OMB No. 1545-0110  <b>2008</b>  SUBSTITUTE Form 1099-DIV
			\$ 76.00	\$ 76.00	
2a Total capital gain distr.	2b Unrecap. Sec. 1259 gain				
\$ .00	\$ .00				
PAYER'S Federal identification number (b) (7)(C)			2c Section 1202 gain \$ .00		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S identification number (b) (7)(C)			3 Nondividend distributions \$ .00		
RECIPIENT'S account number (b) (7)(C)			4 Federal income tax withheld \$ .00		
RECIPIENT'S name, address and ZIP code (b) (7)(C) TR UA 1/6/97 (b) (7)(C) TRUST (b) (7)(C) ST LEESBURG FL 34748-4235			5 Investment expenses \$ .00		
			6 Foreign tax paid \$ .00		
			7 Foreign country or U.S. possession \$		
			8 Cash liquidation distributions \$ .00		
			9 Non-cash liquidation distributions \$ .00		

Dividends and Distributions

Form 1099-DIV

Department of the Treasury - Internal Revenue Service

CONTINENTAL STOCK TRANSFER & TRUST COMPANY  
 17 BATTERY PLACE - 8TH FLOOR  
 NEW YORK, NY 10004

--	--	--	--	--	--	--	--	--	--

Bank Account Number:

--	--	--	--	--	--	--	--	--	--

Transit/Routing Number:

## Colonial BancGroup's Direct Deposit of Dividends

Eliminate the possibility of your dividend check being lost, stolen, or destroyed by having your check directly deposited into your personal bank account on the payment date.

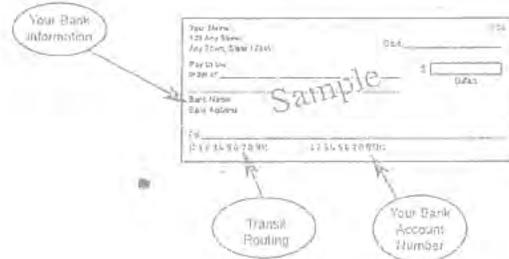
Account Number: (b) (7)(C)

Name: (b) (7)(C)

Account Type:  Checking  Savings

Transit/Routing Number:

Bank Account Number:



## Colonial BancGroup's Direct Deposit of Dividends

Eliminate the possibility of your dividend check being lost, stolen, or destroyed by having your check directly deposited into your personal bank account on the payment date.

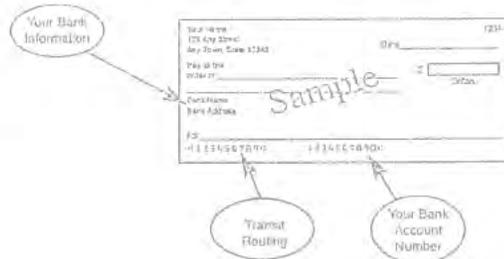
Account Number: (b) (7)(C)

Name: (b) (7)(C)

Account Type:  Checking  Savings

Transit/Routing Number:

Bank Account Number:



PAYABLE DATE 02/08/08	CHECK NUMBER (b) (7)(C)
ACCOUNT NUMBER (b) (7)(C)	TAXPAYER FEDERAL I.D. NUMBER
SHARES ON RECORD DATE 01/25/08 200	DIVIDEND RATE \$ 1.9000
CURRENT QUARTER	YEAR TO DATE
GROSS DIVIDEND AMOUNT 38.00	GROSS DIVIDEND AMOUNT 38.00
TAX WITHHELD .00	TAX WITHHELD .00
NET CHECK AMOUNT 38.00	NET CHECK AMOUNT 38.00

CONTINENTAL STOCK TRANSFER & TRUST COMPANY  
17 BATTERY PLACE - 8TH FLOOR  
NEW YORK, NY 10004

PAYABLE DATE 05/09/08	CHECK NUMBER (b) (7)(C)
ACCOUNT NUMBER (b) (7)(C)	TAXPAYER FEDERAL I.D. NUMBER
SHARES ON RECORD DATE 04/25/08 200	DIVIDEND RATE \$.09500
CURRENT QUARTER	YEAR TO DATE
GROSS DIVIDEND AMOUNT 19.00	GROSS DIVIDEND AMOUNT 57.00
TAX WITHHELD .00	TAX WITHHELD .00
NET CHECK AMOUNT 19.00	NET CHECK AMOUNT 57.00

CONTINENTAL STOCK TRANSFER & TRUST COMPANY  
17 BATTERY PLACE - 8TH FLOOR  
NEW YORK, NY 10004



Colonial BancGroup

003151

IMPORTANT TAX RETURN DOCUMENT ENCLOSED

(b) (7)(C) TR UA 1/6/97 (b) (7)(C) LIVING TRUST
LEESBURG FL 34748-4235

Computershare

Computershare Shareholder Services Inc
250 Royal Street
Canton Massachusetts 02021

Within the US, Canada & Puerto Rico 800 485 1893
Outside the US, Canada & Puerto Rico 312 360 5181
www.computershare.com

Holder Account Number
(b) (7)(C)

Co.ID
CNB

Recipient's ID No.
Payer's Federal ID No.

(b) (7)(C)

\*Uncertified accounts are subject to withholding taxes on dividend payments and sales proceeds.

Instructions for Recipients

Account Number: May show an account or other unique number the payer assigned to distinguish your account.

Box 1a: Shows total ordinary dividends that are taxable. Includes this amount on line 9a of Form 1041 or 1040A. Also, report it on Schedule B (Form 1040) or Schedule 1 (Form 1040A), if required. The amount shown may be a distribution from an employee stock ownership plan (ESOP). Report it as a dividend on your Form 1041/1040A, but treat it as a plan distribution, not as investment income, for any other purpose.

Box 1b: Shows the portion of the amount in box 1a that may be eligible for the 15% or 0% capital gains rates. See the Form 1041/1040A instructions for how to determine this amount. Report the eligible amount on line 9b, Form 1040 or 1040A.

Box 2a: Shows total capital gain distributions (long-term) from a regulated investment company or real estate investment trust. Report the amounts shown in box 2a on Schedule D (Form 1040), line 13. But, if no amount is shown in boxes 2a-2d and your only capital gains and losses are capital gain distributions, you may be able to report the amounts shown in box 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than Schedule D. See the Form 1040/1040A instructions.

Box 2b: Shows the portion of the amount in box 2a that is unrecaptured section 1250 gain from certain depreciable real property. Report this amount on the Unrecaptured Section 1250 Gain Worksheet - Line 19 in the Schedule D instructions (Form 1040).

Box 2c: Shows the portion of the amount in box 2a that is section 1202 gain from certain small business stock that may be subject to a 50% exclusion. See the Schedule D (Form 1040) instructions.

Box 2d: Shows 28% rate gain from sales or exchanges of collectibles. If required, use this amount when completing the 28% Rate Gain Worksheet- Line 18 in the instructions for Schedule D (Form 1040).

Box 3: Shows the part of the distribution that is nontaxable because it is a return of your cost (or other basis). You must reduce your cost (or other basis) by this amount for figuring gain or loss when you sell your stock. But if you get back all your cost (or other basis), report future distributions as capital gains. See Pub. 550, Investment Income and Expenses.

Box 4: Shows backup withholding. For example, a payer must backup withhold on certain payments at the applicable rate if you did not give your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

Box 5: Shows your share of expenses of a nonpublicly offered regulated investment company, generally a nonpublicly offered mutual fund. If you file Form 1040, you may deduct these expenses on the "Other expenses" line on Schedule A (Form 1040) subject to the 2% limit. This amount is included in box 1a.

Box 6: Shows the foreign tax you may be able to claim as a deduction or a credit on Form 1040. See the Form 1040 instructions.

Boxes 8 and 9: Shows cash and noncash liquidation distributions.

Nominees: If this form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-DIV with the IRS for each of the other owners to show their share of the income, and you must furnish a Form 1099-DIV to each. A husband or wife is not required to file a nominee return to show amounts owned by the other. See the 2006 General Instructions for Forms 1041, 1099, 5498, and W-2G.

141 UDR

DOMLTD



Colonial BancGroup

PAYER'S name, street address, city, state, and ZIP code
COLONIAL BANCGROUP INC
C/O COMPUTERSHARE
P.O. BOX 43010
PROVIDENCE RI 02940-3010

RECIPIENT'S name, street address, city, state, ZIP code
(b) (7)(C) TR UA 1/6/97 (b) (7)(C) LIVING TRUST
LEESBURG FL 34748-4235

Table with 8 columns: CORRECTED (if checked), Dividends and Distributions, and 8 rows of financial data including Total ordinary dividends, Total capital gain dist, Section 1202 gain, Nondividend distributions, Investment expenses, Foreign country or U.S. possession, Noncash liquidation distributions, and Recipient's identification number.

OMB No. 1545-0110

2006

Form 1099-DIV

Copy B
For Recipient

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.



Colonial BancGroup

IMPORTANT TAX RETURN DOCUMENT ENCLOSED

002890

(b) (7)(C) R UA 1/6/97 (b) (7)(C) LIVING

TRUST

(b) (7)(C)

LEESBURG FL 34748-4235



Computershare



Computershare  
250 Royal Street

Canton Massachusetts 02021

Within the US, Canada & Puerto Rico 800 568 3476

Outside the US, Canada & Puerto Rico 312 360 5181

www.computershare.com/investor

Holder Account Number

(b) (7)(C)

Co.ID

CNB

Recipient's ID No.

(b) (7)(C)

Payer's Federal ID No.

Uncertified accounts are subject to withholding taxes on dividend payments and sales proceeds.

Instructions for Recipients

Account Number: May show an account or other unique number the payer assigned to distinguish your account.

Box 1a: Shows total ordinary dividends that are taxable. Include this amount on line 9a of Form 1040 or 1040A. Also, report it on Schedule B (Form 1040) or Schedule 1 (Form 1040A), if required. The amount shown may be a distribution from an employee stock ownership plan (ESOP). Report it as a dividend on your Form 1040/1040A, not treat it as a plan distribution, not as investment income, for any other purpose.

Box 1b: Shows the portion of the amount in box 1a that may be eligible for the 15% or 5% capital gains rates. See the Form 1040/1040A instructions for how to determine this amount. Report the eligible amount on line 9b, Form 1040 or 1040A.

Box 2a: Shows total capital gain distributions (long-term) from a regulated investment company or real estate investment trust. Report the amounts shown in box 2a on Schedule D (Form 1040), line 13. But, if no amount is shown in boxes 2c-2d and you only report capital gains and losses and capital gain distributions, you may be able to report the amount shown in box 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than Schedule D. See the Form 1040/1040A instructions.

Box 2b: Shows the portion of the amount in box 2a that is unrecaptured section 1250 gain from certain depreciable real property. Report this amount on the Unrecaptured Section 1250 Gain Worksheet - Line 19 in the Schedule D instructions (Form 1040).

Box 2c: Shows the portion of the amount in box 2a that is section 1202 gain from certain small business stock that may be subject to a 50% exclusion. See the Schedule D (Form 1040) instructions.

Box 2d: Shows 28% rate gain from sales or exchanges of collectibles. If required, use this amount when completing the 28% Rate Gain Worksheet - Line 18 in the instructions for Schedule D (Form 1040).

Box 3: Shows the part of the distribution that is nontaxable because it is a return of your cost (or other basis). You must reduce your cost (or other basis) by this amount for figuring gain or loss when you sell your stock. But if you get back all your cost (or other basis), report future distributions as capital gains. See Pub. 550, Investment Income and Expenses.

Box 4: Shows backup withholding. For example, a payer must backup withhold on certain payments at the applicable rate if you did not give your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

Box 5: Shows your share of expenses of a nonpublicly offered regulated investment company, generally a nonpublicly offered mutual fund. If you file Form 1040, you may deduct these expenses on the "Other expenses" line on Schedule A (Form 1040) subject to the 2% limit. This amount is included in box 1a.

Box 6: Shows the foreign tax you may be able to claim as a deduction or a credit on Form 1040. See the Form 1040 instructions.

Boxes 8 and 9: Shows cash and non-cash liquidation distributions.

Nominees: If this form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-DIV with the IRS for each of the other owners to show their share of the income, and you must furnish a Form 1099-DIV to each. A husband or wife is not required to file a nominee return to show amounts owned by the other. See the 2007 General Instructions for Forms 1099, 1098, 5498, and W-2G.

188UDR

000000



Colonial BancGroup

PAYER'S Federal identification number: 63-0661573

PAYER'S name, street address, city, state, and ZIP code:

COLONIAL BANCGROUP INC  
C/O COMPUTERSHARE  
P.O. BOX 43010  
PROVIDENCE RI 02940-3010

RECIPIENT'S identification number: (b) (7)(C)

Account number (see instructions):

RECIPIENT'S name, street address, city, state, ZIP code:

(b) (7)(C) R UA 1/6/97 (b) (7)(C) LIVING

TRUST

(b) (7)(C)  
LEESBURG FL 34748-4235

CORRECTED (if checked)

Dividends and Distributions

OMB No. 1545-0110

2007

Form 1099-DIV

Copy B  
For Recipient

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

1a Total ordinary dividends	1b Qualified dividends
\$ 150.00	\$ 150.00
2a Total capital gain distr.	2b Unrecap. Sec. 1250 gain
\$ 0.00	\$ 0.00
2c Section 1202 gain	2d Collectibles (28%) gain
\$ 0.00	\$ 0.00
3 Nondividend distributions	4 Federal income tax withheld
\$ 0.00	\$ 0.00
5 Investment expenses	6 Foreign tax paid
\$ 0.00	\$
7 Foreign country or U.S. possession	8 Cash liquidation distributions
	\$ 0.00

The reportable amounts above include the following additional income:

Company Paid Fees	Company Paid Service Charges
\$	\$
Discount on Reinvestment	
\$	

Combined Tax Statement For Calendar Year 2005

Form 1099-DIV OMB No. 1545-0110

Dividends and Distributions

COLONIAL BANCGROUP, INC.  
C/O P. O. BOX 4625  
ATLANTA, GA 30302

RECIPIENT'S name, address and ZIP code

(b) (7)(C) TR U/A 1/6/97  
(b) (7)(C) LIVING TRUST  
LEESBURG FL 34748-4235

PAYER'S Federal identification number (b) (7)(C)		Please verify the accuracy of the taxpayer identification number below. The IRS can assess penalties for incorrect information.	
Customer Service phone number (b) (7)(C)		RECIPIENT'S taxpayer identification number (b) (7)(C)	
Account number (b) (7)(C)	Account type DIVIDENDS	IRS Description	Amount
		TOTAL ORDINARY DIVIDENDS 1A	61.00
		QUALIFIED DIVIDENDS 1B	61.00

**Instructions to Recipients**  
 Account number. May show an account or other unique number the payer assigned to distinguish your account.  
**Box 1a.** Shows total ordinary dividends that are taxable. Include this amount on line 9a of Form 1040 or 1040A. Also, report it on Schedule B (Form 1040) or Schedule 1 (Form 1040A), if required.  
 The amount shown may be a distribution from an employee stock ownership plan (ESOP). Report it as a dividend on your Form 1040/1040A but treat it as a plan distribution, not as investment income, for any other purpose.  
**Box 1b.** Shows the portion of the amount in box 1a that may be eligible for the 15% or 5% capital gains rates. See the Form 1040/1040A instructions for how to determine this amount. Report the eligible amount on line 9b, Form 1040 or 1040A.  
**Box 2a.** Shows total capital gain distributions (long-term) from a regulated investment company or real estate investment trust. Report the amounts shown in box 2a on Schedule D (Form 1040), line 13. But, if no amount is shown in boxes 2c-2d and your only capital gains and losses are capital gain distributions, you may be able to report the amounts shown in box 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than Schedule D. See the Form 1040/1040A instructions.  
**Box 2b.** Shows the portion of the amount in box 2a that is unrecaptured section 1250 gain from certain depreciable real property. Report this amount on the Unrecaptured Section 1250 Gain Worksheet-Line 19 in the Schedule D instructions (Form 1040).  
**Box 2c.** Shows the portion of the amount in box 2a that is section 1222 gain from certain small business stock that may be subject to a 50% exclusion. See the Schedule D (Form 1040) instructions.  
**Box 2d.** Shows 28% rate gain from sales or exchanges of collectibles. If required, use this amount when completing the 28% Rate Gain Worksheet-Line 18 in the instructions for Schedule D (Form 1040).  
**Box 3.** Shows the part of the distribution that is nontaxable because it is a return of your cost (or other basis). You must reduce your cost (or other basis) by this amount for figuring gain or loss when you sell your stock. But if you get back all your cost (or other basis), report future distributions as capital gains. See Pub. 550, Investment Income and Expenses.  
**Box 4.** Shows backup withholding. For example, a payer must backup withhold on certain payments at a 28% rate if you did not give your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.  
**Box 5.** Shows your share of expenses of a nonpublicly offered regulated investment company, generally a nonpublicly offered mutual fund. If you file Form 1040, you may deduct these expenses on the "Other expenses" line on Schedule A (Form 1040) subject to the 2% limit. This amount is included in box 1a.  
**Box 6.** Shows the foreign tax you may be able to claim as a deduction or a credit on Form 1040. See the Form 1040 instructions.  
**Boxes 7 & 9.** Shows cash and noncash liquidation distributions.  
**Nominees.** If this form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-DIV with the IRS for each of the other owners to show their share of the income, and you must furnish a Form 1099-DIV to each. A husband or wife is not required to file a nominee return to show amounts owned by the other. See the 2005 General Instructions for Forms 1099, 1098, 6498, and W-2G.  
**Copy B For Recipient**  
 This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Combined Tax Statement For Calendar Year 2005  
 Form 1099-B OMB No. 1545-0715  
 Proceeds From Broker and Barter Exchange Transactions

COLONIAL BANCROUP, INC.  
 C/O P. O. BOX 4625  
 ATLANTA, GA 30302

RECIPIENT'S name, address and ZIP code

(b) (7)(C) TR U/A 1/6/97  
 (b) (7)(C) LIVING TRUST  
 LEESBURG FL 34748-4235

PAYER'S Federal identification number (b) (7)(C)		Please verify the accuracy of the taxpayer identification number below. The IRS can assess penalties for incorrect information.		
Customer Service phone number (b) (7)(C)		RECIPIENT'S taxpayer identification number (b) (7)(C)		
Account number	Account type	IRS description	IRS Box#	Amount

000000000024575 LIQUIDATIONS STOCKS, BONDS, ETC 2 1632.14  
 BOX 2 GROSS PROCEEDS REPORTED TO IRS  
 05/18/2005 DATE OF SALE OR EXCHANGE 1A  
 CUSIP NUMBER 19549FF01 1B  
 LIQUIDATION 7

**Instructions for Recipient**  
 Brokers and barter exchanges must report proceeds from transactions to you and the IRS on Form 1099-B by January 31 of the year following the calendar year of the transaction. Reporting is also required when your broker knows or has reason to know that a corporation in which you own stock has had a change in control or a substantial change in capital structure. You may be required to recognize gain from the receipt of cash, stock, or other property that was exchanged for the corporation's stock. If your broker reported this type of transaction to you, the corporation is identified in the box below your name and address on Form 1099-B.

**Account number.** May show an account or other unique number the payer assigned to distinguish your account.

**Box 1a.** Shows the trade date of the transaction. For aggregate reporting, no entry will be present.  
**Box 1b.** For broker transactions, may show the CUSIP (Committee on Uniform Security Identification Procedures) number of the item reported.  
**Box 2.** Shows the aggregate proceeds from transactions involving stocks, bonds, other debt obligations, commodities, or forward contracts. Losses on forward contracts and changes in control or substantial change in capital structure are shown in parentheses. This box does not include proceeds from regulated futures contracts. The broker must indicate whether gross proceeds or gross proceeds less commissions and option premiums were reported to the IRS. Report this amount on Schedule D (Form 1040), Capital Gains and Losses. However, if box 12 is checked, you cannot take a loss on your tax return based on gross proceeds from an acquisition of control or substantial change in capital structure reported in box 2. Do not report this loss on Schedule D (Form 1040). The broker should advise you of any losses on a separate statement.  
**Box 3.** Shows the cash you received, the fair market value of any property or services you received, and/or the fair market value of any trade credits or scrip credited to your account by a barter exchange. See Pub. 525, Taxable and Nontaxable Income, for information on how to report this income.  
**Box 4.** Shows backup withholding. Generally, a payer must backup withhold at a 28% rate if you did not furnish your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.  
**Box 5.** Shows the number of shares of the corporation's stock that you held which were exchanged in the change in control or substantial change in capital structure.  
**Box 6.** Shows the class or classes of the corporation's stock that were exchanged in the change in control or substantial change in capital structure.  
**Box 7.** Shows a brief description of the item or service for which the proceeds or bartering income is being reported. For regulated futures contracts and forward contracts, "RFC" or other appropriate description may be shown.  
**Regulated Futures Contracts:**  
**Box 8.** Shows the profit or (loss) realized on regulated futures or foreign currency contracts closed during 2005.  
**Box 9.** Shows any year-end adjustment to the profit or (loss) shown in box 8 due to open contracts on December 31, 2004.  
**Box 10.** Shows the unrealized profit or (loss) on open contracts held in your account on December 31, 2005. These are considered sold as of that date. This will become an adjustment reported in box 9 in 2006.  
**Box 11.** Boxes 8, 9, and 10 are all used to figure the aggregate profit or (loss) on regulated futures or foreign currency contracts for the year. Include this amount on your 2005 Form 6781.

Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	Federal income tax withheld
	. 00

CORRECTED (if checked)

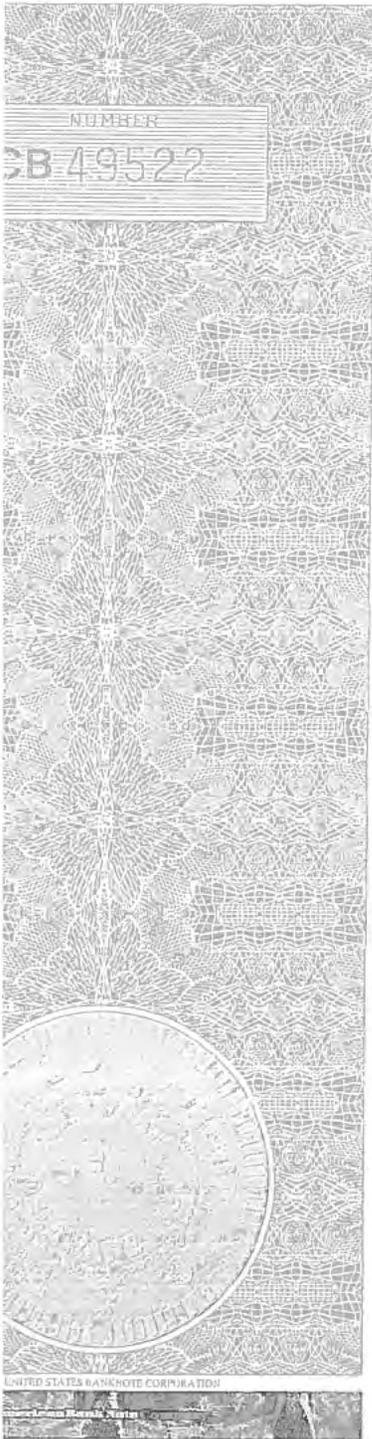
PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>FFLC BANCORP INC.</b> <b>COMMON</b> <b>10 COMMERCE DRIVE</b> <b>CRANFORD NJ 07016-3572</b>  <b>TELEPHONE # 1-800-368-5948</b>		1a Total ordinary dividends \$ 38.81	OMB No. 1545-0110  <b>2005</b> Form 1099-DIV	<b>Dividends and Distributions</b>  <b>Copy B</b> <b>For Recipient</b>
PAYER'S Federal identification number <b>(b) (7)(C)</b>		1b Qualified dividends \$ 38.81	2b Unrecap. Sec. 1250 gain \$	
RECIPIENT'S name <b>(b) (7)(C) TRUSTEE</b> <b>LIVING TRUST</b> <b>1/A DTD 1/6/97</b> <b>(b) (7)(C)</b> <b>LEESBURG FL 34748 4235</b>		2a Section 1202 gain \$	2d Collectibles (28%) gain \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Account number (see instructions) <b>(b) (7)(C)</b>		3 Nondividend distributions \$	4 Federal income tax withheld \$	
		5 Investment expenses \$	6 Foreign tax paid \$	
		7 Foreign country or U.S. possession \$	8 Cash liquidation distributions \$	
		9 Noncash liquidation distributions \$		

Form 1099-DIV

(keep for your records)

Department of the Treasury - Internal Revenue Service

3439



COMMON STOCK

GB 00010522



COLB



COMMON STOCK  
090041404

SHARES

PAR VALUE \$2.50 PER SHARE

SEE REVERSE FOR CERTAIN  
DEFINITIONS AND TERMS

CUSIP 195493 30 9

THIS CERTIFICATE IS TRANSFERABLE  
IN THE CITIES OF NEW YORK OR ATLANTA

The Colonial BancGroup, Inc.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS IS TO CERTIFY THAT

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

TRUSTEE  
TRUSTEE

XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX

IS THE OWNER OF

\*TWO HUNDRED\*

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

*The Colonial BancGroup, Inc. transferable on the books of said Company in person or by Attorney on  
the surrender of this certificate properly endorsed.*

*This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.*

*Witness the seal of said Company and the signatures of its duly authorized Officers.*

Dated MAY 18, 2005

COUNTERSIGNED AND REGISTERED  
SUNTRUST BANK

TRANSFER AGENT  
AND REGISTRAR

BY (b) (7)(C)

(b) (7)(C)

AUTHORIZED SIGNATURE

SECRETARY

CHAIRMAN OF THE BOARD

**(b) (7)(C)**

Port St Lucie , Florida 34953-8201

Tel: **(b) (7)(C)** ~ Email: **(b) (7)(C)**

Tuesday, 19 July, 2011

Attn: **(b) (7)(C)**

Department of Justice

Fax 202-445-2075

Dear Ms. **(b) (7)(C)**

Per our telephone conversation,

I am faxing confirmation of the number of shares we held in Colonial Bank,

My name, **(b) (7)(C)** I held 1,296 shares..

My husband, **(b) (7)(C)**, held 2,593 shares...

and then jointly we held 1,142 shares...

Hope this is helpful, thank you for your assistance in this,

Sincerely,

**(b) (7)(C)**



## COLONIAL BANK

Dear Great Southern Bank Customer:

We are pleased to announce that on July 1, 1997, Great Southern Bank merged with Colonial Bank, a subsidiary of Colonial BancGroup of Montgomery, Alabama. As a member of the Colonial Bank family, you will have access to a broad array of products and services, including computer and telephone banking. Bob Stock, Russell Greene and Gerry Martens will continue to oversee operations in Palm Beach County. You will see the Great Southern Bank signs change to Colonial Bank, but we plan to operate as your community bank, as we have done in the past. Colonial Bank has been called a super community bank because of its philosophy of local boards and management who continue to stay in touch with their communities and customers.

With assets of \$6 billion, Colonial Bank has 171 banking offices in Alabama, Florida, Tennessee as well as Georgia. Look for more offices in Florida as Colonial Bank continues to expand. With the addition of Great Southern Bank, Colonial Bank now has 46 branches in Florida to serve you.

It is our pleasure to welcome you to Colonial Bank. If you have any questions, please feel free to call your local office. We invite you to stop by any of our locations to learn how you can become a part of the Colonial Connection, your connection to the people, products and services of Colonial Bank.

Sincerely,

**(b) (7)(C)**

Robert E. Lowder  
Chairman, President and CEO  
Colonial BancGroup

**(b) (7)(C)**

**(b) (7)(C)**

Chairman  
Colonial Bank  
Palm Beach

**(b) (7)(C)**

**(b) (7)(C)**

President  
Colonial Bank  
Palm Beach

An Affiliate of Colonial BancGroup, Inc.  
2000 Palm Beach Lakes Boulevard, West Palm Beach, Florida 33409  
P.O. Box 3305, West Palm Beach, Florida 33402-3305  
Telephone 561/683-1600/Fax 561/683-4532  
<http://www.colonialbank.com>

AN EQUAL OPPORTUNITY EMPLOYER

**Stock Transfer Department**  
P.O. Box 4625  
Atlanta, Georgia 30302-4625

**(b) (7)(C)**

HOBE SOUND FL 33475-1999

08/13/97

RE: Securities Transfer Of COLONIAL BANCGROUP, INC. COMMON  
Our Reference Number: 13068

We enclose the following securities of the above mentioned issue which are being shipped fully insured by First Class Mail:

	<u>Certificate(s)</u>	<u>Shares</u>
CB	<b>(b) (7)(C)</b> CB <b>(b) (7)(C)</b>	2,593

Sincerely,

Stock Transfer Department

The securities enclosed have been issued in accordance with instructions received by us. They are sent by First Class Mail and are insured for their full replacement value. Please check these securities promptly and notify us of any irregularity.

Stock Transfer Department  
P.O. Box 4625  
Atlanta, Georgia 30302-4625

(b) (7)(C)

HOBE SOUND FL 33475-1999

08/13/97

RE: Securities Transfer Of COLONIAL BANCGROUP, INC. COMMON  
Our Reference Number: 13088

We enclose the following securities of the above mentioned issue which are being shipped fully insured by First Class Mail:

	<u>Certificate(s)</u>	<u>Shares</u>
CB	(b) (7)(C) CB (b) (7)(C)	1,296

Sincerely,

Stock Transfer Department

The securities enclosed have been issued in accordance with instructions received by us. They are sent by First Class Mail and are insured for their full replacement value. Please check these securities promptly and notify us of any irregularity.

Stock Transfer Department  
P.O. Box 4625  
Atlanta, Georgia 30302-4625

(b) (7)(C) &  
JT TEN

HOBE SOUND FL 33475-1999

08/13/97

RE: Securities Transfer Of COLONIAL BANGROUP, INC. COMMON

Our Reference Number: 13088

We enclose the following securities of the above mentioned issue which are being shipped fully insured by First Class Mail:

	<u>Certificate(s)</u>	<u>Shares</u>
CB	(b) (7)(C) CB (b) (7)(C)	1,142

Sincerely,

Stock Transfer Department

The securities enclosed have been issued in accordance with instructions received by us. They are sent by First Class Mail and are insured for their full replacement value. Please check these securities promptly and notify us of any irregularity.

AUTOMATIC COVER SHEET

DATE : JUL-19-2011 01:25 PM  
TO :  
FAX # :  
FROM :  
FAX # : (b) (7)(C)

(b) (7)(C)

(b) (7)(C)

Hollywood, Florida 33312

July 20, 2011

Ms. (b) (7)(C)

Special Agent

Office of Investigations

FHFA Office of Inspector General

RE: Colonial Stock – FARKAS Number 1:10 –CR-200

Dear Ms. (b) (7)(C)

Attached you will find a copy of the monthly statement from Wells Fargo Bank, NA showing a loss of \$ 149,388.61 in my account related to Colonial Bank.

In addition I have 53,906 shares issued by Colonial Bank when they bought my interest in Palm Beach National Bank of Palm Beach, Florida. I have stock certificates, letters, etc. verifying my ownership, but due to my travel schedule, I will not be able to get you copies until mid August.

If additional information is needed, please contact me at (b) (7)(C)

Sincerely,

(b) (7)(C)



To (b) (7)(C) c (b) (7)(C)

(b) (7)(C) I E-MAIL THE LT.

(b) (7)(C)

(b) (7)(C)

JUNE 1 - JUNE 30, 2011  
ACCOUNT NUMBER: (b) (7)(C)

Additional information

(b) (7)(C)



(b) (7)(C)

JUNE 1 - JUNE 30, 2011  
ACCOUNT NUMBER: (b) (7)(C)



**Stocks, options & ETFs**  
**Stocks and ETFs continued**

ESTIMATED

(b) (7) (C)

P. 2/2

TD:12024452075

JUL-21-2011 08:27 FROM:



COMMON STOCK



THIS CERTIFICATE IS TRANSFERABLE  
IN THE CITIES OF NEW YORK OR ATLANTA



COMMON STOCK

SHARES
*****24405*

PAR VALUE \$2.50 PER SHARE

SEE REVERSE FOR CERTAIN  
DEFINITIONS AND TERMS

CUSIP (b) (7)(C)

# The Colonial BancGroup, Inc.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFICATE IS TRANSFERABLE TO THE ORDER OF  
**(b) (7)(C)**  
DATE OF ISSUE: 1998

\*\*\*\*\*24405\*\*\*\*\*  
\*\*\*\*\*24405\*\*\*\*\*  
\*\*\*\*\*24405\*\*\*\*\*  
\*\*\*\*\*24405\*\*\*\*\*  
\*\*\*\*\*24405\*\*\*\*\*

IS THE OWNER OF **\*\*\*\*\* TWO THOUSAND FOUR HUNDRED FORTY \*\*\*\*\***

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

*The Colonial BancGroup, Inc. transferable on the books of said Company in person or by Attorney on the surrender of this certificate properly endorsed.*

*This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.*

*Witness the seal of said Company and the signatures of its duly authorized Officers.*

Dated AUG 14, 1998

COUNTERSIGNED AND REGISTERED:  
SUNTRUST BANK, ATLANTA

BY

**(b) (7)(C)** TRANSFER AGENT  
AND REGISTRAR

AUTHORIZED SIGNATURE

**(b) (7)(C)**

SECRETARY

CHAIRMAN OF THE BOARD

BER  
492



SUNTRUST BANK, ATLANTA, GA

INCORPORATED IN GEORGIA



ORIDA STOCKS

Table of stock prices for various Florida companies, including titles like 'ORIDA STOCKS', 'MARKET DIARY', and 'PERCENT LOSERS'. Columns include stock name, price, and change.

RK STOCK EXCHANGE

Table of stock prices from the RK Stock Exchange, listing various securities and their current market values.

DOW JONES AVERAGES

Summary table of Dow Jones averages for NYSE, AMEX, and NASDAQ, including indices for percent gainers and losers.

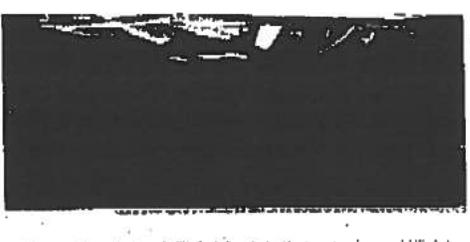


Table titled 'DOW JONES BONDS' listing various bond issues, their yields, and other financial metrics.

Table titled 'FOREIGN INDEXES' showing the performance of major international stock markets.

Table titled 'NASDAQ' listing individual stock prices and their daily changes.

Table titled 'NYSE' listing individual stock prices and their daily changes.

CORRECTED (if checked)

COMBINED FOR ALL CLASSES

OWNER'S name, street address, city, state, ZIP code, and telephone no.

COLONIAL BANCGROUP, INC. (THE)  
100 COLONIAL BANK BOULEVARD  
MONTGOMERY, AL 36117

1a Total ordinary dividends \$ 1,854.40	1b Qualified dividends \$ 1,854.40	OMB No. 1545-0110 <b>2008</b> SUBSTITUTE Form 1099-DIV
2a Total capital gain dist. \$ .00	2b Unrec. Sec. 1202 gain \$ .00	

Dividends and Distributions

212-609-4000 Ext. 208

(b) (7)(C)

(b) (7)(C)

DADE CITY FL 33525

2c Section 1202 gain \$ .00	2d Collectibles (28%) gain \$ .00
3 Nondividend distributions \$ .00	3a Additional income \$ .00
4 Federal income tax withheld \$ .00	5 Investment expenses \$ .00
6 Foreign tax paid \$ .00	7 Foreign country or U.S. possession \$
8 Cash liquidation distributions \$ .00	9 Non-cash liquidation distributions \$ .00

**Copy B  
For Recipient**  
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

1099-DIV

Department of the Treasury - Internal Revenue Service

93025  
(b)(7)(C)

(b)(7)(C)

# Federal Statements

3/22/2008 9:50 AM

## Form 1040, Line 8b - Tax-exempt Interest

Payer	Amount
HERITAGE CASH TRUST	\$ 993
Total	\$ 993

## Form 1040, Dividend Income

Payer	Ordinary Dividends	Qualified Dividends
COLONIAL BANCGROUP	\$ 3,660	\$ 3,660
METLIFE	65	65
Total	\$ 3,725	\$ 3,725

07/07/2007

ATTENTION: MR. (b) (7)(C) - P.S.R.  
P.S.R. Dept.  
Banc of America Investment Svs., Inc.  
P. O. Box 863  
Lincoln, R. I.  
02865

(b) (7)(C) - SUCCESSOR TRUSTEE  
(b) (7)(C) FAMILY LIVING TRUST  
(b) (7)(C)  
Day City, Michigan  
48706 - 3196

Tel. 1 (b) (7)(C)

Dear Mr. (b) (7)(C)

In re. : existing Trust Brokerage at B. of A. Inv. Svs. Account No (b) (7)(C)  
( (b) (7)(C) FAMILY LIVING TRUST U/A 3/23/79. )

This letter is in confirmation of our telephone conversations of 07/06/07 (and previously) regarding the above Account. We are in receipt of your letter dated June 26th, 2007.

I am (b) (7)(C) - Successor Trustee of the above mentioned Account. The Certificate of Trust Existence And Authority for same, and my credentials are enclosed. Per our recent conversation, I am sorry to have to notify you of the death of my (b) (7)(C) ( the previous Trustee) (Original Death Certificate enclosed). Please find herein documents of my mother's Resignation of Trust, and my Acceptance of Trust, as Successor Trustee of The (b) (7)(C) Family Living Trust U/A 3/23/79. The Account as of the last statement has a portfolio value of \$1,901.04, as cash and cash equivalents. We do not hold securities in "Street Name" as a mater of course, but rather take physical possession of the certificates - for long term holding here.

Now, as Trustee and sole Beneficiary of my mother's Estate (b) (7)(C) Family Living Trust U/A 3/23/79), it is my intention to maintain a Trust Brokerage Account at B. of A. Inv. Svs., Inc. To that end, I have requested, and you have furnished (as a first step), two B. of A. forms : 1. - "Brokerage Account Application" (4 pgs.) and 2. - "Trustee Certification of Investment Powers" (3 pgs.). Please find these two Forms filled out, signed and enclosed.

Should you have any questions, contact me promptly by phone or by mail.

Once my Trusteeship has been established for this Account, it is my intention (as I stated to you), to "pour" the valuation of (b) (7)(C) into a new B. of A. Trust Brokerage Account I will open shortly under my own trust's ( (b) (7)(C) trust ) name, and close the first Trust's account.

Thank you for your assistance in this matter.

Sincerely,

(b) (7)(C)

*Successor Trustee*

(b) (7)(C) - SUCCESSOR TRUSTEE  
(b) (7)(C) FAMILY LIVING TRUST  
U/A 3/23/79.

*07/07/07*

enclosures.

(b) (7)(C) / TRUST  
ESTABLISH  
OWNERSHIP of  
4206 SHRS. of  
(CNB) "THE ORIGINAL  
EXISTING SHRS."



**3**  
**Account settlement and dividend handling**

**Note:** If you are establishing a MRA or MMA, skip this section; this section will be disregarded if establishing either of these accounts.

Select one option for the automatic settlement of your trades and payment of your dividends and interest. If no box is checked, your funds will be invested in Columbia Cash Reserves.

- Option 1 money market mutual fund:**  
You should obtain and read a prospectus before investing. (select one)
- Columbia Cash Reserves NSHXX
  - Columbia Municipal Reserves NMDXX
  - Columbia Treasury Reserves NDLXX
  - Columbia Government Reserves NRDX
  - Columbia California Tax Exempt Reserves (California Only) NADXX

**Optional feature for use with money market mutual fund sweep:** The following Bank of America checking or savings account may be used to move cash into or out of your brokerage account when directed by you.

Checking  Savings

XXXXXXXXXXXXXXXXXXXX  
Account number

XXXXXXXXXXXXXXXXXXXX  
Bank routing number

XXXX  
State

**Option 2 Bank of America account:**  Checking  Savings

XXXXXXXXXXXXXXXXXXXX  
Account number

XXXXXXXXXXXXXXXXXXXX  
Bank routing number

XXXX  
State

**4**  
**Financial information**

**Note:** Banc of America Investment Services, Inc. is required by industry regulations to obtain the following information. In order to open an account, all financial information is required.

- What is your marital status?  Single  Married Enter your number of dependents
- When, if ever, did you first start investing in each of the following? Enter the year you first invested in each of the following, for example 1974. If this is your first investment in any category, please enter the current year. If you have never invested in any category, please indicate N/A.
 

1975	XXXXXX	XXXXXX	XXXXXX	XXXXXXXXXX
Stocks	Bonds	Mutual funds	Options	Other
- Prioritize your investment objectives in order of importance from 1 to 5. If an objective does not apply please indicate N/A.
 

1	2	3	4	XXXXXX
Preservation	Income	Appreciation	Speculation	Other
- How would you describe your initial portfolio risk tolerance? (check one)  Conservative  Moderate  Aggressive
- Select your initial portfolio time horizon. (check one)  Short (0 - 5 years)  Intermediate (6 - 10 years)  Long (over 10 years)
- Annual income for primary holder. \$ 20,000.00 plus  
Amount
- Annual income for additional holder. \$ 20,000.00 plus  
Amount
- Household net worth. \$ 100,000.00 plus  
Amount
- Describe source of net worth. INHERITANCE
- Approximate investable assets (primary + additional account holders) \$ 200,000 plus  
Amount
- What is the primary account holder's estimated federal tax bracket?  15% or below  25% to 27.5%  Above 27.5%

**Primary Holder**

Source of income/revenue:  Employment  Inheritance/Trust  Retirement income  Investment income  Social Security  Other XXXXXXXXXX

Provide additional details on income/revenue.

**Additional Holder**

Source of income/revenue:  Employment  Inheritance/Trust  Retirement income  Investment income  Social Security  Other XXXXXXXXXX

Provide additional details on income/revenue.

If a significant portion of your source of income/revenue/wealth is derived from a country other than the US, please list the country.

Are you a 25% owner of any of the following business types?  Arms and Munitions Dealers  Auctioneering  Brokers/Dealers in Securities  Car, Boat, or Plane Dealerships  Cash Intensive Businesses  Casinos & Card Clubs  Charitable Organizations (Non Profit Org)  Deposit or Loan Brokers  Import/Export Companies  Jewelry, Gem, & Precious Metal Dealers  Law and CPA Firms  Money Managers/Hedge Funds/Investment Companies  Money Services Businesses (MSBs)  Non-US/Offshore Banks  Pawn Brokers  Political Organizations  Private Investment Companies  Ship, Bus, or Plane Operators  Travel Agencies  Venture Capitalists/Real Estate Investment Managers

If a significant portion of your source of income/revenue/wealth is derived from a country other than the US, please list the country.

Are you a 25% owner of any of the following business types?  Arms and Munitions Dealers  Auctioneering  Brokers/Dealers in Securities  Car, Boat, or Plane Dealerships  Cash Intensive Businesses  Casinos & Card Clubs  Charitable Organizations (Non Profit Org)  Deposit or Loan Brokers  Import/Export Companies  Jewelry, Gem, & Precious Metal Dealers  Law and CPA Firms  Money Managers/Hedge Funds/Investment Companies  Money Services Businesses (MSBs)  Non-US/Offshore Banks  Pawn Brokers  Political Organizations  Private Investment Companies  Ship, Bus, or Plane Operators  Travel Agencies  Venture Capitalists/Real Estate Investment Managers

**5**  
**Account Level Information**

**Note:** Complete responses to these questions are required to open an account.

**Initial Funding and Purpose of Account**

Initial funding amount: \$1,901.04

Source of funds for initial investment:

- Salary
- Savings
- Investment
- Inheritance
- Family business
- Sale of real estate
- Sale of business
- Other (please explain) XXXXXXXXXX

Purpose of account:

- Cash flow for construction of home
- Children-school/education daily expenses
- Estate planning to provide for incapacity
- Family account for household expenses
- Investment account with transfers for expenses
- Long term investment-occasional transfer for expenses
- Professional asset management
- Savings for children education
- Savings for retirement
- Other (please explain) XXXXXXXXXX

**Purpose of business/entity account:**

Payroll account  
 Business Savings  
 Day to day operating expenses  
 Professional asset management  
 Long term investment performance  
 Cash flow management for RE property management  
 Management of RE property by bank  
 Other (please explain) N/A

**Source of initial funding for business/entity accounts (must provide details):**

Business Profits  
 Principal Owner Contributions  
 Business Commission  
 Business Client Contribution  
 Settlement Award  
 Sale of Assets  
 Non-profit Organization Donations  
 Loan/Credit Advance  
 Transfer from Deceased/Trustor  
 Other (please explain) N/A  
 Details \_\_\_\_\_

**Expected Level of Activity**

Monthly Deposits (including wires)		Monthly Withdrawals (including wires)		Expected Balance to be maintained in account:
# of Deposits	Dollar Amount	# of Withdrawals	Dollar Amount	
<input type="checkbox"/> 0	<input type="checkbox"/> \$0	<input type="checkbox"/> 0	<input type="checkbox"/> \$0	<input type="checkbox"/> \$0 - \$10,000
<input checked="" type="checkbox"/> 1-5	<input checked="" type="checkbox"/> \$1 - \$10,000	<input checked="" type="checkbox"/> 1-5	<input checked="" type="checkbox"/> \$1 - \$10,000	<input checked="" type="checkbox"/> \$10,001 - \$50,000
<input type="checkbox"/> 6-10	<input type="checkbox"/> \$10,001 - \$50,000	<input type="checkbox"/> 6-10	<input type="checkbox"/> \$10,001 - \$50,000	<input type="checkbox"/> \$50,001 - \$250,000
<input type="checkbox"/> 11-20	<input type="checkbox"/> \$50,001 - \$250,000	<input type="checkbox"/> 11-20	<input type="checkbox"/> \$50,001 - \$250,000	<input type="checkbox"/> \$250,001 - \$500,000
<input type="checkbox"/> >20	<input type="checkbox"/> \$250,001 - \$500,000	<input type="checkbox"/> >20	<input type="checkbox"/> \$250,001 - \$500,000	<input type="checkbox"/> \$500,001 - \$1,000,000
	<input type="checkbox"/> \$500,001 - \$1,000,000		<input type="checkbox"/> \$500,001 - \$1,000,000	<input type="checkbox"/> Greater than \$1,000,000
	<input type="checkbox"/> Greater than \$1,000,000		<input type="checkbox"/> Greater than \$1,000,000	

**# of Incoming Wires**  
 0  
 1-5  
 6-10  
 11-20  
 >20

**Select origin of expected wire activity:**  
 Domestic  
 >50% International  
 <50% International  
 List country of origin of International wires N/A

**# of Outgoing Wires**  
 0  
 1-5  
 6-10  
 11-20  
 >20

**Select destination of expected wire activity:**  
 Domestic  
 >50% International  
 <50% International  
 List country of destination of International wires N/A

**6 Affiliations**

**Note:** Complete responses to these questions are required to open an account.

Primary holder	Additional holder	Please answer the questions below.
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Are you employed by or related to an employee of Bank of America or any of its affiliates? <input type="checkbox"/> YES <input type="checkbox"/> NO Name: _____ Relationship: _____
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Are you a: <input type="checkbox"/> director <input type="checkbox"/> shareholder (10% or more) or <input type="checkbox"/> policy making officer of a publicly traded company? <input type="checkbox"/> YES <input type="checkbox"/> NO Name of company: _____ Exchange symbol: _____
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Are you affiliated with a: <input type="checkbox"/> stock exchange, <input type="checkbox"/> self-regulatory organization, <input type="checkbox"/> broker/dealer, <input type="checkbox"/> bank or <input type="checkbox"/> insurance company? If you selected one of the first three boxes above, please provide a letter from your employer authorizing the opening of an account with Banc of America Investment Services, Inc. <input type="checkbox"/> YES <input type="checkbox"/> NO Name of exchange or company: _____
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Are you, or any authorized signatories, beneficial owners, trustees, powers of attorney or other individuals with authority to effect transactions, a Politically Exposed Person (PEP) also known as Senior Non-U.S. Political Figure or a related person / close associate as defined in the following sentence? A PEP is defined as a current or former senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a PEP includes any corporation, business or other entity that has been formed by, or for the benefit of, a PEP; the immediate family of a PEP, including the official's parents, siblings, spouse, children and in-laws; or a close associate of a PEP, who is a person that is widely and publicly known to maintain a close relationship with the PEP, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the PEP. If yes, please complete the following information: Name of account holder this applies to: <u>N/A</u> Political official's name: <u>N/A</u> Current or former position: <u>N/A</u> Relationship to account holder(s): <u>N/A</u>

**7**  
Employment information

Note: Complete employment information is required to open an account.

**Primary holder**

(b) (7)(C) [Redacted] 1966  
Start date

RETIRED

Type of business and occupation (If retired, unemployed, or self-employed please specify current or former business line)

(former) MANUFACTURING

Employer address

CEASED BUSINESS

City State ZIP

**Additional holder**

(b) (7)(C) [Redacted] 1966  
Start date

RETIRED

Type of business and occupation (If retired, unemployed, or self-employed please specify current or former business line)

(former) MANUFACTURING

Employer address

CEASED BUSINESS

City State ZIP

**8**  
Handling options

**For duplicate confirmations and/or statements to be sent to an additional address, please complete the following.**

Duplicate confirmations  Duplicate statements

NO

Name

NO

Address City State ZIP

**Authorized agents (optional)**

If applicable, please complete this section and attach the necessary documentation.

BAI trading authorization (attach copy)

Limited authority  Full authority

Power of attorney (attach POA and POA certification)

NO

Name of authorized agent

**9**  
Disclosures and signature(s)

I/we acknowledge that I/we have received, read, understand and agree to the disclosures set forth in this application and the terms set forth in the separate Customer Agreement, and agree to be bound by such terms and conditions as are currently in effect and may be amended from time to time with or without prior notice. The agreement shall cover individually and collectively all accounts which I/we may open or reopen and shall inure to any successor (whether by merger, consolidation, assignments, transfers, or otherwise) to Banc of America Investment Services, Inc. I/we understand that telephone calls to Banc of America Investment Services, Inc., National Financial Services LLC and Bank of America may be recorded and I/we consent to such recording. All securities and other property now or hereafter held in the brokerage account of the undersigned may be pledged, replighted, hypothecated or rehypothecated, either separately or together with securities of other customers either for the amount due Banc of America Investment Services, Inc. or for a greater sum. Interest on debit balances will be charged and compounded in accordance with the Customer Agreement.

I/we acknowledge that information provided by me/us to Banc of America Investment Services, Inc. (whether on this application, verbally or otherwise) may be used to verify my/our identity. I/we acknowledge that you may share information regarding my activity with you among Bank of America affiliates. I/we also agree that you may share information which I/we have provided to you on applications or which you receive from outside sources among the Bank of America affiliates, provided that I/we may tell you that I/we prefer that you do not share this information as provided in the Customer Agreement. I/we acknowledge that by signing below, Bank of America and its affiliates may transmit information about me to its brokerage affiliate, Banc of America Investment Services, Inc.

Under the penalties of perjury, I certify that (1) the number shown on this application is my correct taxpayer identification number and (2) I am exempt from back-up withholding or I have not been notified by the IRS that I am subject to back-up withholding as a result of failure to report all interest and dividends, or the IRS notified me that I am no longer subject to back-up withholding and (3) I am a U.S. person (including a U.S. resident alien). Please note: If the IRS notified you that you are subject to back-up withholding because of underreporting (and notice has not been terminated by the IRS), please cross out statement (2) above.

Investment products are provided by Banc of America Investment Services, Inc.® and:

**Are Not FDIC Insured | May Lose Value | Are Not Bank Guaranteed**

Banc of America Investment Services, Inc. is a registered broker-dealer, member NASD and SIPC and a nonbank subsidiary of Bank of America, N.A. Banc of America Investment Services, Inc. is not a tax advisor. We suggest you consult your personal tax advisor before making tax-related investment decisions.

I/we understand that Section 16 on page 3 of the Customer Agreement contains a pre-dispute arbitration clause requiring all disputes under this agreement to be settled by binding arbitration. By signing below, I/we have received, read, understand and agree to such arbitration provisions and also acknowledge receiving a copy of the same.

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

(b) (7)(C) [Redacted] Successor Trustee 07/07/07  
Date (MM-DD-YYYY)

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Additional holder or trustee signature Date (MM-DD-YYYY)

(b) (7)(C) [Redacted] Successor Trustee 07/07/07  
Date (MM-DD-YYYY)

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Additional holder or trustee signature Date (MM-DD-YYYY)

Check here if you would prefer all account information and agreements be sent to each account holder's mailing address individually.

**Internal use only**

**Banc of America Investment Services, Inc.**

Premier  Private  Consumer

Registered rep signature \_\_\_\_\_ Date (MM-DD-YYYY) \_\_\_\_\_

Registered rep name (print) \_\_\_\_\_

Registered rep number \_\_\_\_\_

Referring associate name/REP NBR \_\_\_\_\_

Principal signature \_\_\_\_\_ Date (MM-DD-YYYY) \_\_\_\_\_

Brokerage Account Number (b) (7)(C)

Banc of America Investment Services, Inc.  
Bank of America, N.A.

Trustee Certification of Investment Powers

Use this form to establish, add or change trustee information on a trust account. Please complete all sections. The trustees authorized on this form will supersede any earlier designations. If there are any questions, please contact Banc of America Investment Services, Inc. ("BAI").

1 Trust Information

Name of Trust (Title to trust assets) (b) (7)(C) FAMILY LIVING TRUST U/A 3/23/79  
Street Address (b) (7)(C)  
City BAY CITY State MICHIGAN Zip 48706-3196  
Tax Identification Number of Trust (b) (7)(C) Date of Trust 3/23/1979  
Name of Trustor(s) (Grantor(s)) KARL P. SCHOEPPNER, Sr., and MARION K. SCHOEPPNER  
Trust is  Revocable by (b) (7)(C) - SUCCESSOR TRUSTEE  Trust is Irrevocable

2 Trustee(s)

To: BAI, Bank of America, N.A., their affiliates, and subsidiaries, and National Financial Services LLC ("NFS") (Collectively, "You")  
The undersigned certify that the trust indicated in Section 1 has the following trustees (attach an additional sheet of paper if necessary).

First Trustee  
First Name (b) (7)(C) Last Name SUCCESSOR TRUSTEE  
Street Address (b) (7)(C) City BAY CITY State MICHIGAN Zip 48706-3196  
Second Trustee  
First Name XXXXXXXXXXXXXXXXXXXXXXXXXXXX MI XXXXXX Last Name XXXXXXXXXXXXXXXXXXXX  
Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Third Trustee  
First Name XXXXXXXXXXXXXXXXXXXXXXXXXXXX MI XXXXXX Last Name XXXXXXXXXXXXXXXXXXXX  
Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

The names of the successor trustees, if any, are: NO  
In the event that the present trustee (or all of the present co-trustees) shall die or otherwise become unable to serve, You are authorized to accept orders and other instructions from the successor trustee(s) named above, or if none are named or the named successor trustee(s) is/are unable to serve, then from such successor trustee(s) as may be appointed by a court of competent jurisdiction. In either event, the authority of the successor trustee(s) and all of the present co-trustees to provide orders and other instructions will be subject to a new certification and all other necessary documentation being completed, received and approved You.

3 Authorized Individuals (other than trustee)

Subject to the necessary completed BAI documentation for each authorized individual being received and approved by You, You are authorized to accept orders and other instructions from those individuals or entities who are not trustees listed below (attach an additional sheet of paper if necessary). The trustees may delegate any/all investment powers, as indicated below. (One of the following boxes must be checked to delegate powers to a third party.) Note: Additional Paperwork is required.

Name (please print):  
NO \_\_\_\_\_  
XXXXXXXXXXXXXXXXXXXXXXXXX \_\_\_\_\_  
XXXXXXXXXXXXXXXXXXXXXXXXX \_\_\_\_\_  
 Powers are delegated under a limited authorization, which does not permit withdrawals of any kind. (A copy of the BAI Trading Authorization Form must be submitted and approved by You.)  
 Powers are delegated under a Power of Attorney ("POA"). (A copy of the durable Power of Attorney document and the BAI Power of Attorney Affidavit and Indemnification must be submitted and approved by You.)  
 Powers are delegated under a full authorization. (A copy of the BAI Trading Authorization Form must be submitted and approved by You.)

**1 Certification of Investment Powers**

The undersigned trustees, in their capacity as trustees and individually, certify and acknowledge the following:

- A. You have the authority to accept orders and other instructions relative to the trust account identified herein from those trustees listed in Section 2 and from those authorized individuals listed in Section 3, subject to the necessary completed documentation for each authorized individual being received and approved by You. You may rely on the authority of one or more of the successors without proof of their succession, and You have the authority to accept orders and other instructions relative to the trust account identified herein from those successor trustees listed in Section 2, subject to a new certification and all other necessary documentation being completed, received and approved You. The trustees listed in Section 2 may execute any documents on behalf of the trust that You may require. You are authorized to follow the instructions of any trustee or authorized individual of the trust and to deliver funds, securities, or any other assets in the brokerage account to any trustee, successor trustee or authorized individual's instructions, including delivering assets to a trustee, successor trustee or authorized individual personally. You may, in your sole discretion and for your sole protection require the written consent of any or all trustees, successor trustees or authorized individuals prior to acting upon any instructions.
- B. There are no other trustee(s) of the trust other than those listed in Section 2.
- C. We, the trustees, have the power under the Trust and applicable law to enter into the transactions and issue the instructions for this account. Such power may include, without limitation, the authority to buy, sell (including short sales), exchange, convert, tender, redeem and withdraw assets (including delivery of securities to and from the account) and to trade securities or otherwise (including the purchase and/or sales of option contracts) for and at the risk of the trust. We understand that the terms and conditions of all other account agreements applicable to this account will govern all orders and transactions and all transactions effected and instructions given on this account will be in full compliance with the trust and applicable law.  
Please check if the following is applicable:  
 Trustees do not have power to engage in margin trading.
- D. The Trust has not been revoked, modified, or amended in any manner, which would cause any representation contained in this certification of trust to be incorrect.
- E. We, the trustees, agree to inform You, in writing, of any change in the composition of the trustees, or any other event which could alter the certifications made above and acknowledge that this certification is being signed by all of the currently acting trustees of the trust. You may rely on the continued validity of this certification indefinitely absent actual receipt of such written notice.
- F. We, the trustees, agree that any information we give to You on this account will be subject to verification, and we authorize You to obtain a credit report about me (any of us) individually at any time. Upon written request, You will provide the name and address of the credit reporting agency used.
- G. We, the trustees, in our capacity as trustees, may grant a Power of Attorney to a third party, and we certify that we have the authority under the terms of the trust and applicable state law. We, the trustees, understand that this is a delegation of our fiduciary responsibilities under the trust. This delegation will be binding on the trust, all current and successor trustees and trust beneficiaries.
- H. We, the trustees, understand that BAI has entered into an agreement with NFS to execute and clear all brokerage transactions. We further understand that NFS does not undertake to review individual transactions or instructions but relies upon BAI's instruction and the certification and representation made to You hereunder.
- I. The name and address of each beneficiary named in the trust agreement is as follows (attach an additional sheet of paper if necessary):

First Beneficiary  
 First Name (b) (7)(C) SUCCESSOR TRUSTEE Last Name \_\_\_\_\_  
 Street Address \_\_\_\_\_ City BAY CITY State MICHIGAN Zip 48706-3196

Second Beneficiary  
 First Name XXXXXXXXXXXXXXXXXXXXXXXXXXXX MI XXXX Last Name XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
 Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Third Beneficiary  
 First Name XXXXXXXXXXXXXXXXXXXXXXXXXXXX MI XXXX Last Name XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
 Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

- J. We, the trustees, jointly and severally, in our capacities as trustees and individually, indemnify You and hold You harmless from any claim, loss, expense or other liability for relying on any representations or statements set forth in this certification and for effecting any transactions, and acting upon any instructions given by any, or all of, the trustees or the authorized individual(s).
- K. Should only one person execute this certification, it shall be a representation that the signer is the sole trustee. Where applicable, plural references in this certification shall be deemed singular.
- L. The trustee certification is being signed by all the currently acting trustees and is, where required by law, sworn and, subscribed to under penalty of perjury before a notary public.
- M. Section M is only applicable to Bank of America and BAI Money Manager Accounts and Master Relationship Accounts:

If the account is a Money Manager Account or Master Relationship Account with Bank of America and BAI, then the trustees represent that they or their delegee have the power to sign checks drawn on the account and otherwise to withdraw funds and assets (including by debit card or ATM card, if we desire and You agree to issue such a card for the account), and we have the power to endorse checks to the trust or otherwise for deposit into the account.

- N. Section N and all sub-sections are only applicable to the Consulting Services Selects® Sub-Advisory Program, Dual Contract Managed Account Program, Consulting Services Portfolio Strategies Managed™ Program and Consulting Services Portfolio Strategies™ Program:
1. If the account is a Consulting Services Selects® Sub-Advisory Program account, a Dual Contract Managed Account Program account, a Consulting Services Portfolio Strategies Managed™ Program account or a Consulting Services Portfolio Strategies™ Program account then the trustees represent that they have the power to delegate trading authorization to the Investment Advisors.
  2. We, the trustees, jointly and severally, in our capacities as trustees and individually, indemnify You, and any Investment Advisors and hold You, and any Investment Advisor harmless from any claim, loss, expense, or other liability for relying on any representations or statements set forth in this certification and for effecting any transactions, and acting upon any instructions given by any, or all of, the Investment Advisors. We, the trustees, certify that any and all transactions effected and instructions given on each of the separate accounts will be in full compliance with the trust and applicable law.

**Certified to You by all currently acting trustees**

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

(b) (7)(C) SUCCESSOR TRUSTEE 07/07/07  
 SUCCESSOR Date 07/07/07  
 TRUSTEE

State of \_\_\_\_\_  
 County of \_\_\_\_\_  
 Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

Notary Public (Notarization required in DE, IA, ID, KS, NE, NV, OK, TN & TX)

(b) (7)(C) SUCCESSOR TRUSTEE 07/07/07  
 SUCCESSOR Date 07/07/07  
 TRUSTEE

State of \_\_\_\_\_  
 County of \_\_\_\_\_  
 Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

Notary Public (Notarization required in DE, IA, ID, KS, NE, NV, OK, TN & TX)

~~Trustee \_\_\_\_\_ Date \_\_\_\_\_  
 State of \_\_\_\_\_  
 County of \_\_\_\_\_  
 Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_~~

Notary Public (Notarization required in DE, IA, ID, KS, NE, NV, OK, TN & TX)

Investment products provided by Banc of America Investment Services, Inc.:  
**Are Not FDIC Insured | May Lose Value | Are Not Bank Guaranteed**

ORIGINAL

(b) (7)(C)

FAMILY TRUST  
4206 SHRS. (CNB)

CERTIFICATE OF TRUST EXISTENCE AND AUTHORITY

(b) (7)(C)

, being first duly sworn, states as follows:

1. On March 22, 1979, trust agreement was executed by (b) (7)(C) AND, (b) (7)(C) of Bay County, Michigan, creating an inter-vivos trust entitled THE (b) (7)(C) FAMILY LIVING TRUST AGREEMENT (the "Trust").

2. The names and addresses of all the trustees and successor trustees of the Trust are as follows:

(b) (7)(C)

Co-Trustee. Deceased October 9, 1999. See Exhibit A attached hereto.

(b) (7)(C)

Co-Trustee, of (b) (7)(C) Bay City, Michigan 48706. Resigned, October 9, 2006. See Exhibit B attached hereto.

(b) (7)(C)

Successor Trustee, of (b) (7)(C) Bay City, Michigan 48706.

3. The following provisions are found in Article 10 of the trust agreement and may be relied upon as a full statement of the matters covered by these provisions by anyone dealing with the initial trustee or successor trustee:

"10. POWERS OF TRUSTEE

10.1 SPECIFIC POWERS. With respect to real, personal and intangible property, to hold, retain, manage, partition, invest, reinvest, sell, exchange, grant, convey, plat, deliver, assign, transfer, lease, option, mortgage, pledge, abandon, borrow, contract, distribute in cash or kind or partly in each at fair market value on the date of distribution and without requiring prorata distribution of specific assets, hold in nominee form, carry out agreements, insure against usual risks, and abandon, settle or contest claims;

- 10.2 INVEST. To invest, reinvest and to the extent deemed advisable by the trustee, to keep invested, the assets of the trust estate, however derived, in stocks (common and preferred, and in investment companies, investment trusts or mutual funds), bonds, mortgages and mortgage participations, debentures, notes, bank deposits, options, general and limited partnership interests or any other type of domestic or foreign securities, interests, assets or property, whether real or personal, or in shares or units of participation in common trust funds, or to participate in making investments with others, all without regard to diversification or to whether or not the security, interest, asset or property so purchased or acquired is legal for trust fund investment under the constitution, statutes or laws of the state in which the trust shall have its principal situs of administration or elsewhere;
- 10.3 BROKERAGE ACCOUNTS. To maintain and operate cash or margin accounts with brokers and to deliver and pledge securities held or purchased by the trustee with such brokers both as security for loans and advances made to the trustee and to insure the ability of the trustee to deliver securities against short positions;
- 10.4 Delegate. To delegate powers and duties to other persons, partnerships or corporations without liability for any neglect, omission, misconduct or default of any such agent; provided such agent was selected and retained with reasonable care;
- 10.5 Deal With Fiduciaries. To purchase from, borrow from, sell to and generally to deal with the trustee, individually and as a fiduciary, or with partnerships, corporations and financial or business organizations in which the trustee may have an interest;
- 10.6 Release of Powers. To release by a writing any power expressly or impliedly conferred in this agreement;
- 10.7 SCOPE OF POWERS. To exercise all powers expressly or impliedly conferred in this agreement without seeking the aid, authorization, order or approval of any court.
- 10.8 Tangible Personal Property. While I am living, if all or any part of my tangible personal property shall be transferred to the trust and owned by the trustee, all such items of tangible personal property shall remain in my care, custody and control for my lifetime, and during such time, the trustee shall have no responsibility or liability with respect to such items of tangible personal property. Notwithstanding the immediately preceding sentence, if I notify the trustee otherwise in writing, or if the trustee is notified of my incapacity as determined under Article 22 and has concluded based upon such incapacity that I will never again be able to utilize such items of

tangible personal property, or if the trustee is notified of my death, then the trustee shall immediately treat all such items of tangible personal property transferred to my trust like any other asset of the trust. Such items of tangible personal property may be retained as an asset of the trust, sold and disposed of, or distributed to those beneficiaries designated herein to receive such items of tangible personal property on my death; and

10.9 Real Property. While I am living, if all or any part of my real property shall be transferred to the trust and owned by the trustee, all such real property shall remain in my care, custody and control for my lifetime, and during such time, the trustee shall have no responsibility or liability with respect to such real property. I intend to insure, pay taxes on, maintain and repair such real property, and to deal with zoning matters, restrictive covenants, easements and tax assessments on any such real property. Notwithstanding the immediately preceding sentence, if I notify the trustee otherwise in writing, or if the trustee is notified of my incapacity as determined under Article 22 and has concluded based upon such incapacity that I will never again be able to utilize such real property, or the trustee receives notification of my death, then the trustee shall immediately treat all such real property transferred to my trust like any other asset of the trust. Such real property may be retained as an asset of the trust or sold and disposed of as the trustee shall determine in its sole discretion."

4. Article 23. Validity, Severability and Administration, of the Trust provides the governing law, which is reproduced verbatim as follows:

**"23 VALIDITY, SEVERABILITY AND ADMINISTRATION**

23.1 VALIDITY AND SEVERABILITY. This agreement has been executed and delivered in the State of Michigan and if any question should occur concerning the validity of any provision of this agreement, such question of validity shall be determined under the laws of the State of Michigan. If any provision of this agreement is deemed to be unenforceable or invalid for any reason, such provision shall be stricken, and the remainder of this agreement shall continue in full force and effect.

23.2 Administration. The situs of the property of any trust created under this agreement may be maintained in any jurisdiction, in the trustee's absolute discretion, and thereafter transferred at any time or times to any jurisdiction selected by the trustee. Upon any such transfer of situs, the trust property may thereafter, at the election of the trustee of the trust, be administered exclusively under the laws of (and subject, as required, to the exclusive jurisdiction of the courts of) the jurisdiction to which the trust property has been transferred; provided, however, that if there is more than one trustee and trust property is located in more than one jurisdiction, the trust shall be

administered in accordance with the laws of the State of Michigan. The trustee(s) are hereby relieved of any requirement of having to qualify in any other jurisdiction and of any requirement of having to account in any court of such other jurisdiction. "

5. In confirmation and affirmation of these provisions, I hereby certify that the TRUST remains in full force and effect.

6. That said Trust Agreement was executed in the State of Michigan and is governed by the laws of the State of Michigan.

7. The following is a list of names and addresses of all persons who, at the time this Certificate is executed, are trustees of the Trust:

(b) (7)(C) Successor Trustee, of (b) (7)(C) Bay City,  
Michigan 48706.

8. This Certificate is made on personal knowledge and Affiant, if sworn as a witness, could testify, competently to the facts stated in this Certificate.

9. Affiant is an attorney for the settlor, grantor or trustee.

(b) (7)(C)

STATE OF MICHIGAN )  
COUNTY OF SAGINAW )

Signed, sworn to and acknowledged before me in Saginaw County, Michigan on the 9th day of October, 2006, by (b) (7)(C)

(b) (7)(C)

Notary Public Saginaw County, Michigan  
Acting in Saginaw County, Michigan  
My Commission expires: 08/24/2011

Prepared by:

(b) (7)(C)

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.  
4800 Fashion Square Blvd., Suite 120  
Saginaw, Michigan 48604  
SGLIB:4741.1\000000-00000  
10/09/06 10:36 AM

UF 104  
CF



STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH  
CERTIFICATE OF DEATH

STATE FILE NUMBER  
1580204

TYPE/PRINT  
OR  
PERMANENT  
BLACK INK

FOR USE BY INSTITUTION OR  
VOLUNTARILY BY INDIVIDUAL

1. DECEASED'S NAME (Last, First, Middle Initial) <b>(b) (7)(C)</b>		2. SEX Male	3. DATE OF DEATH (Month, Day, Year) October 8, 1999
4. AGE (Month, Day, Year) 87		5. COUNTY OF DEATH Bay	
6. LOCATION OF DEATH (Other than ordinary permanent residence in Pa. 70, 71) Bay Medical Center, Inc. Inpatient Bay City			
7. SOCIAL SECURITY NUMBER <b>(b) (7)(C)</b>		8. USUAL OCCUPATION (The kind of work done during most of working life, do not use abbrev.) Owner And Operator	
9. STATE Michigan		10. END OF BUSINESS OR INDUSTRY Forestry Machinery	
11. ZIP CODE 48706		12. LOCALITY (Street and Box and number, or P.O. Box, or Village or Hamlet, or Township) Monitor	
13. ANCESTRY - Race, Ethnic Origin, Color, Culture or Faith (Specify race, ethnic, etc. (Specify faith)) German		14. MARITAL STATUS - Married, Never Married, Widowed, Divorced (Specify) Married	
15. EDUCATION (Specify highest grade) College (14 or 15)		16. HIGHEST GRADE OF SCHOOL ATTENDED (Specify) 2	
17. MARRIAGE (Specify date of marriage) <b>(b) (7)(C)</b>		18. PLACE OF BIRTH (City or Village, State, ZIP Code) Bay City, Michigan 48706	
19. PLACE OF DEATH (Specify County, Cemetery, or other place) Cremation		20. LOCATION - City or Village, State Bay City, Michigan	
21. SIGNATURE OF FUNERAL SERVICE LICENSEE <b>(b) (7)(C)</b>		22. LICENSE NUMBER (of Licensee) 004387	
23. NAME AND ADDRESS OF FACILITY (Specify Street, City, State, ZIP Code) Squires Funeral Home		24. ADDRESS OF FACILITY (Specify Street, City, State, ZIP Code) 211 N. Henry St., Bay City, Mich. 48706	
25. PART I - Under the heading, manner, or complication that caused the death, the DEED enter the mode of dying, such as cardiac or respiratory arrest, shock, or head injury. List only one cause on each line. IMMEDIATE CAUSE (Final disease or condition resulting in death) CARDIORESPIRATORY FAILURE 15M DUE TO (OR AS A CONSEQUENCE OF) BRAINSTEM CVA 2WE DUE TO (OR AS A CONSEQUENCE OF)			
26. PART II - Other significant conditions contributing to death but not resulting in the underlying cause given in Part I ASHD, A FIBRILLATION			
27. ACTUAL PLACE OF DEATH (Home, Nursing Home, Hospital, Ambulance) (Specify) Hospital		28. WAS CASE REFERRED TO MEDICAL EXAMINER? (Specify Yes or No) No	
29. DATE SIGNED (Mo., Day, Yr.) 10/11/99		30. TIME OF DEATH 8:16 P. M.	
31. NAME AND ADDRESS OF PERSON WHO COMPLETED CAUSE OF DEATH (ITEM 25) (Type or Print) Dr. Michael E. Gruber 200 S. Wanona Bay City MI 48706		32. LICENSE NUMBER 36542	
33. DATE OF BIRTH (Mo., Day, Yr.)		34. TIME OF BIRTH	
35. PLACE OF BIRTH - In home, hotel, school, hospital, other building, etc. (Specify)		36. LOCATION - Street or RFD No., City, Village or Township, State	
37. REGISTERED (Specify) <b>(b) (7)(C)</b>		38. DATE FILED (Month, Day, Year) October 12, 1999	

STATE OF MICHIGAN  
Bay County  
Bay City, Michigan

CERTIFIED COPY OF RECORD  
**(b) (7)(C)**, Clerk of the County of Bay,  
and of the Circuit Court thereof, the same being a Court of Record having a Seal, do hereby certify that  
the following is a true copy of the above record now remaining in my office, and of the whole thereof,  
viz:

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Circuit  
Court the 12th day of OCTOBER, 1999

**(b) (7)(C)** County Clerk

**EXHIBIT A TO**  
**CERTIFICATE OF TRUST EXISTENCE AND AUTHORITY**

**POWERS OF TRUSTEE**

I confirm that the Trustee has all the powers permitted under Michigan law, which powers I incorporate by reference, except as other provisions of this agreement specifically provide to the contrary. In administering any trust created by this agreement, the Trustee may exercise such powers and the following powers as to both, real or personal, tangible or intangible, property:

**Specific Powers.** With respect to real, personal and intangible property, to hold, retain, manage, partition, invest, reinvest, sell, exchange, grant, convey, plat, deliver, assign, transfer, lease, option, mortgage, pledge, abandon, borrow, contract, distribute in cash or kind or partly in each at fair market value on the date of distribution and without requiring prorata distribution of specific assets, hold in nominee form, carry out agreements, insure against usual risks, and abandon, settle or contest claims;

**Invest.** To invest, reinvest and, to the extent deemed advisable by the Trustee, to keep invested, the assets of the trust estate, however derived, in insured or government issued bonds or cash accounts except under no circumstance shall investments be made in hedge funds or any type of derivative investments;

**Brokerage Accounts.** To maintain and operate cash or brokerage accounts with brokers and to deliver securities held or purchased by the Trustee with such brokers

**Delegate.** To delegate powers and duties to other persons, partnerships or corporations without liability for any neglect, omission, misconduct or default of any such agent; provided such agent was selected and retained with reasonable care;

**Deal With Fiduciaries.** To purchase from, borrow from, sell to and generally to deal with the Trustee, individually and as a fiduciary, or with partnerships, corporations and financial or business organizations in which the Trustee may have an interest;

**Release of Powers.** To release by a writing any power expressly or impliedly conferred in this agreement;

**Scope of Powers.** To exercise all powers expressly or impliedly conferred in this agreement without seeking the aid, authorization, order or approval of any court;

**Tangible Personal Property.** While I am living, if all or any part of my tangible personal property shall be transferred to the trust and owned by the Trustee, all such

items of tangible personal property shall remain in my care, custody and control for my lifetime, and during such time, the Trustee shall have no responsibility or liability with respect to such items of tangible personal property. Notwithstanding the immediately preceding sentence, if I notify the Trustee otherwise in writing, or if the Trustee is notified of my total incapacity as determined under Article 21 and has concluded based upon such incapacity that I will never again be able to utilize such items of tangible personal property, or if the Trustee is notified of my death, then the Trustee shall immediately treat all such items of tangible personal property transferred to my trust like any other asset of the trust. Such items of tangible personal property may be retained as an asset of the trust, or distributed to those beneficiaries designated herein to receive such items of tangible personal property on my death; and

Real Property. While I am living, if all or any part of my real property shall be transferred to the trust and owned by the Trustee, all such real property shall remain in my care, custody and control for my lifetime, and during such time, the Trustee shall have no responsibility or liability with respect to such real property. I intend to insure, pay taxes on, maintain and repair such real property, and to deal with zoning matters, restrictive covenants, easements and tax assessments on any such real property. Notwithstanding the immediately preceding sentence, if I notify the Trustee otherwise in writing, or if the Trustee is notified of my total incapacity as determined under Article 21 and has concluded based upon such incapacity that I will never again be able to utilize such real property, or the Trustee receives notification of my death, then the Trustee shall immediately treat all such real property transferred to my trust like any other asset of the trust. Such real property may be retained as an asset of the trust or sold and disposed of as the Trustee shall determine in its sole discretion.

#### **SPECIFIC ENVIRONMENTAL POWERS OF TRUSTEE**

Authority. In addition to the other powers granted to the Trustee under this agreement, the Trustee shall have the power to deal with matters involving the actual, threatened or alleged contamination of property held in this trust or any trust created hereunder or property anticipated to be transferred to this trust, (including any interest in sole proprietorships, partnerships, joint ventures or corporations, and any assets owned by such business enterprises) by hazardous substances, or involving compliance with environmental law. Specifically, the Trustee shall have the power:

- i) To inspect and monitor trust property periodically to determine compliance with any environmental law affecting such property;
- ii) To take any action necessary to prevent, abate or clean up any actual or threatened violation of any environmental law affecting trust property;

iii) To settle or compromise at any time any environmental claim against the trust related to such matter asserted by any governmental body or private party;

iv) To disclaim any power which the Trustee determines may cause it to incur personal liability as a result of any alleged environmental contamination whether such power is set forth in this trust agreement, or granted or implied under any statute or rule of law;

v) To decline to serve as Trustee of the trust or, having undertaken to serve, to resign at such time as the Trustee reasonably believes there is or may be a conflict of interest between it in its fiduciary and individual capacities by virtue of potential environmental claims or liabilities which are or might be asserted against the trust because of the type or condition of a trust asset; and

vi) To disclaim, renounce or refuse to accept any asset as an asset of this trust if the Trustee, in its sole discretion, determines that the environmental risks related to the asset expose the trust or the Trustee in their individual capacity to risk of loss or that the cost of clean-up related to the asset exceeds the fair market value of the asset.

Liability. The Trustee shall not be personally liable to any beneficiary or other party interested in the trust or to any third parties, for environmental claims against my estate or the trust or for the diminution in value of trust property resulting from such matters; provided the Trustee shall not be excused from liability for their own negligence or wrongful acts.

Costs. The cost of any inspection, review, abatement, response, cleanup, settlement of claim or other remedial action authorized in the foregoing provisions shall be charged against the income and principal of the trust.

BANC OF AMERICA  
 INVESTMENT SERVICES, INC.  
 PO BOX 399  
 RII-541-02-05  
 LINCOLN,

RI 02865

# Banc of America Investment Services, Inc.™

E7111025308

(b) (7)(C) TTEE  
 THE (b) (7)(C) TRUST  
 U/A 12/28/99  
 (b) (7)(C)  
 BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are:

NOT FDIC INSURED    May Lose Value    No Bank Guarantee

Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA.

Account: (b) (7)(C)  
 Confirm Date: 01/24/2008

Investment Rep Name:  
 BANC OF AMERICA  
 For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

### YOU BOUGHT

Trade Date: 01-24-08    Settlement Date: 01-29-08

Symbol	Ref #	Qty	Price	CUSIP	Type	Reg. Rep	Exch	Ordr
CNB	08024-889804	1,800	14.25	195493309	1*	75Z 014	8*	

SECURITY DESCRIPTION  
 COLONIAL BANGROUP  
 WE HAVE ACTED AS AGENT.

(b) (7)(C) / TRUST

Principal Amount    25,650.00  
 Commission    42.50  
 Settlement Amount    25,692.50

PURCHASES OF (CNB)

21,800 SHRS.

2/28/08 TO 8/14/08

§ SUCCESSIVE BUYS §  
 SELLS AS CNB APPEARED  
 TO FAIL THEN REVIVE § FAIL

THE TRANSACTION MAY HAVE BEEN EXECUTED BY  
 SECURITIES L.L.C., AN AFFILIATE, WHICH  
 PROVIDES ANY SUCH SERVICES.

ASSOCIATED WITH NATIONAL FINANCIAL SERVICES LLC. ALL  
 INFORMATION IS UNOFFICIAL AND NOT A SOLICITATION UNLESS SPECIFIED ABOVE.

BANC OF AMERICA  
INVESTMENT SERVICES, INC.  
PO BOX 399  
RII-541-02-05  
LINCOLN,

RI 02865

# Banc of America Investment Services, Inc.™

E7111019275

(b) (7)(C)

TRUST

THE (b) (7)(C) TRUST

U/A 12/28/99

(b) (7)(C)

BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are:

NOT FDIC INSURED    May Lose Value    No Bank Guarantee

Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA.

Account: (b) (7)(C)  
Confirm Date: 07/18/2008

Investment Rep Name:  
BANC OF AMERICA  
For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

### YOU BOUGHT

Trade Date: 07-18-08    Settlement Date: 07-23-08

Symbol	Ref	Qty	Price	Cost	Type	Reg. Rep.	Exch	Ordr
CNB	08200-0D13ZD	2,500	5.6196	195493309	1*	GYJ 014	8*	

SECURITY DESCRIPTION  
COLONIAL BANGROUP  
WE HAVE ACTED AS AGENT.

Principal Amount    14,049.00  
Commission    42.50  
Settlement Amount    14,091.50

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA  
SECURITIES L.L.C., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR  
ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL  
ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.

BANC OF AMERICA  
 INVESTMENT SERVICES, INC.  
 PO BOX 399  
 RI1-541-02-05  
 LINCOLN, RI 02865

# Banc of America Investment Services, Inc.™

E7111022068  
 (b) (7)(C)  
 THE (b) (7)(C) TRUST  
 U/A 12728799  
 (b) (7)(C)  
 BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are:

NOT FDIC INSURED	May Lose Value	No Bank Guarantee
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Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA.

Account: (b) (7)(C)  
 Confirm Date: 07/23/2008

Investment Rep Name:  
 BANC OF AMERICA  
 For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

### YOU BOUGHT

Symbol	Ref	Qty	Price	Cusip	Type	Reg. Rep.	Exch.	Orig
CNB	08205-000287	3,500	6.3973	195493309	1*	GYD 014	8*	9*

Trade Date: 07-23-08 Settlement Date: 07-28-08

SECURITY DESCRIPTION  
 COLONIAL BANGROUP  
 WE HAVE ACTED AS AGENT. AVERAGE PRICE TRADE

Principal Amount 22,390.55  
 Commission 42.50  
 Settlement Amount 22,433.05

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA SECURITIES L.L.C., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.

YOU BOUGHT				Trade Date: 07-24-08		Settlement Date: 07-29-08	
Symbol	Rate	Qty	Price	Order	Type	Reg. Exp.	Order ID
CNB	08206-0D9WTQ	5,000	6.3696	195493309	1*	2T0 014	8*

SECURITY DESCRIPTION  
 COLONIAL BANGROUP  
 WE HAVE ACTED AS AGENT.

Principal Amount 31,848.00  
 Commission 42.50  
 Settlement Amount 31,890.50

BANC OF AMERICA  
 INVESTMENT SERVICES, INC.  
 PO BOX 399  
 RI1-541-02-05  
 LINCOLN,

RI 02865

# Banc of America Investment Services, Inc.™

E7111017069

(b) (7)(C) TTEE  
 THE (b) (7)(C) TRUST  
 U/A 12728799  
 (b) (7)(C)  
 BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are:

NOT FDIC INSURED	May Lose Value	No Bank Guarantee
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Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA.

Account: (b) (7)(C)  
 Confirm Date: 07/28/2008

Investment Rep Name:  
 BANC OF AMERICA  
 For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

### YOU BOUGHT

Trade Date: 07-28-08 Settlement Date: 07-31-08

Symbol	Ref Y	Qty	Price	Quot	Type	Reg Rep	Exch	Orig
CNB	08210-ODRZ1T	200	6.179	195493309	1*	182 014	8*	

SECURITY DESCRIPTION  
 COLONIAL BANGROUP  
 WE HAVE ACTED AS AGENT.

Principal Amount	1,235.80
Commission	42.50
<b>Settlement Amount</b>	<b>1,278.30</b>

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA  
 SECURITIES L.L.C., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR  
 ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL  
 ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.

YOU BOUGHT

CNB 08210-000330 8,500 6.3199 195493309 Trade Date: 07-28-08 Settlement Date: 07-31-08

SECURITY DESCRIPTION  
COLONIAL BANCGROUP  
WE HAVE ACTED AS AGENT. AVERAGE PRICE TRADE  
Principal Amount 53,719.15  
Commission 42.50  
Settlement Amount 53,761.65

Account



BANC OF AMERICA  
 INVESTMENT SERVICES, INC.  
 PO BOX 399  
 RI1-541-02-05  
 LINCOLN,

RI 02865

# Banc of America Investment Services, Inc.™

E7111018874

(b) (7)(C) TRUST  
 THE U/A (b) (7)(C) TRUST  
 (b) (7)(C)  
 BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are:

NOT FDIC INSURED	May Lose Value	No Bank Guarantee
------------------	----------------	-------------------

Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA.

Account: (b) (7)(C)  
 Confirm Date: 08/04/2008

Investment Rep Name:  
 BANC OF AMERICA  
 For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

### YOU BOUGHT

Symbol	Ref #	Qty	Price	Cusip	Trade Date	Settlement Date	Type	Reg. Rep	Exch	Orig
CNB	08217-0CQQHR	300	6.719	195493309	08-04-08	08-07-08	1*	F5Y 014	8*	

SECURITY DESCRIPTION  
 COLONIAL BANCGROUP  
 WE HAVE ACTED AS AGENT.

Principal Amount 2,015.70  
 Commission 42.50  
 Settlement Amount 2,058.20

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA  
 SECURITIES L.L.C., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR  
 ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL  
 ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.

BANC OF AMERICA  
 INVESTMENT SERVICES, INC.  
 PO BOX 399  
 RI1-541-02-05  
 LINCOLN;

RI 02865

# Banc of America Investment Services, Inc.™

E7111023507  
 (b) (7)(C) TEE  
 THE (b) (7)(C) TRUST  
 U/A 12/28/99  
 (b) (7)(C)  
 BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are:

NOT FDIC INSURED	May Lose Value	No Bank Guarantee
------------------	----------------	-------------------

Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA.

Account: (b) (7)(C)  
 Confirm Date: 11/12/2008

Investment Rep Name:  
 BANC OF AMERICA  
 For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

YOU SOLD				Trade Date: 11-12-08	Settlement Date: 11-17-08			
Symbol	Ref.#	Qty	Price	Order	Type	Reg Rep	Exch	Orig
CNB	08317-OCL2HX	26,000	2.38	195493309	1*	I7E 014	8*	

SECURITY DESCRIPTION  
 COLONIAL BANGROUP  
 WE HAVE ACTED AS AGENT.

Principal Amount	61,880.00
Commission	42.50
Activity Assessment Fee	.35
<b>Settlement Amount</b>	<b>61,837.15</b>

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA SECURITIES LLC., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.

SECURITY DESCRIPTION(continued)  
 OPEN ORDER CONFIRM CANCELLED ORDER

**YOU BOUGHT**

Symbol	Qty	Price	Trade Date	Settlement Date	Type	Reg. Req.	Exch	DRS
CNB	08324-0FFCGF	32,000	11-19-08	11-24-08	1	17M 014	8	

SECURITY DESCRIPTION  
 COLONIAL BANCGROUP  
 WE HAVE ACTED AS AGENT.

Principal Amount 61,120.00  
 Commission 42.50  
 Settlement Amount 61,162.50

BANC OF AMERICA  
 INVESTMENT SERVICES, INC.  
 PO BOX 399  
 RII-541-02-05  
 LINCOLN,

RI 02865

# Banc of America Investment Services, Inc.™

E7111026881

(b) (7)(C) TRUST  
 (b) (7)(C) TRUST

U/A 12/28/99

(b) (7)(C)  
 BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are:

NOT FDIC INSURED	May Lose Value	No Bank Guarantee
------------------	----------------	-------------------

Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA.

Account: (b) (7)(C)  
 Confirm Date: 11/24/2008

Investment Rep Name:  
 BANC OF AMERICA  
 For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

### YOU SOLD

Trade Date: 11-24-08 Settlement Date: 11-28-08

Symbol	Ref #	Qty	Price	Cusip	Type	Reg Rep	Exch	Orig
CNB	08329-000770	32,000	1.9822	195493309	1*	GYM 014	8*	9*

SECURITY DESCRIPTION  
 COLONIAL BANCGROUP  
 WE HAVE ACTED AS AGENT. AVERAGE PRICE TRADE

Principal Amount 63,430.40  
 Commission 42.50  
 Activity Assessment Fee .36  
 Settlement Amount 63,387.54

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA  
 SECURITIES L.L.C., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR  
 ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL  
 ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.

1 1 1 1

**YOU BOUGHT**

Trade Date: 12-29-08

Settlement Date: 01-02-09

Symbol	Ref #	Qty	Price	Cost	Type	Reg Fee	Exch	Orig
CNB	08364-0CPMRG	31,000	2.02	195493309	1*	GZ7 014	8*	

SECURITY DESCRIPTION  
 COLONIAL BANGGROUP  
 WE HAVE ACTED AS AGENT.

Principal Amount 62,620.00  
 Commission 42.50  
 Settlement Amount 62,662.50

BANC OF AMERICA  
 INVESTMENT SERVICES, INC.  
 PO BOX 863  
 RI1-541-02-05  
 LINCOLN,

RI 02865

# Banc of America Investment Services, Inc.™

E7111017924

(b) (7)(C) TTEE

(b) (7)(C) TRUST

U/A 12/28/99

(b) (7)(C)

BAY CITY MI 48706

Investment products and services provided by Banc of America Investment Services, Inc. are

NOT FDIC INSURED	May Lose Value	No Bank Guarantee
------------------	----------------	-------------------

Banc of America Investment Services, Inc. is a registered broker-dealer and member FINRA

Account: (b) (7)(C)  
 Confirm Date: 01/29/2009

Investment Rep Name:  
 BANC OF AMERICA  
 For Questions Call: (800) 926-1111

## TRADE CONFIRMATION SUMMARY REPORT

### YOU SOLD

Trade Date: 01-29-09 Settlement Date: 02-03-09

Symbol	Ref #	Qty	Price	Cusip	Type	Reg Rep	Exch	Orig
CNB	09029-0CMSHW	31,006	.86	195493309	1*	7SB 014	8*	

SECURITY DESCRIPTION  
 COLONIAL BANCGROUP  
 WE HAVE ACTED AS AGENT.

Principal Amount	26,665.16
Commission	42.50
Activity Assessment Fee	.15
<b>Settlement Amount</b>	<b>26,622.51</b>

THE TRANSACTION MAY HAVE BEEN EXECUTED WITH BANC OF AMERICA SECURITIES LLC., AN AFFILIATE, WHICH RECEIVES COMPENSATION FOR ANY SUCH SERVICES.

ACCOUNT CARRIED WITH NATIONAL FINANCIAL SERVICES LLC. ALL ORDERS ARE UNSOLICITED UNLESS SPECIFIED ABOVE.

081031 300 007125997 C 1  
BANC OF AMERICA  
INVESTMENT SERVICES INC.  
900 WEST TRADE STREET  
NC1-026-05-01  
CHARLOTTE, NC 28255

Account Number: Q39-118621

# Banc of America Investment Services, Inc.™

(b) (7)(C) TRUST  
(b) (7)(C) TRUST  
(b) (7)(C)  
BAY CITY MI 48706

FOR QUESTIONS OR UP-TO-DATE ACCOUNT INFORMATION:  
Call Center 800 926 1111

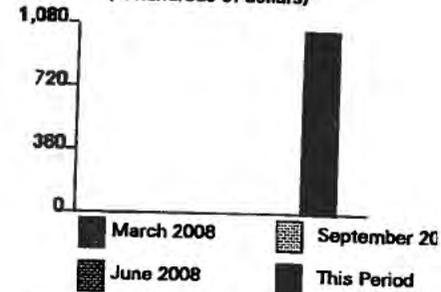
Investment products provided by Banc of America Investment Services, Inc.:

ARE NOT FDIC INSURED    MAY LOSE VALUE    ARE NOT BANK GUARANTEED

Banc of America Investment Services, Inc. is a registered broker-dealer,  
member FINRA and SIPC and a nonbank subsidiary of Bank of America, N.A.

(b) (7) (C)

Portfolio Value  
(in hundreds of dollars)



A portfolio value less than \$100.00 may not be displayed.

### LEGEND

( ) Numbers in parentheses  
are debits or subtractions  
NFS - National Financial  
Services LLC

COMBINED (CNB)  
SHARES  
4206 ORIGINAL SHRS.  
(SEE ATTACHED TRUST  
DOCUMENTS)  
PLUS 21,800 (CNB)  
SHARES PURCHASED  
2/28/2008 TO 8/14/2008

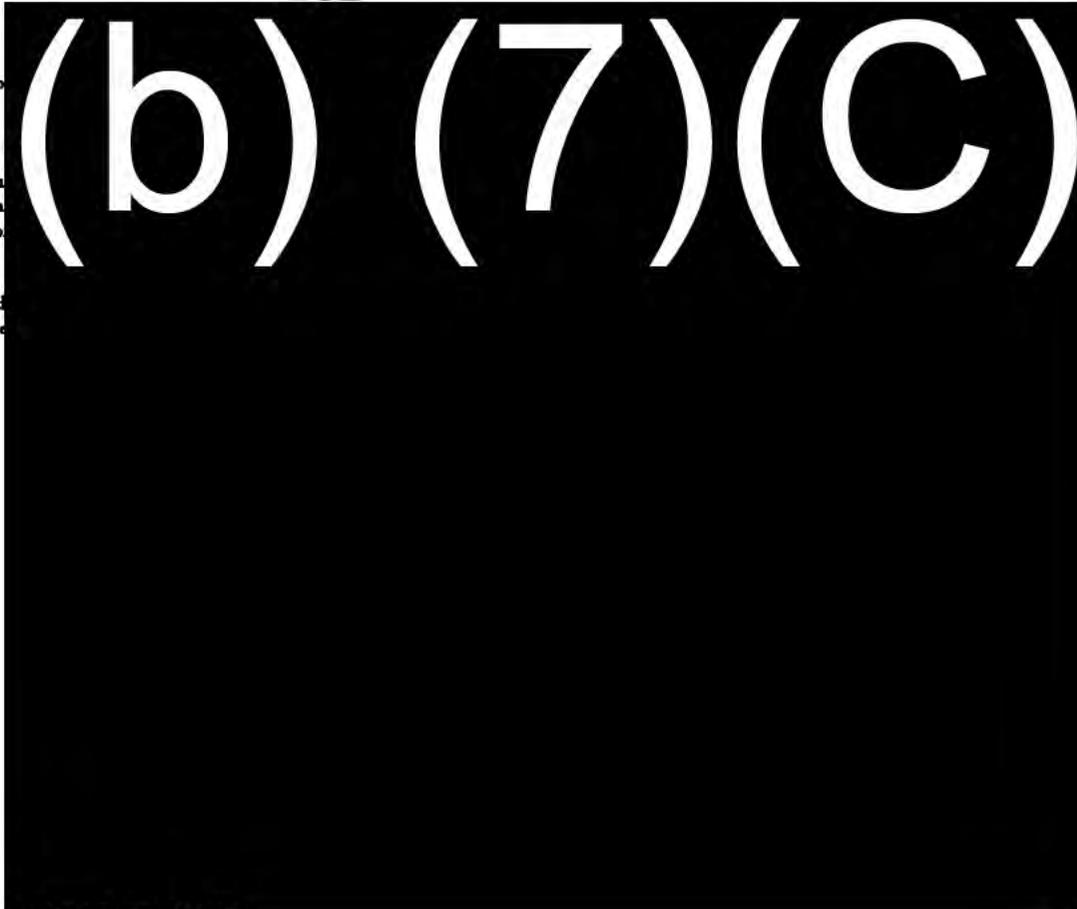
Account Number: (b) (7)(C)  
Account Name: (b) (7)(C)

Statement Date: 10/01/2008 to 10/31/2008

# Banc of America Investment Services, Inc.™

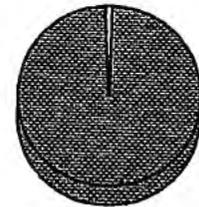
## SUMMARY

**ALERT:** Taxable income is determined based on information available to NFS at the time the statement was prepared, and is subject to change. Final information on taxation of interest and dividends is available on Form 1099-Div, which is mailed in January of the subsequent year.



## DETAIL

### PORTFOLIO ALLOCATION



	Money Markets	0.35%
	Equity	99.65%

Allocations for equities, fixed income, and other categories may include mutual funds and may be net of short positions. NFS has made assumptions concerning how certain mutual funds are allocated. Closed-end mutual funds listed on an exchange may be included in the equity allocation. The chart may not reflect your actual portfolio allocation. Consult your broker/dealer prior to making investment decisions.



Account Number: (b) (7)(C)  
Account Name: (b) (7)(C)

Statement Date: 10/01/2008 to 10/31/2008

# Banc of America Investment Services, Inc.™

## PORTFOLIO VALUE

Amortization, accretion and similar adjustments to cost basis have been provided for many fixed income securities (and some bond-like equities), however, they are not provided for certain types, such as short-term instruments, Unit Investment Trusts, foreign fixed income securities, or those that are subject to early prepayment of principal (pay downs). Where current year premium or acquisition premium amortization is provided, the prior years' cumulative amortization is reflected in the adjusted cost basis, but we cannot provide a breakdown or the total of such prior amortization amounts.

Mutual Funds, Annuities, and other investment products are not insured by the FDIC or any other government agency, are not deposits or obligations of, or guaranteed by, Banc of America Investment Services or any affiliate, and are subject to investment risks, including possible loss of principal invested.

## CASH AND CASH EQUIVALENTS 0.35%



Banc of America Investment Services, Inc. (BAI) transmits most of its customers' orders in fixed income and preferred securities to BondDesk, an electronic communications network (ECN) or to Banc of America Securities LLC (BAS), for execution. BAI and BAS have a revenue sharing agreement under which BAS is compensated for its services. From time-to-time, BAS will trade with BAI from its (BAS's) inventory. In such cases, BAS may recognize profit or loss on its position apart from its revenue sharing relationship with BAI. BAI also makes available to its customers certain new-issue securities which it receives from BAS, which may be a member of the syndicate or selling group through which such securities are underwritten or offered. In such circumstances, BAS and BAI may share a portion of the selling concession as well. BAI also routes certain of its customers' orders to its clearing broker, National Financial Services LLC, which may also be compensated for its services.



October 27th, 2008

National Financial Services  
Investors Securities Processing  
Banc of America Investment Services  
R I 1 - 541 - 02 - 05  
670 George Washington Highway  
Lincoln, Rhode Island  
02865

(b) (7)(C) Trustee  
TRUST

U/A 12/28/1999

(b) (7)(C)

Bay City, Michigan  
48706 - 3196

Tel (b) (7)(C)

SEVEN (7) ORIGINAL STOCK CERTIFICATES ENCLOSED

SENT VIA FED-EX OVERNITE SERVICE

Dear Sirs:

In re.: Seven (7) ENCLOSED ORIGINAL STOCK CERTIFICATES for COLONIAL BANGROUP, INC. -  
4206 shares, 1800 shrs., 2500 shrs., 3500 shrs., 5000 shrs., 8700 shrs., and 300 shrs.  
..... Totalling 26,006 shares of COLONIAL BANGROUP, INC. issued in the name of (b) (7)(C)

(b) (7)(C) TRUST U/A 12/28/1999, (b) (7)(C)  
Bay City, Michigan 48706 - 3196.

THE ABOVE REFERENCED (CNB) SHARES LISTED BY DATE, NUMBER AND CUSIP NUMBER -

- CNB 4206 shares -11 may, 2007 - no. ZQ00052839 - CUSIP 195493 30 9
- CNB 1800 shares -28 FEB, 2008 - no. CB53800 - CUSIP 195493 30 9
- CNB 2500 shares -05 AUG, 2008 - no. CB54219 CUSIP 195493 30 9
- CNB 3500 shares -05 AUG, 2008 - no. CB54220 - CUSIP 195493 30 9
- CNB 5000 shares -05 AUG, 2008 - no. CB54221 - CUSIP 195493 30 9
- CNB 8700 shares -05 AUG, 2008 - no. CB54222 - CUSIP 195493 30 9
- CNB 300 shares -14 AUG, 2008 - no. CB54238 - CUSIP 195493 30 9

TOTAL 26,006 SHARES (CNB)

Transfer instructions are: that the above referenced 26,006 shares of COLONIAL BANGROUP, INC. (same) are to be deposited in the Banc of America Investment Services

(b) (7)(C) in the name of (b) (7)(C), (b) (7)(C) account no. (b) (7)(C) U/A 12/28/1999, (b) (7)(C), Bay City, Michigan 48706-3196.

The Transfer Instructions to deposit same in the (b) (7)(C) U/A 12/28/1999 Account no. (b) (7)(C) have been filled out on the back of all seven (7) COLONIAL BANGROUP, INC. (CNB) Certificates (stock), and my signature for Transfer (as Trustee) is also completed and has the Bank of America (LaSalle Bank Midwest) SIGNATURE MEDAL Banking Center Manager.

Please deposit these 26,006 shares of COLONIAL BANGROUP, INC. (CNB) and send me a receipt for same immediately. contact ME IMMEDIATELY @ TEL. (b) (7)(C)

Sincerely,

(b) (7)(C) TRUSTEE

(b) (7)(C) TRUST

enclosures: Seven (7) ORIGINAL STOCK CERTIFICATES to (b) (7)(C) TRUSTEE, INC.

TRUST HAD POSSESSION OF 26,006 SHRS OF (CNB) STOCK CERTIFICATES - EXPECTING TO HOLD THEM LONG TERM BUT AS IT BECAME QUESTIONABLE CERTIFICATES SENT TO B.A. & PUT IN (b) (7)(C) TRUST ACCOUNT

(b) (7)(C)

Form 0200

Sender's Copy

1 **From** Please print and press hard.  
 Date 10/27/2008 Sender's FedEx Account Number (b) (7)(C)  
 Sender's Name (b) (7)(C) (b) (7)(C)  
 Company (b) (7)(C)  
 Address (b) (7)(C)  
 City BAY CITY State MI ZIP 48706-3196

2 **Your Internal Billing Reference**  
 First 24 characters will appear on invoice. OPTIONAL

3 **To**  
 Recipient's Name NATIONAL FINANCIAL SVS. Phone (800) 926-1111  
INVESTORS SECURITIES PROCESSING,  
 Company BANC OF AMERICA INVESTMENT SERVICES  
 Recipient's Address R.I. 1-541-02-05  
 Address 670 GEORGE WASHINGTON HWY  
 City LINCOLN State R.I. ZIP 02865

**4a Express Package Service**

**FedEx Priority Overnight**  
 Next business morning. \* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

**FedEx Standard Overnight**  
 Next business afternoon. \* Saturday Delivery NOT available.

**FedEx 2Day**  
 Second business day. \* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected. FedEx Envelope rate not available. Minimum charge: One-pound rate.

**FedEx Express Saver**  
 Third business day. \* Saturday Delivery NOT available.

**Packages up to 150 lbs.**  
 **FedEx First Overnight**  
 Earliest next business morning. \* Delivery to select locations. \* Saturday Delivery NOT available.

**4b Express Freight Service**

**FedEx 1Day Freight**  
 Next business day. \* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

**FedEx 2Day Freight**  
 Second business day. \* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

**FedEx 3Day Freight**  
 Third business day. \* Saturday Delivery NOT available.

**Packages over 150 lbs.**

**5 Packaging**

**FedEx Envelope\***

**FedEx Pak\***  
 Includes FedEx Small Pak, FedEx Large Pak, and FedEx Surety Pak.

**FedEx Box**

**FedEx Tube**

**Other**

\* Declared value limit \$500.

**6 Special Handling**

**SATURDAY Delivery**  
 NOT Available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 2Day Freight.

**HOLD Weekday at FedEx Location**  
 NOT Available for FedEx First Overnight.

**HOLD Saturday at FedEx Location**  
 Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods?  
 No  Yes  Yes  
 As per attached Shipper's Declaration. Shipper's Declaration not required.

**Dry Ice**  
 Dry Ice, 6 Lb. 10oz. or less

**Cargo Aircraft Only**

**7 Payment** Bill to: Enter FedEx Acct. No. or Credit Card No. below.

Sender Acct. No. is Sender's bill to bill.

Recipient  Third Party  Credit Card  Cash/Check

FedEx Acct. No. P-d-ck # 4001 Exp. Date

Total Packages 1 Total Weight 0.15 Total Declared Value\* \$ 28.64

\*Our liability is limited to \$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability.

**8 Residential Delivery Signature Options** If you require a signature, check Direct or Indirect.

**No Signature Required**  
 Packages may be left without obtaining a signature for delivery. Fee applies.

**Direct Signature**  
 Someone at recipient's address may sign for delivery. Fee applies.

**Indirect Signature**  
 If no one is available at recipient's address, someone at a neighboring address may sign for delivery. Fee applies.

**520**

 **Ship and track packages at fedex.com**  
 Simplify your shipping. Manage your account. Access all the tools you need.

**FedEx**  
 8273 GARFIELD RD  
 FREELAND, MI 48623

Location: MBSA  
 Device ID: MBSA-POST  
 Employee: 645919  
 Transaction: 69020795735

PRIORITY OVERNIGHT  
 867320236237 0.15 lb (S) 28.64

Shipment subtotal: 28.64  
 Total Due: 28.64  
 Check: 28.64  
 4001

M = Weight entered manually  
 S = Weight read from scale  
 T = Taxable item

Subject to additional charges. See FedEx Service Guide at fedex.com for details. All merchandise sales final.

Visit us at: [fedex.com](http://fedex.com)  
 Or call 1.800.GoFedEx  
 1.800.463.3339

October 27, 2008 6:05:06 PM

RETAIN THIS COPY FOR YOUR RECORDS.



(b) (7)(C)  
 (b) (7)(C)  
 BAY CITY, MI 48706-3195

Page 1 of 2  
 Account Number (b) (7)(C)  
 Billing Date Mar 1, 2008  
 Web Site att.com

# Monthly Statement

Feb 2 - Mar 1, 2008

### Bill-At-A-Glance

Previous Bill	41.14
Payment Received 2-14 - Thank You!	41.14CR
Adjustments	.00
Balance	.00
Current Charges	47.27
<b>Total Amount Due</b>	<b>\$47.27</b>
Current Charges Due In Full By	Mar 24, 2008

### Plans and Services

<b>Monthly Service - Mar 1 thru Mar 31</b>	
Call Plan Unlimited	19.75
Federal Access Charge	5.35
<b>Total Monthly Service</b>	<b>25.10</b>
<b>Surcharges and Other Fees</b>	
9-1-1 Emergency System	
Billed for Bay County	.21
Federal Universal Service Fee	.54
<b>Total Surcharges and Other Fees</b>	<b>.75</b>
<b>Taxes</b>	
Federal at 3%	.78
State at 6%	1.55
<b>Total Taxes</b>	<b>2.33</b>
<b>Total Plans and Services</b>	<b>28.18</b>

### Billing Summary

Questions? Call:

<b>Plans and Services</b>	28.18
1-800-288-2020	
<b>Repair Service:</b>	
1-800-515-7272	
<b>Automated Billing/Payment Arrangements:</b>	
1-800-207-2228	
<b>AT&amp;T Corp.</b>	19.09
1-800-222-0300	
<b>Total of Current Charges</b>	<b>47.27</b>

### AT&T Corp.

#### Important Information

Effective April 1, 2008, AT&T's Carrier Cost Recovery Fee will increase to \$2.39. This fee helps AT&T recover costs associated with providing state-to-state and international long distance service including expenses for national regulatory fees, & programs and connection & account servicing charges. For more information, please call 1 800 854-9940. Thank you for choosing AT&T.

Thank you for choosing AT&T.

AT&T Invoice Charges For Period Ending FEB 24, 2008

#### Monthly Service

1 AT&T Local One Rate(R) Plus Plan	
monthly fee FEB 24 - MAR 23	5.95

#### Long Distance

No.	Date	Time	Place Called	Number	Code	Min	
<b>Itemized Calls</b>							
1					N		
2					N		
3					N		
4					N		
5	2-11		355P MONTGOMERY AL	(b) (7)(C)	N	5A1	.35
6	2-11		412P MONTGOMERY AL	(b) (7)(C)	N	2A1	.14
7					N		
8					N		
9					N		
10					N		
11					N		

*PAYED IN FULL*  
*03-12-2008*  
*CHK. NO. 3862*  
*\$ 47.27*  
 (b) (7)(C) TR

### News You Can Use - Summary

- PREVENT DISCONNECT
  - PAYMENT OPTIONS
  - ONLINE UPDATE
  - CARRIER INFO
  - AT&T BILLING GUIDE
  - GET MORE OUT OF AT&T
- See "News You Can Use" for additional information.

Return bottom portion with your check in the enclosed envelope.

Local Services provided by AT&T Illinois, AT&T Indiana, AT&T Michigan, AT&T Ohio or AT&T Wisconsin based upon the service address location.

U.S. Pat. D410,950 and D414,510

Printed on Recyclable Paper



(b) (7)(C)  
 (b) (7)(C)  
 BAY CITY, MI 49706-3150

Page 1 of 2  
 Account Number (b) (7)(C)  
 Billing Date May 1, 2008

Web Site att.com

# Monthly Statement

Apr 2 - May 1, 2008

## Bill-At-A-Glance

Previous Bill	43.36
Payment Received 4-17 - Thank You!	43.86CR
Adjustments	.00
Balance	.00
Current Charges	46.21
<b>Total Amount Due</b>	<b>\$46.21</b>
Current Charges Due in Full By	May 27, 2008

## Billing Summary

Questions? Call:

<b>Plans and Services</b>	28.27
1-800-288-2020	
Repair Service:	
1-800-515-7272	
Automated Billing/Payment Arrangements:	
1-800-207-2228	
<b>AT&amp;T Corp.</b>	17.94
1-800-222-0300	
<b>Total of Current Charges</b>	<b>46.21</b>

PAID IN FULL  
 05/09/2008  
 CK. NO 3893  
 \$ 46.21  
 (b) (7)(C) RR

## News You Can Use Summary

- PREVENT DISCONNECT
  - PAYMENT OPTIONS
  - GET MORE OUT OF AT&T
  - CARRIER INFO
  - AT&T BILLING GUIDE
- See "News You Can Use" for additional information.

## Plans and Services

<b>Monthly Service - May 1 thru May 31</b>	
Call Plan Unlimited	19.75
Federal Access Charge	5.37
<b>Total Monthly Service</b>	<b>25.12</b>
<b>Surcharges and Other Fees</b>	
9-1-1 Emergency System	.21
Billed for Bay County	.60
Federal Universal Service Fee	.81
<b>Total Surcharges and Other Fees</b>	<b>.81</b>
<b>Taxes</b>	
Federal at 3%	.78
State at 6%	1.56
<b>Total Taxes</b>	<b>2.34</b>
<b>Total Plans and Services</b>	<b>28.27</b>

## AT&T Corp.

### Important Information

Thank you for choosing AT&T.

Effective June 1, 2008, AT&T's per-minute basic rates for direct-dialed international calls made from home will increase on average by 10%. A complete list of AT&T's rates by country is available at <http://www.att.com/serviceguide/home>, or call 1 800 222-0300 for additional information about these new rates. Thank you for choosing AT&T.

AT&T Invoice Charges For Period Ending APR 24, 2008

### Monthly Service

1 AT&T Local One Rate(R) Plus Plan	
monthly fee APR 24 - MAY 23	5.95

### Long Distance

No.	Date	Time	Place Called	Number	Code	Min
<b>Itemized Calls</b>						
1					N	
2					N	
3					N	
4					N	
5					N	
6					N	
7	4-23	1156A	MONTGOMERY AL	(b) (7)(C)	N	1A1 .07
<b>Total Itemized Calls</b>						

A1 AT&T Local One Rate(R) Plus Plan

Local Services provided by AT&T Illinois, AT&T Indiana, AT&T Michigan, AT&T Ohio or AT&T Wisconsin based upon the service address location.

U.S. Pat. D410,950 and D414,510

Printed on Recycled Paper

Return bottom portion with your check in the enclosed envelope.

att.com



(b) (7)(C)  
(b) (7)(C)  
BAY CITY, MI 48706-3196

Page 1 of 2  
Account Number (b) (7)(C)  
Billing Date Jul 1, 2008

Web Site att.com

# Monthly Statement

Jun 2 - Jul 1, 2008

## Bill-At-A-Glance

Previous Bill	41.66
Payment Received 6-12 - Thank You!	41.66CR
Adjustments	.00
Balance	.00
Current Charges	39.05
<b>Total Amount Due</b>	<b>\$39.05</b>
Current Charges Due in Full By	Jul 26, 2008

## Billing Summary

Questions? Call:

Plans and Services	28.47
1-800-288-2020	
Repair Service:	
1-800-515-7272	
Automated Billing/Payment Arrangements:	
1-800-207-2228	
AT&T Corp.	10.58
1-800-222-0300	
<b>Total of Current Charges</b>	<b>39.05</b>

*PAID in Full*  
*07/12/2008*  
*CK. NO. 3930*  
*\$ 39.05*  
*(b) (7)(C) TR*

## News You Can Use Summary

- PREVENT DISCONNECT
- UNIVERSAL SVC FEE
- REPAIR MADE EASY!
- AT&T UNIVERSAL CARD
- CARRIER INFO
- PAYMENT OPTIONS
- STAYING SAFE ONLINE
- BUNDLE TODAY!

See "News You Can Use" for additional information.

## Plans and Services

### Monthly Service - Jul 1 thru Jul 31

Call Plan Unlimited	19.75
Federal Access Charge	5.37
<b>Total Monthly Service</b>	<b>25.12</b>

### Surcharges and Other Fees

9-1-1 Emergency System	
Billing for more than one city/counties	.21
Michigan State E911	.19
Federal Universal Service Fee	.61
<b>Total Surcharges and Other Fees</b>	<b>1.01</b>

### Taxes

Federal at 3%	.78
State at 6%	1.56
<b>Total Taxes</b>	<b>2.34</b>

### Total Plans and Services

28.47

## AT&T Corp.

### Important Information

Thank you for using AT&T

Thank you for choosing AT&T.

AT&T Invoice Charges For Period Ending JUN 24, 2008

### Monthly Service

1 AT&T Local One Rate(R) Plus Plan	
monthly fee JUN 24 - JUL 23	5.95

### Long Distance

No.	Date	Time	Place Called	Number	Code	Min	
1					N		
2	5-28	1254P	MONTGOMERY AL	(b) (7)(C)	N	7A1	.49
3					N	1A1	

Total Itemized Calls

A1 AT&T Local One Rate(R) Plus Plan

Total Long Distance

### Surcharges and Other Fees

1 Universal Connectivity Charge	
For an explanation of this charge, please call 1 800 532-2021 or visit <a href="http://www.consumer.att.com/connectivity_charge">www.consumer.att.com/connectivity_charge</a>	1.01

Local Services provided by AT&T Illinois, AT&T Indiana, AT&T Michigan, AT&T Ohio or AT&T Wisconsin based upon the service address location.

U.S. Pat. D410,950 and D414,510

Return bottom portion with your check in the enclosed envelope.



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

Page 1 of 2  
Account Number (b) (7)(C)  
Billing Date Dec 1, 2008  
Web Site att.com

# Monthly Statement

Nov 2 - Dec 1, 2008

### Bill-At-A-Glance

Previous Bill	43.43
Payment Received 11-12- Thank You!	43.43 CR
Adjustments	.00
Balance	.00
Current Charges	46.38

**Total Amount Due \$46.38**

Current Charges Due in Full By **Dec 26, 2008**

### Billing Summary

Questions? Visit att.com

<b>Plans and Services</b>	28.46
1-800-288-2020	
Repair Service:	
1-800-515-7272	
Automated Billing/Payment Arrangements:	
1-800-207-2228	
<b>AT&amp;T Corp.</b>	17.92
1-800-222-0300	
<b>Total of Current Charges</b>	<b>46.38</b>

PAID IN FULL  
CK. NO. 4040  
12/12/2008  
\$146.38 (b) (7)(C) TR

### News You Can Use Summary

- PREVENT DISCONNECT
  - PAYMENT OPTIONS
  - THE NEW 411
  - CARRIER INFO
  - DID YOU KNOW?
- See "News You Can Use" for additional information.

### Plans and Services

#### Monthly Service - Dec 1 thru Dec 31

Call Plan Unlimited	19.75
Federal Access Charge	5.37
<b>Total Monthly Service</b>	<b>25.12</b>

#### Surcharges and Other Fees

9-1-1 Emergency System	
Billing for more than one city/counties	.20
Michigan State E911	.19
Federal Universal Service Fee	.61
<b>Total Surcharges and Other Fees</b>	<b>1.00</b>

#### Taxes

Federal at 3%	.78
State at 6%	1.56
<b>Total Taxes</b>	<b>2.34</b>

**Total Plans and Services**

**28.46**

### AT&T Corp.

#### Important Information

Charges appearing in this section are for services that may be provided by AT&T Corp, AT&T Long Distance and/or AT&T Long Distance Service.

Thank you for choosing AT&T.

AT&T Invoice Charges For Period Ending NOV 24, 2008

#### Monthly Service

1 AT&T Local One Rate(R) Plus Plan	
monthly fee NOV 24 - DEC 23	5.95

#### Long Distance

No.	Date	Time	Place Called	Number	Code	Min	
<b>Itemized Calls</b>							
1					N		
2	10-28	206P	MONTGOMERY AL	(b) (7)(C)	N	9A1	.63
3					N		
4					N		
5					N		
6					N		
7	10-28	418P	MONTGOMERY AL	(b) (7)(C)	N	2A1	.14
8					N		
9	11-11	203P	MONTGOMERY AL	(b) (7)(C)	N	2A1	.14
10					N		

Total Itemized Calls

Local Services provided by AT&T Illinois, AT&T Indiana, AT&T Michigan, AT&T Ohio or AT&T Wisconsin based upon the service address location.

U.S. Pat. D410,950 and D414,510

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Return bottom portion with your check in the enclosed envelope.

## Colonial BancGroup's Direct Deposit of Dividends

Eliminate the possibility of your dividend check being lost, stolen, or destroyed by having your check directly deposited into your personal bank account on the payment date.

Account Number: (b) (7)(C)

Name: (b) (7)(C)

Account Type:  Checking  Savings

Transit/Routing Number:

Bank Account Number:

Your Bank Information

Your Name  
123 Any Street  
Any Town, State 12345

Date: \_\_\_\_\_ 1234

Pay to the order of: \$ \_\_\_\_\_ Dollars

Bank Name: Sample  
Bank Address: \_\_\_\_\_

For: \_\_\_\_\_

① Transit Routing      ② Your Bank Account Number

PAYABLE DATE 02/08/08	CHECK NUMBER (b) (7)(C)
ACCOUNT NUMBER (b) (7)(C)	TAXPAYER FEDERAL I.D. NUMBER
SHARES ON RECORD DATE 01/25/08 4,206	DIVIDEND RATE \$.19000
CURRENT QUARTER	YEAR TO DATE
GROSS DIVIDEND AMOUNT 799.14	GROSS DIVIDEND AMOUNT 799.1
TAX WITHHELD .00	TAX WITHHELD .0
NET CHECK AMOUNT 799.14	NET CHECK AMOUNT 799.1

CONTINENTAL STOCK TRANSFER & TRUST COMPANY  
17 BATTERY PLACE - 8TH FLOOR  
NEW YORK, NY 10004

## Colonial BancGroup's Direct Deposit of Dividends

Eliminate the possibility of your dividend check being lost, stolen, or destroyed by having your check directly deposited into your personal bank account on the payment date.

Account Number: (b) (7)(C)

Name: (b) (7)(C)

Account Type:  Checking  Savings

Transit/Routing Number:

Bank Account Number:

Your Bank Information

Your Name  
123 Any Street  
Any Town, State 12345

Date: \_\_\_\_\_ 1234

Pay to the order of: \$ \_\_\_\_\_ Dollars

Bank Name: Sample  
Bank Address: \_\_\_\_\_

For: \_\_\_\_\_

① Transit Routing      ② Your Bank Account Number

PAYABLE DATE 05/09/08	CHECK NUMBER (b) (7)(C)
ACCOUNT NUMBER (b) (7)(C)	TAXPAYER FEDERAL I.D. NUMBER
SHARES ON RECORD DATE 04/25/08 6,006	DIVIDEND RATE \$.09500
CURRENT QUARTER	YEAR TO DATE
GROSS DIVIDEND AMOUNT 570.57	GROSS DIVIDEND AMOUNT 1,369.71
TAX WITHHELD .00	TAX WITHHELD .00
NET CHECK AMOUNT 570.57	NET CHECK AMOUNT 1,369.71

CONTINENTAL STOCK TRANSFER & TRUST COMPANY  
17 BATTERY PLACE - 8TH FLOOR  
NEW YORK, NY 10004

## Colonial BancGroup's Direct Deposit of Dividends

Eliminate the possibility of your dividend check being lost, stolen, or destroyed by having your check directly deposited into your personal bank account on the payment date.

Account Number: (b) (7)(C)

Name: (b) (7)(C)

Account Type:  Checking  Savings

Transit/Routing Number:

Bank Account Number:

Your Bank Information

Your Name  
123 Any Street  
Any Town, State 12345

Date: \_\_\_\_\_ 1234

Pay to the order of: \$ \_\_\_\_\_ Dollars

Bank Name: Sample  
Bank Address: \_\_\_\_\_

For: \_\_\_\_\_

① Transit Routing      ② Your Bank Account Number

PAYABLE DATE 08/08/08	CHECK NUMBER (b) (7)(C)
ACCOUNT NUMBER (b) (7)(C)	TAXPAYER FEDERAL I.D. NUMBER
SHARES ON RECORD DATE 07/25/08 6,006	DIVIDEND RATE \$.09500
CURRENT QUARTER	YEAR TO DATE
GROSS DIVIDEND AMOUNT 570.57	GROSS DIVIDEND AMOUNT 1,940.28
TAX WITHHELD .00	TAX WITHHELD .00
NET CHECK AMOUNT 570.57	NET CHECK AMOUNT 1,940.28

CONTINENTAL STOCK TRANSFER & TRUST COMPANY  
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NEW YORK, NY 10004

(b) (7)(C), (b) (3) (A)

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COLONIAL BANC GROUP

1<sup>st</sup> Quarter 2008 Earnings Overview

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# Forward Looking Statements



Colonial BancGroup

This presentation includes "forward-looking statements" within the meaning of the federal securities laws. Words such as "believes," "estimates," "plans," "expects," "should," "may," "might," "outlook," "potential" and "anticipates," the negative of these terms and similar expressions, as they relate to The Colonial BancGroup, Inc. (BancGroup) (including its subsidiaries or its management), are intended to identify forward-looking statements. The forward-looking statements in this presentation are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. In addition to factors mentioned elsewhere in this presentation or previously disclosed in BancGroup's SEC reports (accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) or on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com)), the following factors, among others, could cause actual results to differ materially from forward-looking statements and future results could differ materially from historical performance. These factors are not exclusive:

- losses to our loan portfolio are greater than estimated or expected;
- an inability to raise additional capital on terms and conditions that are satisfactory;
- the impact of current economic conditions on our ability to borrow additional funds to meet our liquidity needs;
- economic conditions affecting real estate values and transactions in BancGroup's market and/or general economic conditions, either nationally or regionally, that are less favorable than expected;
- changes in the interest rate environment which expand or reduce margins or adversely affect critical estimates as applied and projected returns on investments;
- deposit attrition, customer loss, or revenue loss in the ordinary course of business;
- increases in competitive pressure in the banking industry and from non-banks;
- costs or difficulties related to the integration of the businesses of BancGroup and institutions it acquires are greater than expected;
- the inability of BancGroup to realize elements of its strategic plans for 2008 and beyond;
- natural disasters in BancGroup's primary market areas which result in prolonged business disruption or materially impair the value of collateral securing loans;
- management's assumptions and estimates underlying critical accounting policies prove to be inadequate or materially incorrect or are not borne out by subsequent events;
- the impact of recent and future federal and state regulatory changes;
- current or future litigation, regulatory investigations, proceedings or inquiries;
- strategies to manage interest rate risk may yield results other than those anticipated;
- changes which may occur in the regulatory environment;
- a significant rate of inflation (deflation);
- acts of terrorism or war; and
- changes in the securities markets.

Many of these factors are beyond BancGroup's control. The reader is cautioned not to place undue reliance on any forward looking statements made by or on behalf of BancGroup. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. BancGroup does not undertake any obligation to update or revise any forward-looking statements.



For more information

# Overview



Colonial BancGroup

- \$27 billion in assets with 342 branches at 3/31/2008
- Top 25<sup>\*</sup> U.S. commercial bank (non-foreign owned)
- Proven community banking philosophy with regional bank management and local boards of directors
- Top 6<sup>\*</sup> market share in 87% of retail deposit franchise
  - Attractive banking franchise
  - Strong and growing retail banking business
- Long history of superior asset quality across portfolios and credit cycles
  - Conservative loan loss reserve level
  - No subprime residential mortgage products
- Solid capital levels
- Strong liquidity position
- Consistent core profitability
- Stable, experienced management team

\*Source: SNL Financial

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GoldMine Research

## Credit Quality – 1<sup>st</sup> Quarter 2008 Update



Colonial BancGroup

- Credit quality is sound and within expectations
- No subprime, no stated income and no exotic loan or investment products
- Maintained loan loss reserve at 1.50% of loans at 3/31/08
- 1<sup>st</sup> quarter net charge-offs were \$34 million or 0.84% annualized of average loans down from 0.88% annualized from the 4<sup>th</sup> quarter of 2007
- Nonperforming assets were \$266 million or 1.65% of net loans and ORE at 3/31/08 compared to 0.86% at 12/31/07

# Loan Portfolio

At 3/31/08 (excluding unearned income)



Colonial BancGroup

Business Line	Dollars Outstanding (millions)	Percentage of Total Portfolio
Residential Construction	\$3,265.1	20.3%
Commercial Real Estate	\$7,968.3	49.5%
Residential Real Estate	\$2,653.8	16.5%
Commercial & Industrial	\$1,194.3	7.4%
Mortgage Warehouse Lending	\$598.0	3.7%
Consumer & Other	\$434.0	2.6%
<b>Total</b>	<b>\$16,113.5</b>	<b>100%</b>



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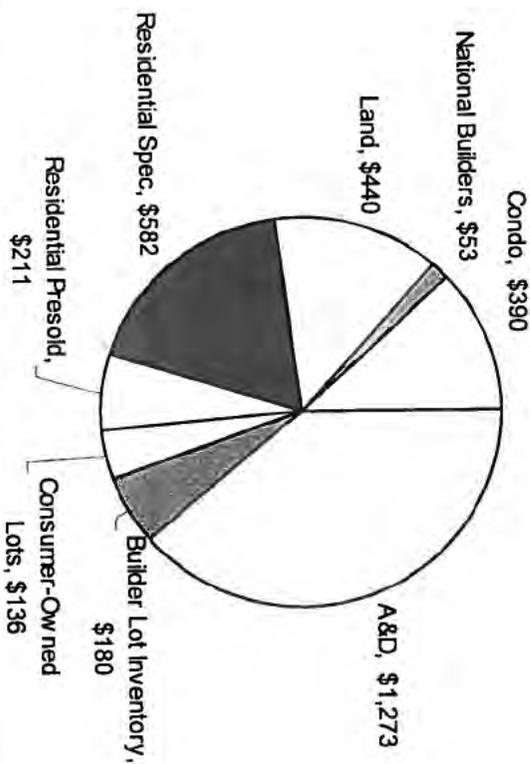
# Residential Construction



Colonial Banc Group

By Location and Property Type at 3/31/08  
 20% of total loan portfolio \$3,265 billion  
 (\$ in millions)

	Total Outstanding	A&D	Builder Lots	Consumer Lots	Res. Presold	Res. Spec	Land	Condo	National Builders
Florida	\$ 1,608	\$ 568	\$ 72	\$ 99	\$ 113	\$ 214	\$ 224	\$ 298	\$ 20
Texas	540	279	41	5	17	74	75	16	33
Georgia	410	188	32	2	30	115	20	23	-
Alabama	393	126	32	27	26	151	24	7	-
Nevada	204	80	1	2	22	25	49	25	-
Other	110	32	2	1	3	3	48	21	-
<b>Total</b>	<b>\$ 3,265</b>	<b>\$ 1,273</b>	<b>\$ 180</b>	<b>\$ 136</b>	<b>\$ 211</b>	<b>\$ 582</b>	<b>\$ 440</b>	<b>\$ 390</b>	<b>\$ 53</b>



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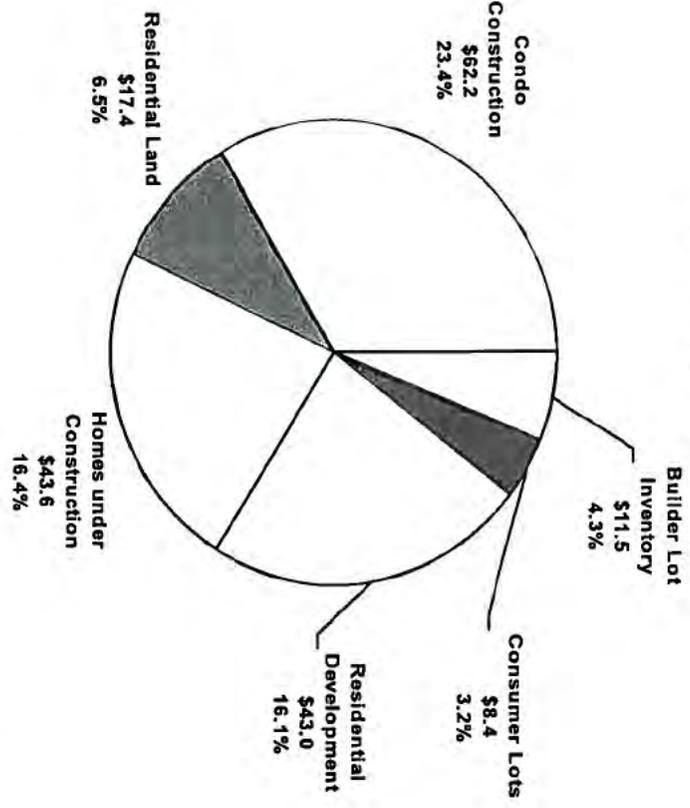
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# Residential Construction NPAs

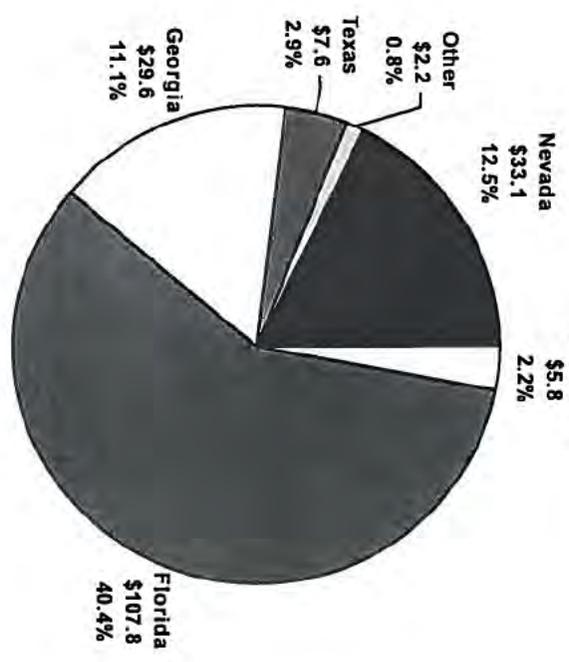


As 3/31/08 - Total \$196.1 million (or 69.9% of total non-performing assets)  
 (\$ in millions)

Property Type



Location



(note: percentages in above charts represent proportion to total NPAs)



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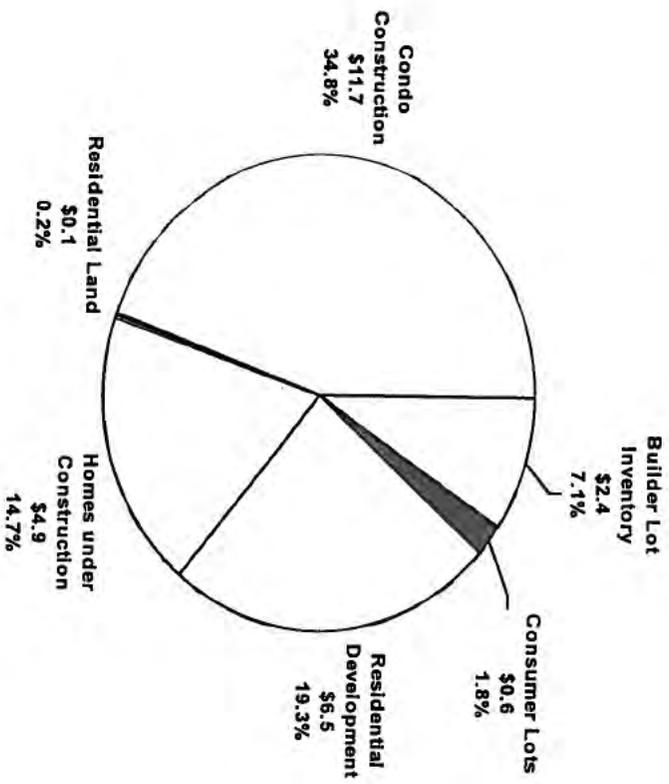
# Residential Construction Net Charge-Offs



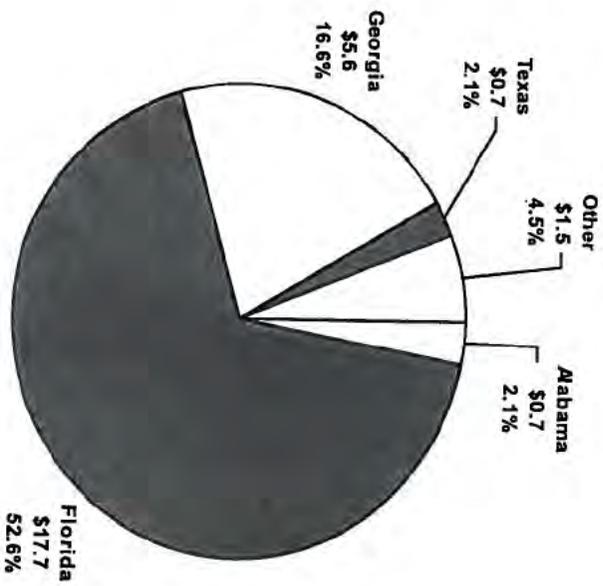
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As 3/31/08 - Total \$26.2 million (or 77.9% of total net charge offs)  
(\$ in millions)

## Property Type



## Location



(note: percentages in above charts represent proportion to total net charge-offs)

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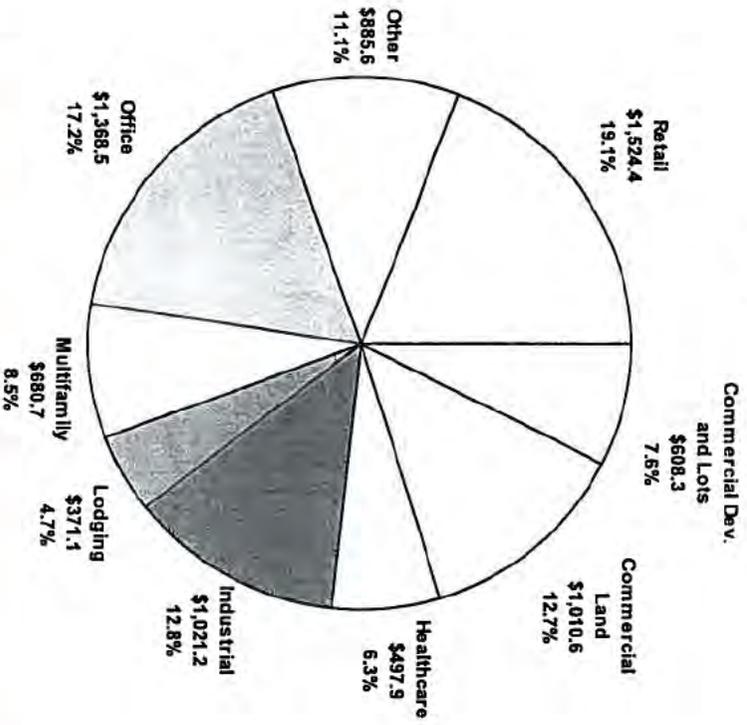
# Commercial Real Estate



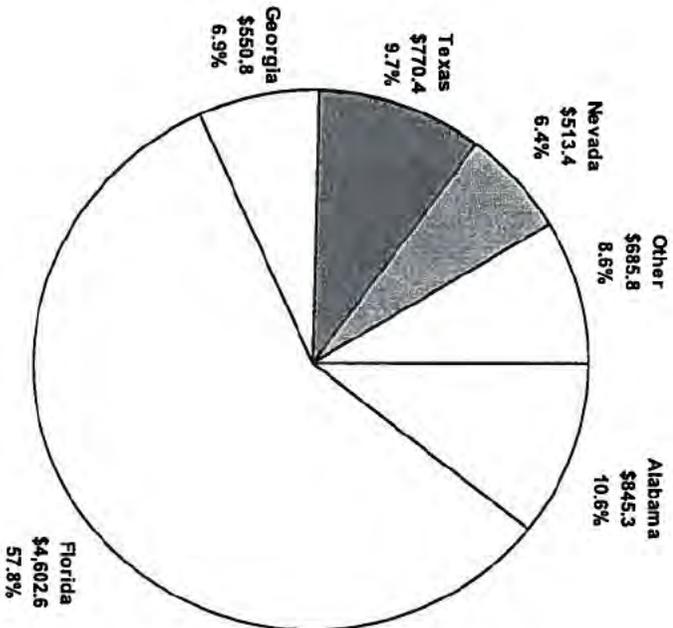
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(Excluding Residential and Condominium Construction)  
 By location and property type at 3/31/08  
 50% of total loan portfolio - \$7.968 billion  
 (\$ in millions)

## Property Type



## Location



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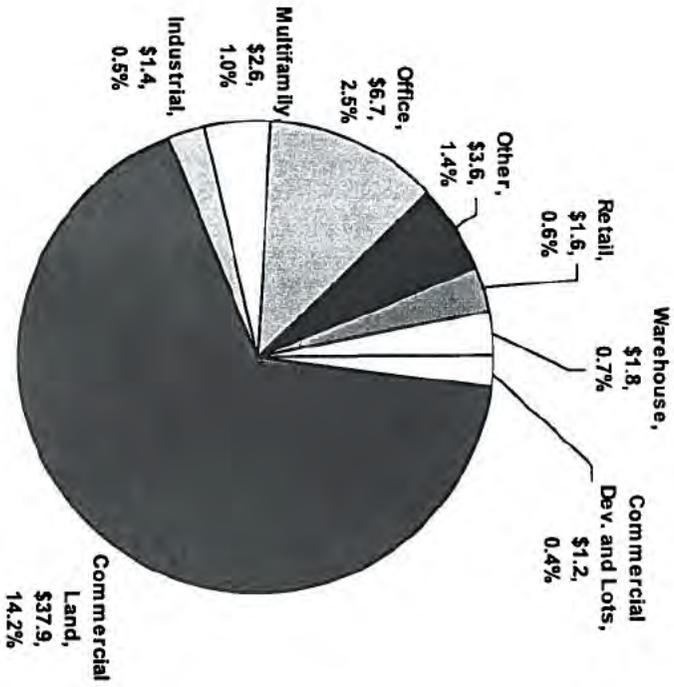
# Commercial Real Estate NPAs



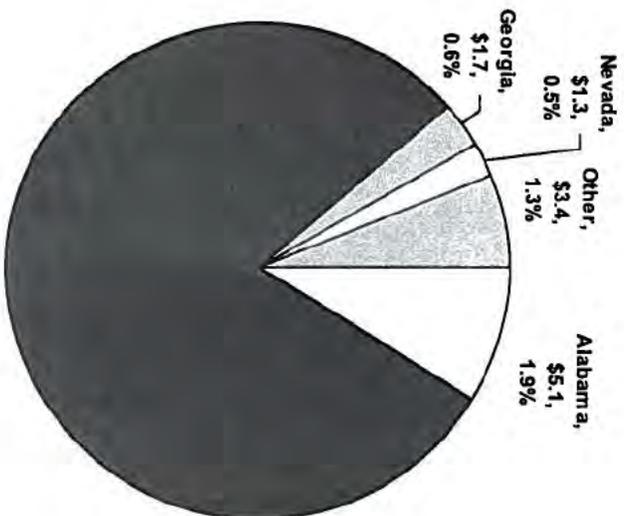
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(Excluding Residential and Condominium Construction)  
 At 3/31/08 Total \$56.8 million for 21.3% of total non-performing assets)  
 (\$ in millions)

## Property Type



## Location



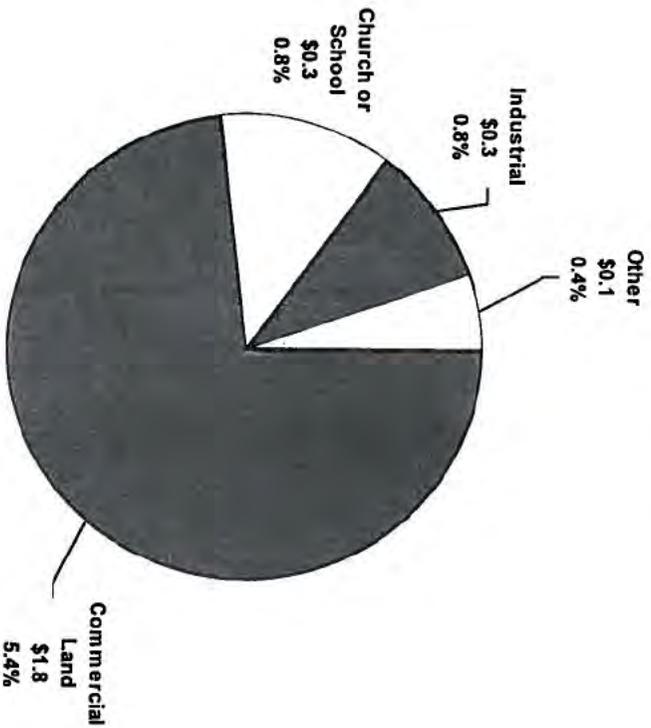
(note: percentages in above charts represent proportion to total NPAs)

# Commercial Real Estate Net Charge-Offs

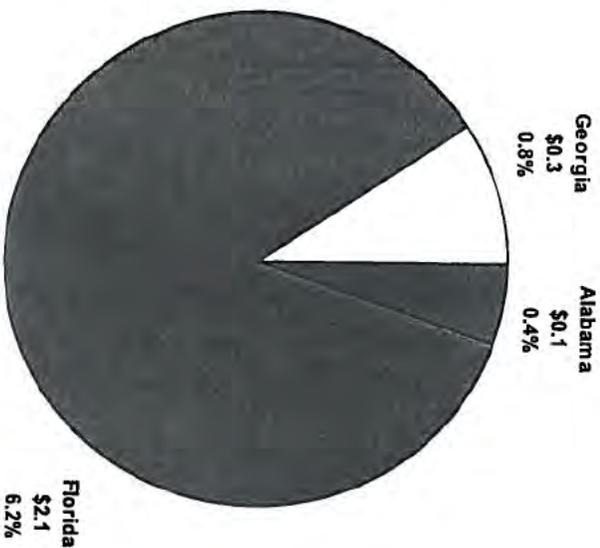


(Excluding Residential and Condominium Construction)  
 At 3/31/08—Total \$2.5 million (or 7.4% of total net charge-offs)  
 (\$ in millions)

## Property Type



## Location

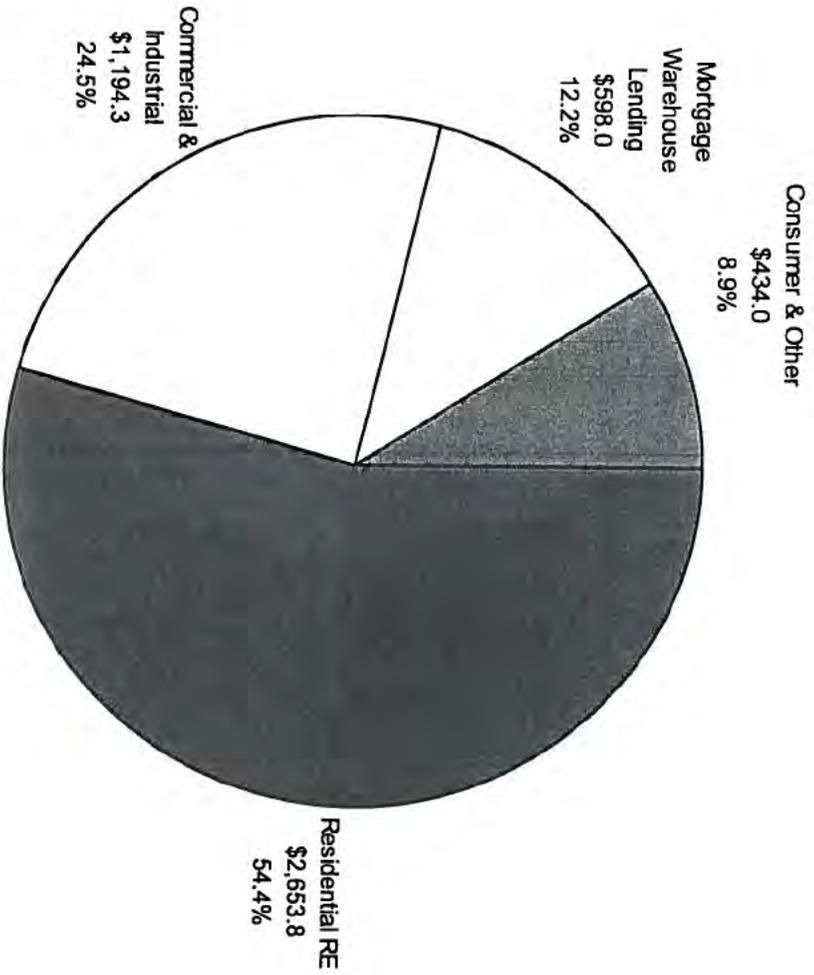


(note: percentages in above charts represent proportion to total net charge-offs)



# Other Loan Types

As of 3/31/08 - 30% of total portfolio - \$4.880 billion  
(\$ in millions)



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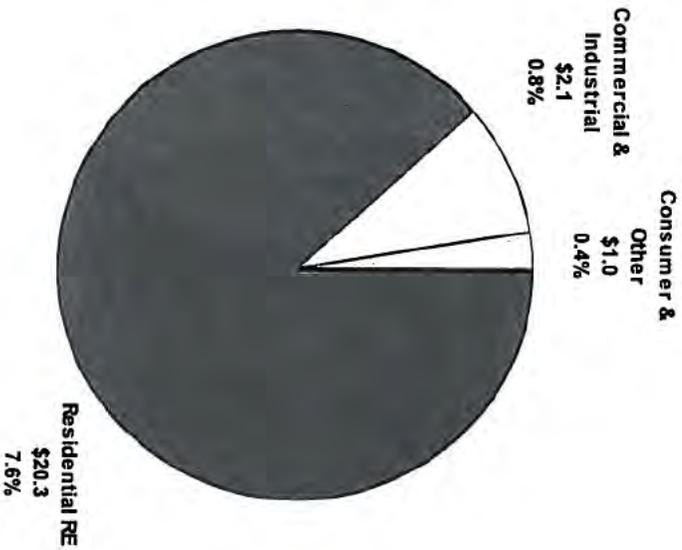
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# Other Loan Types - NPAs and Net Charge-Offs

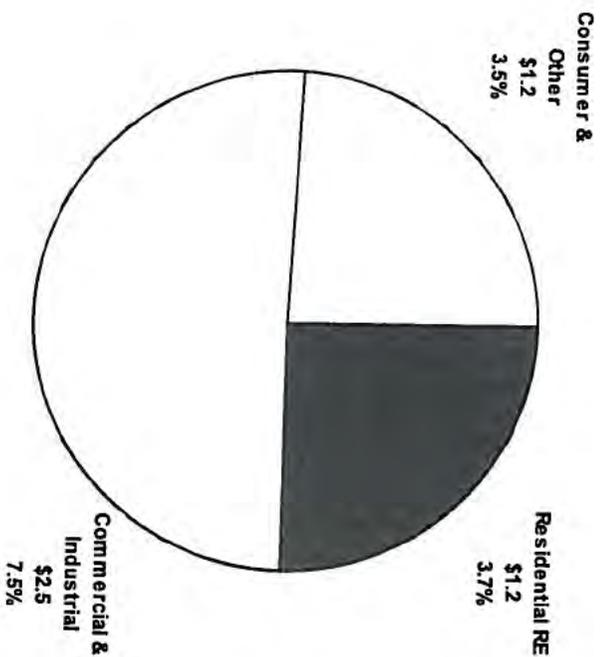


At 3/31/08 - NPAs totaled \$23.4 million. NCOS totaled \$4.9 million (\$ in millions)

NPAs



NCOS



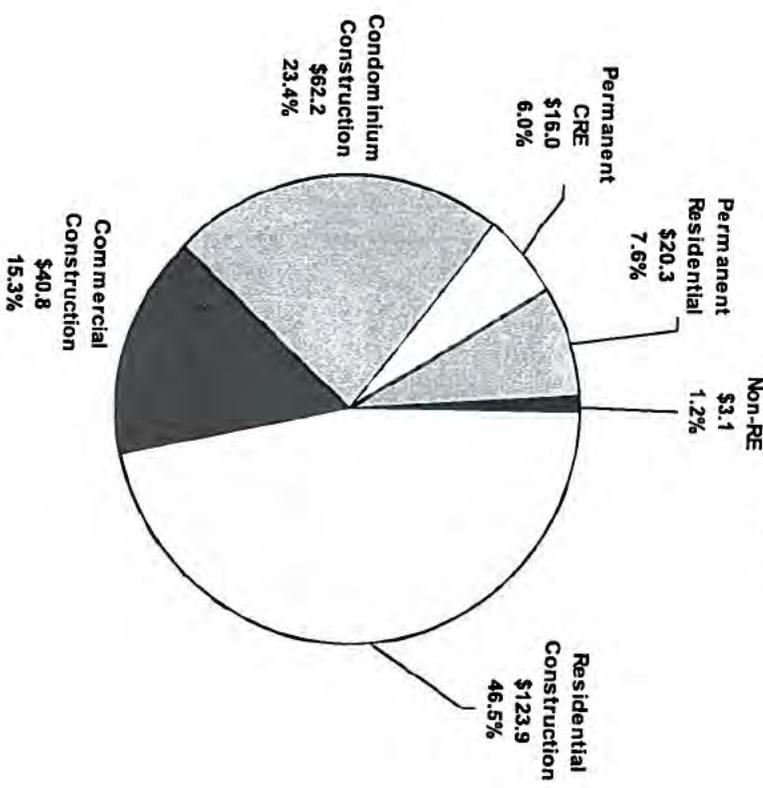
(note: percentages in above charts represent proportion to total NPAs and NCOS)

# Nonperforming Assets by Type and Location

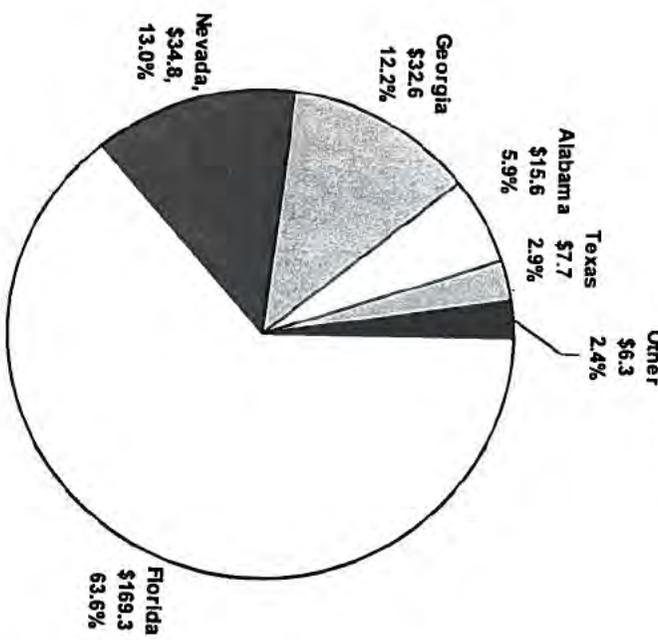
At 3/31/08 - Total \$266.3 million  
(\$ in millions)



### Property Type



### Location



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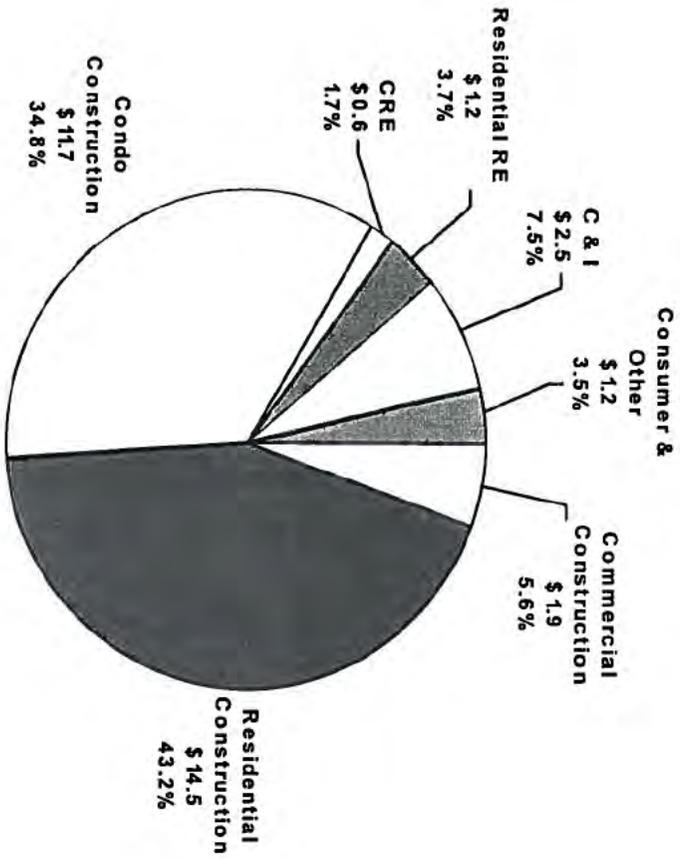
# Net Charge Offs by Type and Location



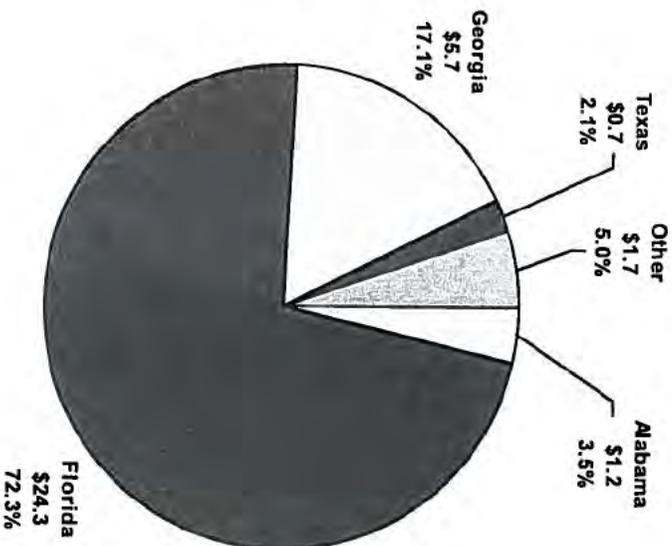
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First Quarter 2008 – Total \$33.6 million  
(\$ in millions)

## Property Type



## Location



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## 1st Quarter 2008 Summary of Results



Colonial BancGroup

- Earnings per share of \$0.16 for the 1Q08; an increase of \$0.10 over the 4Q07
- Net interest income decreased 7% from the 4Q07
  - Net interest margin was 2.94% for the 1Q08 compared to 3.43% for the 4Q07
- Strong average deposit growth of 17% over 1Q07
- Loan loss reserve was 1.50% of net loans; provisions exceeded net charge-offs
- Core noninterest income growth of 11% over 1Q07
- Core noninterest expense increased 12% over the 4Q07
- Issued \$250 million of subordinated debt at 8.875%, qualifies for Tier 2 capital
- Strong liquidity and solid capital position

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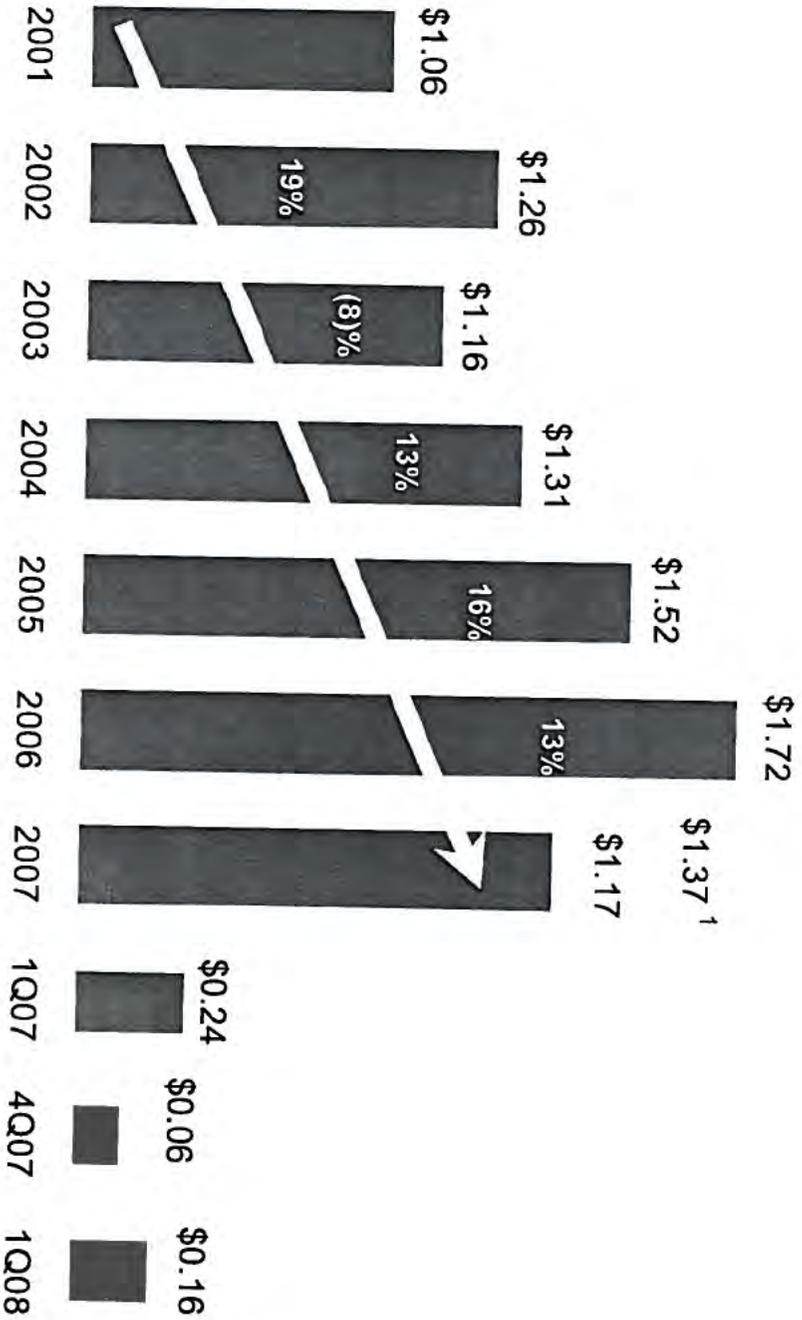
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# Earnings Per Share

(diluted)



Colonial BancGroup



<sup>1</sup>Excluding one-time gains, restructuring and other charges

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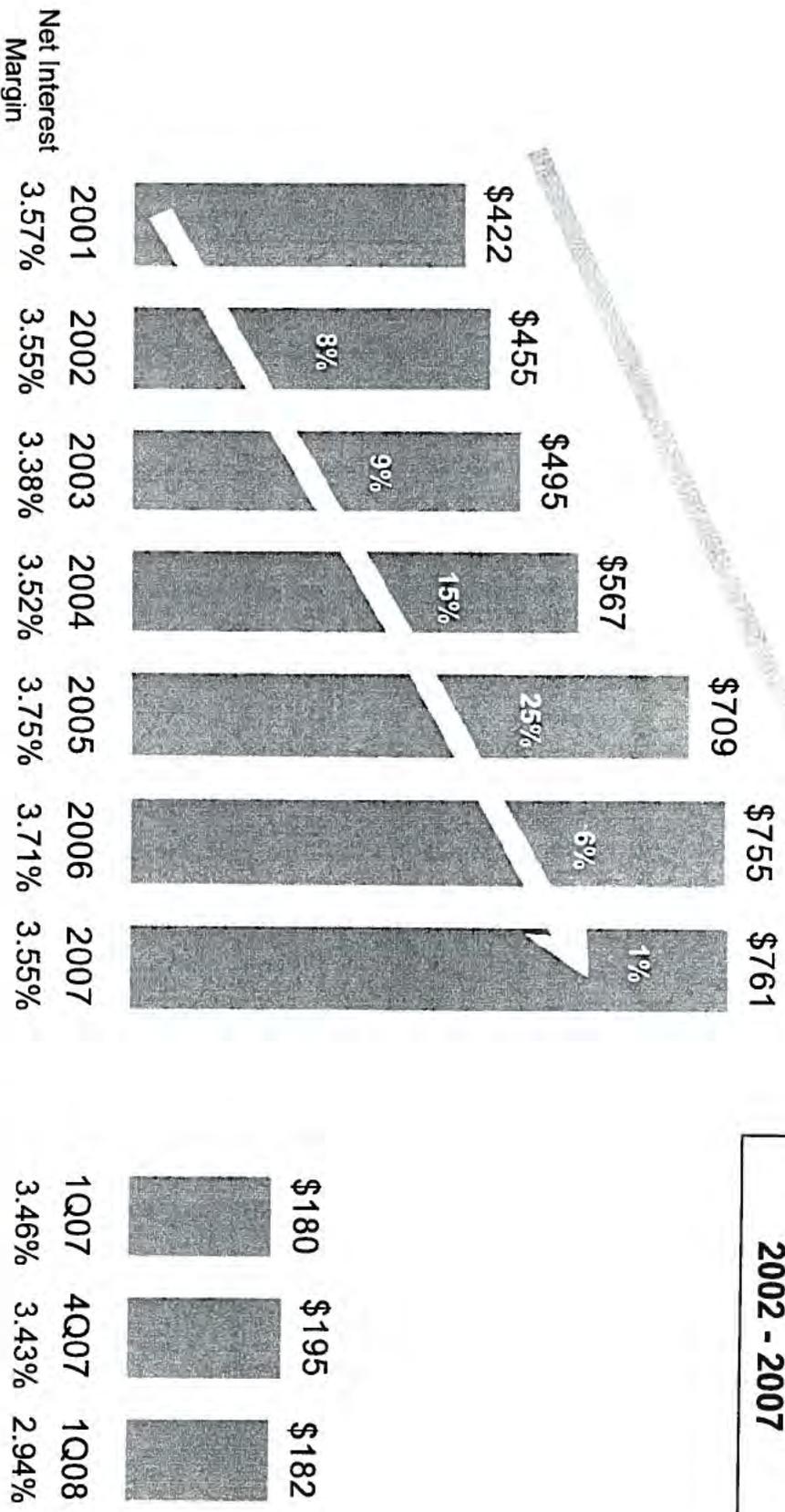
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# Net Interest Income

(\$ in millions)



**5 Year CAGR = 11%**  
2002 - 2007



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# Net Interest Income and Margin

(\$ in millions)



Colonial Banc Group

	Tax Equivalent	
	NII	NIM
<b>4Q07</b>		
Citrus & Chemical Bank	\$197.3	3.43%
Deposit mix change and inelastic deposit pricing	3.6	-0.01
Increase in Mortgage Warehouse assets	(7.9)	-0.13
Asset sensitivity	5.8	-0.12
New sub debt issuance	(14.3)	-0.24
Other	(0.5)	-0.01
	(0.2)	0.02
<b>1Q08</b>	\$183.8	2.94%

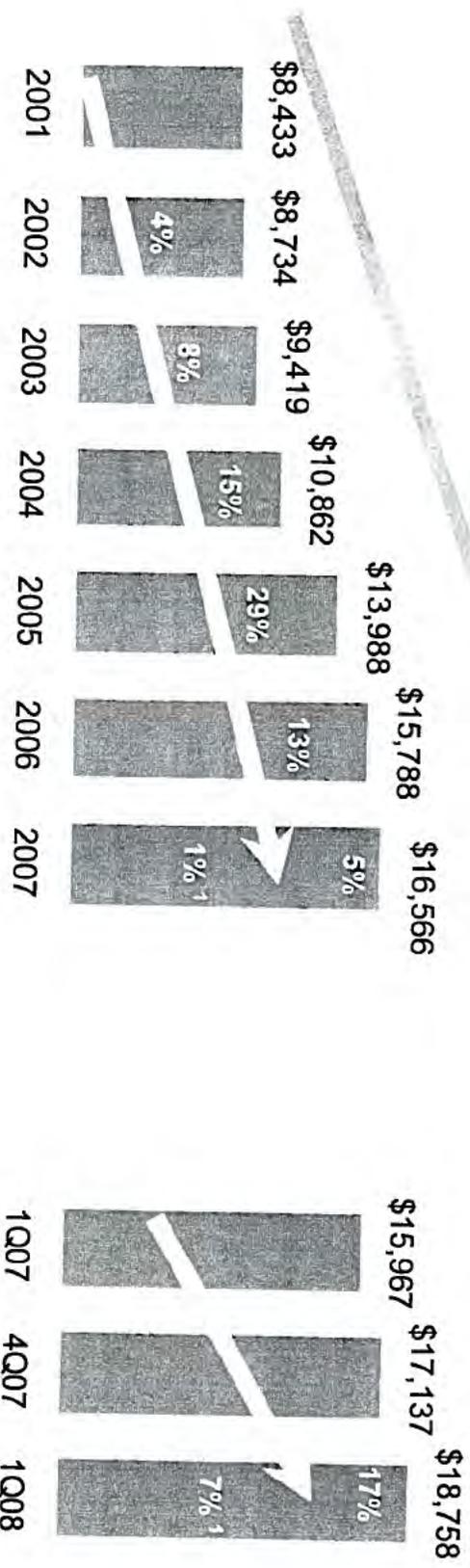
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# Average Deposits

(\$ in millions)

**5 Year CAGR = 14%**  
**2002 - 2007**



NOTE: Growth percent is 1Q07 to 1Q08



<sup>1</sup>Excluding acquisitions

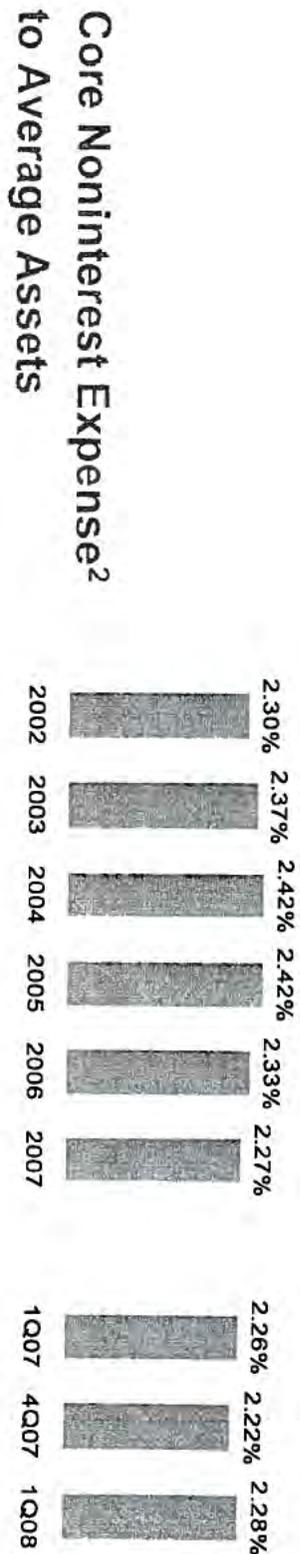
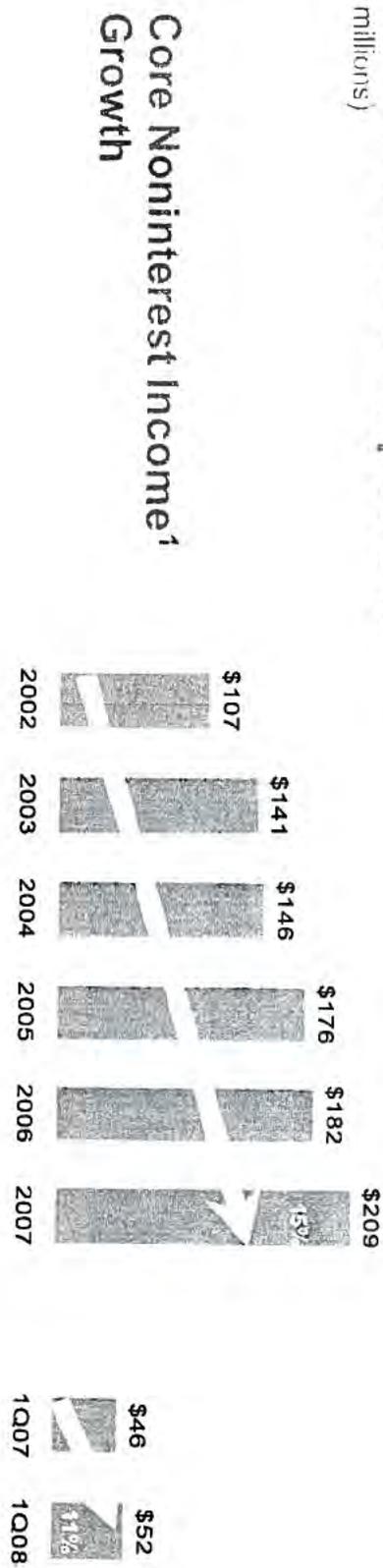


# Strong Growth in Noninterest Income and Controlled Expenses



Colonial BancGroup

(\$ in millions)



<sup>1</sup>Excluded from noninterest income are securities and derivatives gains (losses), securities restructuring charges, changes in fair value of swap derivatives and gain on sale of Goldleaf, merchant services, branches and mortgage loans  
<sup>2</sup>Excluded from noninterest expense are net losses related to the early extinguishment of debt, severance expense and merger related expenses



# Strong Liquidity and Capital Position



Colonial BancGroup

## ➤ Solid capital position

- Proactively managing capital for economic uncertainty and the challenging operating environment
- Planned offering is expected to fortify the balance sheet
- Lower dividend preserves capital of approximately \$60 million annually, or 30 basis points of Tier 1
- Expected decreases in loans and warehouse assets will strengthen capital ratios
- Key ratios at 3/31/08:

	3/31/08 <u>Actual</u>	3/31/08 <u>Pro Forma</u> <sup>(2)</sup>
Tangible common equity ratio excluding unrealized loss on AFS	4.21%	5.16%
Tangible capital ratio <sup>(1)</sup>	4.59%	5.54%
Tier I leverage ratio	5.33%	6.28%
Tier I capital ratio	6.10%	7.04%
Total risk based capital ratio	8.05%	9.30%
	12.01%	13.26%

## ➤ Strong Liquidity

- Ample sources of liquidity - unused wholesale funding sources are in excess of \$5 billion
- Strong average organic deposit growth from the retail banking franchise, 9.4% annualized from December 31, 2007 to March 31, 2008; deposits fund 70% of assets

## ➤ Strong, high quality investment portfolio

- 95.3% of portfolio is AAA-rated or government-backed, ex. Federal reserve stock and FHLB stock
- No subprime or CDO exposure

(1) Includes REIT preferred stock

(2) Pro forma for \$250 million common stock offering

\*Estimated

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## 2008 Outlook



Colonial BancGroup

- We expect the remainder of 2008 to be a challenging operating environment for all banks including Colonial
- We believe that we have a realistic view of the operating environment
- Liquidity is strong
- Solid capital position; common stock offering will ensure that we have significant financial flexibility to weather the tough times ahead
- We have isolated the problem credits to the residential real estate construction sector of the loan portfolio
- No off-balance sheet items

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# Supplemental Information

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# Selected Average Balances

(\$ in millions)



Colonial BancGroup

	1Q08		4Q07		1Q07		% Change From	
							4Q07	1Q07
<b>Earning Assets</b>	<b>\$ 25,067</b>	<b>\$ 22,917</b>	<b>\$ 21,058</b>	<b>9%</b>	<b>19%</b>			
Loans, Net of Unearned Income	15,994	15,388	15,349	4%	4%			
Loans Held for Sale	3,161	1,643	1,287	92%	146%			
Securities	3,677	3,730	3,266	-1%	13%			
Resell Agreements and Other Interest Earning Assets	2,235	2,156	1,156	4%	93%			
<b>Total Assets</b>	<b>27,650</b>	<b>25,332</b>	<b>23,054</b>	<b>9%</b>	<b>20%</b>			
<b>Total Deposits</b>	<b>18,758</b>	<b>17,137</b>	<b>15,967</b>	<b>9%</b>	<b>17%</b>			
Noninterest Bearing Deposits	3,067	2,982	2,780	3%	10%			
Interest Bearing Transaction Accounts	6,610	6,363	6,314	4%	5%			
Time Deposits	9,081	7,792	6,873	17%	32%			
Repurchase Agreements	544	566	763	-4%	-29%			
S/T Borrowings and Fed Funds	1,380	937	1,164	47%	19%			
L/T Debt	4,084	3,908	2,925	5%	40%			
<b>Shareholders' Equity</b>	<b>2,281</b>	<b>2,253</b>	<b>2,068</b>	<b>1%</b>	<b>10%</b>			

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Colonial BancGroup

# Noninterest Income

(\$ in millions)



Colonial BancGroup

				% Change	
	1Q08	4Q07	1Q07	4Q07	1Q07
Service Charges on Deposit Accounts	\$ 19.2	\$ 19.7	\$ 17.7	-3%	8%
Electronic Banking	5.0	4.9	4.4	2%	14%
Other Retail Banking Fees	2.6	2.6	3.6	0%	-28%
Retail Banking Fees	26.8	27.2	25.7	-1%	4%
Financial Planning Services	4.8	4.1	3.8	17%	26%
Mortgage Banking Origination and Sales	6.8	4.8	3.2	42%	113%
Mortgage Warehouse Fees	1.0	3.0	6.9	-67%	-86%
Bank-Owned Life Insurance	5.1	5.2	4.9	-2%	4%
Other Income	7.1	13.0	1.8	-45%	294%
<b>Core Noninterest Income</b>	<b>51.6</b>	<b>57.3</b>	<b>46.3</b>	<b>-10%</b>	<b>11%</b>
Securities and Derivatives Gains, Net	6.1	2.0	1.0	212%	519%
Securities Restructuring Charges	-	-	(36.0)	-	100%
Gain on Sale of Mortgage Loans	-	-	3.9	-	-100%
<b>Total Noninterest Income</b>	<b>\$ 57.7</b>	<b>\$ 59.3</b>	<b>\$ 15.2</b>	<b>-3%</b>	<b>279%</b>
Annualized Noninterest Income to Average Assets <sup>1</sup>	0.75%	0.90%	0.82%		
Noninterest Income to Total Revenue <sup>1</sup>	22.1%	22.7%	20.5%		

<sup>1</sup>Core noninterest income was used in the calculation

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# Noninterest Expense

(\$ in millions)



	1Q08		4Q07		1Q07		% Change	
	\$		\$		\$		4Q07	1Q07
Salaries and Employee Benefits	73.7		70.9		69.6		4%	6%
Occupancy Expense of Bank Premises, Net	23.1		21.8		18.5		6%	25%
Furniture and Equipment Expense	14.7		13.6		13.1		8%	12%
Professional Services	5.6		5.1		4.1		10%	37%
FDIC Insurance and Other Regulatory Fees	4.6		2.1		1.2		119%	283%
Electronic Banking and Other Retail Banking Expenses	4.2		4.2		4.2		0%	0%
Amortization of Intangible Assets	4.2		3.6		3.1		17%	35%
Communications	2.8		2.5		3.0		12%	-7%
Loss on Equity Investments	2.7		1.4		0.3		93%	800%
Loan and Other Real Estate Related Costs	2.7		1.4		0.3		93%	800%
Postage and Courier	2.6		2.7		2.6		-4%	0%
Advertising	2.6		2.6		2.2		0%	18%
Travel	1.4		1.7		1.7		-18%	-18%
Other Expense	13.0		7.2		6.4		81%	103%
<b>Core Noninterest Expense</b>	<b>157.9</b>		<b>140.8</b>		<b>130.3</b>		<b>12%</b>	<b>21%</b>
Severance Expense	0.2		2.6		3.0		-91%	-92%
Merger Related Expenses	-		1.7		0.4		-100%	-100%
Net Losses Related to the Early Extinguishment of Debt	5.9		-		4.4		100%	35%
<b>Total noninterest expense</b>	<b>\$ 164.0</b>		<b>\$ 145.1</b>		<b>\$ 138.1</b>		<b>13%</b>	<b>19%</b>
Efficiency Ratio <sup>1</sup>	67.02%		55.29%		57.38%			
Annualized Noninterest Expense to Average Assets <sup>1</sup>	2.28%		2.22%		2.26%			

<sup>1</sup>Core noninterest income and core noninterest expense are used in the calculation



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# Diversified CRE/Construction Loan Portfolio

As of 12/31/07



Colonial BancGroup

Commercial Real Estate Exposures by Geographic Location  
 Expressed as a Percentage of Commercial Real Estate Portfolio  
 Includes Commercial Real Estate and Construction Loan Exposures  
 (Principal Balances and Amounts Available To Be Drawn)

Property Type	Total Exposure	Central FL	West Coast FL	South FL	Panhandle FL	Northern FL	Alabama	Georgia	Texas	Nevada	Other
<b>Retail</b>	<b>13.98%</b>	<b>1.30%</b>	<b>2.51%</b>	<b>2.74%</b>	<b>0.44%</b>	<b>0.31%</b>	<b>1.43%</b>	<b>0.81%</b>	<b>2.07%</b>	<b>0.93%</b>	<b>1.71%</b>
Retail - other than gas stations	11.60%	1.11%	1.51%	2.36%	0.14%	0.11%	1.01%	0.68%	2.05%	0.86%	1.69%
Gas Station/Convenience Store	2.38%	0.19%	0.90%	0.39%	0.00%	0.21%	0.42%	0.14%	0.02%	0.07%	0.03%
<b>Residential Development</b>	<b>13.80%</b>	<b>2.82%</b>	<b>1.60%</b>	<b>0.46%</b>	<b>0.78%</b>	<b>0.13%</b>	<b>1.37%</b>	<b>2.05%</b>	<b>3.45%</b>	<b>0.71%</b>	<b>0.43%</b>
Builder Lot Inventory	1.95%	0.11%	0.27%	0.25%	0.19%	0.01%	0.24%	0.37%	0.48%	0.01%	0.03%
Commercial Development	5.01%	1.21%	0.73%	0.64%	0.00%	0.10%	0.08%	0.12%	0.60%	1.27%	0.26%
Commercial Lot Inventory	1.17%	0.15%	0.28%	0.23%	0.01%	0.00%	0.04%	0.33%	0.12%	0.00%	0.05%
Residential Homes (under construction)	9.95%	2.11%	1.12%	1.40%	0.69%	0.04%	1.78%	2.03%	1.02%	0.81%	0.85%
Multi-family	7.20%	0.66%	1.80%	1.10%	0.21%	0.04%	0.83%	2.03%	1.02%	0.81%	0.52%
Land Only	14.62%	3.02%	2.83%	1.38%	1.45%	0.14%	1.16%	0.14%	1.34%	0.21%	1.34%
Commercial Land	10.06%	1.92%	2.28%	1.22%	1.22%	0.13%	0.99%	0.24%	1.58%	1.26%	1.34%
Residential Land	4.56%	1.10%	0.57%	0.16%	0.54%	0.17%	0.17%	0.24%	0.89%	0.61%	0.88%
<b>Office</b>	<b>8.09%</b>	<b>1.10%</b>	<b>2.00%</b>	<b>2.31%</b>	<b>0.09%</b>	<b>0.08%</b>	<b>0.60%</b>	<b>0.49%</b>	<b>0.78%</b>	<b>0.31%</b>	<b>0.32%</b>
Office - non-medical	7.31%	0.87%	1.84%	2.27%	0.09%	0.09%	0.55%	0.49%	0.69%	0.28%	0.23%
Office - Medical	0.77%	0.24%	0.17%	0.04%	0.00%	0.00%	0.06%	0.43%	0.10%	0.03%	0.09%
<b>Condominium Bldgs - Construction</b>	<b>4.74%</b>	<b>1.34%</b>	<b>1.39%</b>	<b>0.54%</b>	<b>0.30%</b>	<b>0.01%</b>	<b>0.10%</b>	<b>0.37%</b>	<b>0.18%</b>	<b>0.22%</b>	<b>0.29%</b>
Warehouse	5.41%	0.86%	1.16%	1.60%	0.02%	0.03%	0.41%	0.24%	0.13%	0.78%	0.07%
Warehouse with Office	3.23%	0.63%	0.89%	0.89%	0.02%	0.03%	0.18%	0.15%	0.07%	0.40%	0.00%
Warehouse	1.31%	0.22%	0.16%	0.09%	0.00%	0.00%	0.11%	0.05%	0.05%	0.00%	0.03%
Mini-Warehouse	0.67%	0.12%	0.13%	0.03%	0.00%	0.01%	0.13%	0.03%	0.01%	0.38%	0.04%
Healthcare - Living Facility	3.26%	0.12%	0.20%	0.02%	0.10%	0.05%	0.79%	0.62%	0.58%	0.00%	0.99%
Skilled Nursing Facility	1.22%	0.00%	0.13%	0.00%	0.05%	0.05%	0.50%	0.14%	0.00%	0.00%	0.35%
Assisted Living Facility	1.49%	0.00%	0.07%	0.02%	0.05%	0.00%	0.29%	0.05%	0.36%	0.00%	0.54%
Congregate Care Facility	0.55%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.43%	0.00%	0.00%	0.00%
<b>Healthcare</b>	<b>1.47%</b>	<b>0.02%</b>	<b>0.08%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.04%</b>	<b>0.00%</b>	<b>1.22%</b>	<b>0.01%</b>	<b>0.07%</b>
Lodging	4.14%	0.57%	0.66%	0.24%	0.00%	0.05%	0.51%	0.64%	0.44%	0.11%	0.91%
Recreation	0.15%	0.04%	0.07%	0.00%	0.00%	0.01%	0.04%	0.00%	0.00%	0.00%	0.00%
Industrial	1.08%	0.08%	0.17%	0.04%	0.00%	0.00%	0.06%	0.03%	0.47%	0.04%	0.19%
Farm	0.94%	0.28%	0.11%	0.27%	0.05%	0.02%	0.09%	0.00%	0.06%	0.00%	0.08%
All Other Types	3.04%	0.60%	0.77%	0.62%	0.14%	0.17%	0.09%	0.15%	0.13%	0.01%	0.03%
<b>Total</b>	<b>100.00%</b>	<b>16.66%</b>	<b>17.74%</b>	<b>13.15%</b>	<b>3.58%</b>	<b>1.27%</b>	<b>9.78%</b>	<b>6.89%</b>	<b>14.43%</b>	<b>6.89%</b>	<b>7.82%</b>

Notes:  
 1) Includes outstanding exposures (balances plus commitments).  
 2) Does not include owner occupied properties (except for owner occupied Healthcare - Living Facilities and Gas Stations).

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## Colonial Bank Announces Change to State Chartered Bank

**MONTGOMERY, Ala.** - Colonial Bank Chairman, CEO and President Robert E. Lowder announced today that Colonial Bank has changed from a nationally chartered bank to a state chartered bank effective immediately.

According to Mr. Lowder, Colonial Bank will be regulated by the State of Alabama Banking Department and the FDIC. A fundamental part of the United States financial system is the ability of a depository institution to change charters when it determines that such a change is advisable to better serve its customers and communities.

"Changing our charter so that we are now regulated by the State of Alabama Banking Department and the FDIC allows Colonial to continue to evolve in order to remain competitive as we strive to balance our safety and soundness with innovation, both of which are important to our customers," said Mr. Lowder.

"We are proud of the fact that we are the second largest bank headquartered in the State of Alabama and that our new charter now reflects that we are an Alabama-based bank," he said. Colonial employs more than 4,740 people nationwide and employs over 1,850 in the State of Alabama.

The new charter also gives Colonial more flexibility in its various operations, gives the company the ability to pursue business strategies that best suit its strengths, and should save the company in excess of \$1 million in regulatory fees per year.

Additionally, converting to a state charter today makes good sense for Colonial's business model as more than 70 percent of banks today operate under a state charter.

"We have a long history with Colonial Bank. Over the past 26 years, we have seen Colonial grow into a large, successful financial institution. We have also seen Colonial successfully navigate through economic cycles, both good times as well as challenging times. We are very pleased that Colonial is, again, an Alabama state-chartered bank," said John D. Harrison, Alabama superintendent of banks.

### About Colonial Bank

Colonial Bank is a division of the Montgomery, Alabama-based Colonial BancGroup, a \$27 billion bank holding company with more than 340 offices in Florida, Alabama, Georgia, Nevada and Texas. The Colonial BancGroup, Inc., is traded on the New York Stock Exchange under the symbol CNB, and located online at [www.colonialbank.com](http://www.colonialbank.com). The company has received a number of prestigious accolades such as inclusion on *Forbes Magazine's* 2007 Best Big Companies in America and the publication's 2007 and 2008 Global 1000 lists.

### For More Information Contact:

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## Colonial BancGroup To Expedite Announcement Of Second Quarter 2008 Results To July 16, 2008

**MONTGOMERY, Ala.** --- (NYSE: CNB) The Colonial BancGroup, Inc. will release second quarter 2008 results on Wednesday, July 16, 2008, earlier than previously scheduled. The Company will issue a news release after the market closes on Wednesday, July 16, 2008 with a conference call to follow at 5:00 PM/ET to discuss the results for the second quarter. Individuals are encouraged to listen to the live webcast of the presentation as well as view a slide presentation by visiting Colonial's web site at [www.colonialbank.com](http://www.colonialbank.com). The webcast will be hosted under "Events and Presentations" located under the "Investor Relations" section of the website. To participate in the Q&A session of the conference call, dial (888) 602-6363 or (719) 234-0008 Toll International, (Leader: Lisa Free).

A replay of the conference call will be available beginning at 8:00 PM/ET on July 16, 2008 and ending at midnight on July 21, 2008 by dialing (888) 203-1112 (Domestic Toll-Free) or (719) 457-0820 (Toll International). The passcode for both numbers is 2881497.

Colonial BancGroup's common stock is traded on the New York Stock Exchange under the symbol CNB and is located online at [www.colonialbank.com](http://www.colonialbank.com). In most newspapers, the stock is listed as ColBgp.

**For more information contact:**  
Lisa Free (334) 676-5105

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## Colonial BancGroup Declares Dividend

**MONTGOMERY, Ala.** --- (NYSE: CNB) The Colonial BancGroup, Inc. Chairman, CEO and President, Robert E. Lowder, announced that at its meeting today, the board of directors declared a regular quarterly dividend of \$0.095 per share of Colonial BancGroup common stock, unchanged from the previous quarter. The dividend will be paid on August 8, 2008 to shareholders of record as of the close of business on July 25, 2008.

Colonial BancGroup's common stock is traded on the New York Stock Exchange under the symbol CNB and is located online at [www.colonialbank.com](http://www.colonialbank.com). In most newspapers, the stock is listed as ColBgp.

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## Colonial Bancgroup Completes Sale Of \$350 Million Of Common Stock

**MONTGOMERY, Ala.** - (NYSE: CNB) The Colonial BancGroup, Inc. announced today it has completed the previously announced public offering of 43.7 million shares of its common stock at \$8.00 per share for total gross proceeds of \$350 million. All of the shares were sold directly by Colonial. The number of shares sold includes 5.7 million shares as a result of the exercise of the underwriters' over-allotment option. Net proceeds of approximately \$333 million from the offering will be used for general corporate purposes, including investments in subsidiaries.

Lehman Brothers Inc. was the sole book-running manager for the offering. Credit Suisse Securities (USA) LLC, SunTrust Robinson Humphrey and Morgan Keegan & Company, Inc. were the co-managers for the offering.

The offering was made under Colonial BancGroup's existing shelf registration statement filed with the Securities and Exchange Commission.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer or sale of the shares of common stock in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any jurisdiction. Any offer, solicitation or sale will be made only by means of the prospectus supplement and the accompanying base prospectus.

*This release includes "forward-looking statements" within the meaning of the federal securities laws. Words such as "believes," "estimates," "plans," "expects," "should," "may," "might," "outlook," "potential" and "anticipates," the negative of these terms and similar expressions, as they relate to The Colonial BancGroup, Inc. (BancGroup) (including its subsidiaries or its management), are intended to identify forward-looking statements. The forward-looking statements in this release are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. In addition to factors mentioned elsewhere in this release or previously disclosed in BancGroup's SEC reports (accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) or on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com)), the following factors, among others, could cause actual results to differ materially from forward-looking statements and future results could differ materially from historical performance. These factors are not exclusive:*

- losses to our loan portfolio are greater than estimated or expected;
- an inability to raise additional capital on terms and conditions that are satisfactory;
- the impact of current economic conditions on our ability to borrow additional funds to meet our liquidity needs;
- economic conditions affecting real estate values and transactions in BancGroup's market and/or general economic conditions, either nationally or regionally, that are less favorable than expected;
- changes in the interest rate environment which expand or reduce margins or adversely affect critical estimates as applied and projected returns on investments;
- deposit attrition, customer loss, or revenue loss in the ordinary course of business;
- increases in competitive pressure in the banking industry and from non-banks;
- costs or difficulties related to the integration of the businesses of BancGroup and institutions it acquires are greater than expected;
- the inability of BancGroup to realize elements of its strategic plans for 2008 and beyond;
- natural disasters in BancGroup's primary market areas which result in prolonged business disruption or materially impair the value of collateral securing loans;
- management's assumptions and estimates underlying critical accounting policies prove to be inadequate or materially incorrect or are not borne out by subsequent events;
- the impact of recent and future federal and state regulatory changes;
- current and future litigation, regulatory investigations, proceedings or inquiries;
- strategies to manage interest rate risk may yield results other than those anticipated;
- changes which may occur in the regulatory environment;
- a significant rate of inflation (deflation);
- acts of terrorism or war; and
- changes in the securities markets.

*Many of these factors are beyond BancGroup's control. The reader is cautioned not to place undue reliance on any forward looking statements made by or on behalf of BancGroup. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. BancGroup does not undertake any obligation to update or revise any forward-looking statements.*





## Colonial BancGroup Reports Strong Capital Position and the Second Quarter Results

### SUMMARY OF SECOND QUARTER 2008 RESULTS:

- Significantly increased capital in the second quarter to very strong levels: Tier 1 Capital of 10.10%, Total Risk Based Capital of 14.13% and Leverage Ratio of 7.38%
- Net loss of \$0.05 per share in the quarter
- Aggressively managing problem loans: charged off \$73 million in the second quarter and increased foreclosed assets by \$94 million bringing nonperforming assets to 2.62% of loans and other real estate
- Strengthened loan loss reserve to 1.60% of net loans at 6/30/08 compared to 1.50% at 3/31/08
- Reduced assets by \$1.3 billion: \$670 million in mortgage warehouse assets and \$608 million in regional bank loans in the second quarter
- Board of directors approved a \$0.095 per share dividend for the third quarter, unchanged from the second quarter
- Average deposit growth was 15% over the 2Q07 and 5% annualized over the 1Q08
- Strong liquidity position: over \$5 billion of excess borrowing capacity
- Book value per share and tangible common book value per share were \$12.00 and \$6.72, respectively at 6/30/08

**MONTGOMERY, Ala.** - (NYSE: CNB) The Colonial BancGroup, Inc. Chairman, CEO and President, Robert E. Lowder, announced today that the Company's net loss for the quarter ended June 30, 2008 was \$9 million, or \$0.05 per diluted share. "The economic downturn that began to impact Colonial's customers during 2007 has, as we expected, continued into 2008. As I have publicly stated on a number of occasions, we expected second quarter results to demonstrate an increase in charge-offs and problem assets because Colonial's markets, which are located in some of the country's fastest growth areas, have unfortunately been disproportionately affected by the housing downturn. As such, we are feeling the effects of the current economy. These results, while disappointing, were not unexpected," said Mr. Lowder.

Colonial raised \$333 million, net, in common equity in a public offering during the second quarter through the issuance of 43.7 million shares of common stock. The issuance was a proactive and prudent step to allow aggressive loan work out efforts while maintaining strong capital ratios. The key regulatory ratios at June 30, 2008, were Tier 1 Capital of 10.10%, Total Capital of 14.13% and Leverage Ratio of 7.38%, all of which are above the "well capitalized" regulatory minimums of 6%, 10% and 5%, respectively. "At these levels, Colonial has significant amounts of excess capital which, coupled with our reserves, will allow us to remain strong during this period of economic uncertainty. We also continue to produce significant operating earnings each quarter that are available to absorb credit costs. Colonial is on solid footing, and we do not expect to raise additional capital," said Mr. Lowder.

"We believe that our experienced lending, credit and special assets teams have identified our credit problems, which for Colonial continue to be isolated in residential related construction property types. We are working diligently to resolve issues on a case by case basis. We are pleased to report that loans past due 30-89 days at June 30, 2008 were down 40% from March 31, 2008. Loans past due more than 90 days but still accruing interest decreased 56% from March 31, 2008 to \$31.3 million, or 0.20% of total loans, at June 30, 2008," said Mr. Lowder. Colonial's net charge-offs were \$73 million, or 1.85% of average loans, annualized, for the second quarter of 2008, compared to 0.84% annualized for the first quarter of 2008. The nonperforming assets ratio at June 30, 2008 was 2.62% compared to 1.65% at March 31, 2008, reflecting a \$94 million increase in foreclosed assets, as the Company continues its aggressive collection efforts. Colonial strengthened the loan loss reserve during the second quarter to \$247 million, or 1.60% of period end loans, compared to 1.50% of period end loans at March 31, 2008.

Total loans were \$15.5 billion at June 30, 2008, a decrease from \$16.1 billion at March 31, 2008. Construction loans declined by \$395 million, or 26% annualized, from March 31, 2008 to June 30, 2008. Approximately \$239 million of the decrease in construction loans from March 31, 2008 was in Florida and Georgia which are among the markets that have experienced the most stress.

"Colonial is in a strong liquidity position. The retail franchise provides the most important source of funding to the Company as it funds 70% of total assets. Average deposits for the second quarter of 2008 grew 15% over the second quarter of 2007 and 5% annualized over the first quarter of 2008. In addition to the Company's strong retail franchise, estimated wholesale funding available to the Company from a variety of sources is over \$5 billion at June 30, 2008," said Mr. Lowder.

Core noninterest income for the second quarter of 2008 increased 8% annualized over the first quarter of 2008. Most of the increase was in mortgage banking fee income which increased \$1.2 million, or 71% annualized, over the first quarter of 2008 as a result of increased sales of FHA and VA loans. Colonial opportunistically increased its mortgage origination staffing in

2007 to diversify its production to agency products which yielded higher volumes and margins in the second quarter of 2008. Colonial's financial planning services fee income increased \$249,000, or 21% annualized, over the first quarter of 2008, primarily from increased annuity sales.

Net interest income declined by \$7.2 million from the first quarter of 2008 as the Company's net interest margin contracted 6 basis points in the quarter. The full impact of the reductions in the prime and LIBOR rates that occurred in the first quarter, deposit migration to higher cost time deposits and the increase in nonearning assets negatively impacted the margin in the second quarter. The decline in rates on earning assets was partially offset by a 42 basis point decline in deposit and funding costs.

"In the perfect storm environment that has severely impacted the residential construction industry throughout Colonial's footprint, we believe that healthy capital, liquidity and reserves will provide stability and soundness in a time of uncertainty and weakness. Colonial is positioned well in all of these critical areas to endure the current credit cycle," concluded Mr. Lowder.

Colonial BancGroup operates 344 branches in Florida, Alabama, Georgia, Nevada and Texas with approximately \$26 billion in assets. The Company's common stock is traded on the New York Stock Exchange under the symbol CNB and is located online at [www.colonialbank.com](http://www.colonialbank.com). In some newspapers, the stock is listed as ColBgp. Colonial's management will host a conference call on July 16, 2008 at 5:00 PM/ET to discuss the earnings results for the second quarter of 2008. Individuals are encouraged to listen to the live webcast of the presentation as well as view a slide presentation by visiting Colonial's website at [www.colonialbank.com](http://www.colonialbank.com). The webcast will be hosted under "Events and Presentations" located under the "Investor Relations" section of the website. To participate in the Q&A session of the conference call, dial (888) 602-6363 or (719) 234-0008 Toll International, (Leader: Lisa Free).

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*This release includes "forward-looking statements" within the meaning of the federal securities laws. Words such as "believes," "estimates," "plans," "expects," "should," "may," "might," "outlook," "potential" and "anticipates," the negative of these terms and similar expressions, as they relate to The Colonial BancGroup, Inc. (BancGroup) (including its subsidiaries or its management), are intended to identify forward-looking statements. The forward-looking statements in this release are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. In addition to factors mentioned elsewhere in this release or previously disclosed in BancGroup's SEC reports (accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) or on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com)), the following factors, among others, could cause actual results to differ materially from forward-looking statements and future results could differ materially from historical performance. These factors are not exclusive:*

- losses to our loan portfolio are greater than estimated or expected;
- an inability to raise additional capital on terms and conditions that are satisfactory;
- the impact of current economic conditions on our ability to borrow additional funds to meet our liquidity needs;
- economic conditions affecting real estate values and transactions in BancGroup's market and/or general economic conditions, either nationally or regionally, that are less favorable than expected;
- changes in the interest rate environment which expand or reduce margins or adversely affect critical estimates as applied, projected returns on investments, and fair values of assets;
- deposit attrition, customer loss, or revenue loss in the ordinary course of business;
- increases in competitive pressure in the banking industry and from non-banks;
- costs or difficulties related to the integration of the businesses of BancGroup and institutions it acquires are greater than expected;
- the inability of BancGroup to realize elements of its strategic plans for 2008 and beyond;
- natural disasters in BancGroup's primary market areas which result in prolonged business disruption or materially impair the value of collateral securing loans;
- management's assumptions and estimates underlying critical accounting policies prove to be inadequate or materially incorrect or are not borne out by subsequent events;
- the impact of recent and future federal and state regulatory changes;
- current and future litigation, regulatory investigations, proceedings or inquiries;
- strategies to manage interest rate risk may yield results other than those anticipated;
- changes which may occur in the regulatory environment;
- a significant rate of inflation (deflation);
- unanticipated litigation or claims;
- acts of terrorism or war; and
- changes in the securities markets.

Many of these factors are beyond BancGroup's control. The reader is cautioned not to place undue reliance on any forward looking statements made by or on behalf of BancGroup. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. BancGroup does not undertake any obligation to update

2007 to diversify its production to agency products which yielded higher volumes and margins in the second quarter of 2008. Colonial's financial planning services fee income increased \$249,000, or 21% annualized, over the first quarter of 2008, primarily from increased annuity sales.

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or revise any forward-looking statements.

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**THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES**  
**FINANCIAL HIGHLIGHTS (Unaudited)**

<b>Statement of Condition Summary</b> (Dollars in millions)	<b>June 30, 2008</b>	<b>Mar 31, 2008</b>	<b>Dec 31, 2007</b>	<b>% Change Mar '08 to June '08</b>	<b>% Change Dec '07 to June '08</b>
Total assets	\$ 26,031	\$ 27,353	\$ 25,976	-5%	0%
Loans, net of unearned income	15,469	16,094	15,923	-4%	-3%
Total securities	3,454	3,495	3,683	-1%	-6%
Non-time deposits	8,965	9,578	9,772	-6%	-8%
Total deposits	18,349	19,271	18,544	-5%	-1%
Shareholders' equity	2,422	2,172	2,274	12%	7%

<b>Earnings Summary</b> (In thousands, except per share amounts)	<b>Three Months Ended</b>			<b>Six Months Ended</b>		
	<b>June 30, 2008</b>	<b>Mar 31, 2008</b>	<b>% Change Mar '08 to June '08</b>	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>% Change June '07 to June '08</b>
<b>Net Income:</b>						
Net interest income	\$ 174,424	\$ 181,624	-4%	\$ 356,048	\$ 370,162	-4%
Provision for loan losses	79,000	35,543	122%	114,543	8,355	1271%
Core noninterest income (1)	52,698	51,672	2%	104,370	99,159	5%
Securities and derivatives gains, net	3,025	6,075	-50%	9,100	2,097	334%
Securities restructuring charges	-	-	0%	-	(36,006)	100%
Gain on sale of mortgage loans	-	-	0%	-	3,850	-100%
Gain on sale of merchant services	-	-	0%	-	4,900	-100%
Total noninterest income	55,723	57,747	-4%	113,470	74,000	53%
Core noninterest expense (1)	159,506	157,810	1%	317,316	267,627	19%
Severance expense	550	236	133%	786	3,545	-78%
Merger related expenses	-	-	0%	-	1,545	-100%
Net losses related to the early extinguishment of debt	4,111	5,932	-31%	10,043	6,908	45%
Total noninterest expense	164,167	163,978	0%	328,145	279,625	17%
Minority interest expense/REIT preferred dividends	5,336	5,336	0%	10,672	2,312	362%
Income before tax	(18,356)	34,514	-153%	16,158	153,870	-89%
Income tax	(9,400)	9,717	-197%	317	51,272	-99%
<b>Net Income</b>	<b>\$ (8,956)</b>	<b>\$ 24,797</b>	<b>-136%</b>	<b>\$ 15,841</b>	<b>\$ 102,598</b>	<b>-85%</b>
<b>Earnings per share - Diluted</b>	<b>\$ (0.05)</b>	<b>\$ 0.16</b>	<b>-131%</b>	<b>\$ 0.09</b>	<b>\$ 0.66</b>	<b>-86%</b>
Average diluted shares outstanding	188,915	157,528		173,072	154,336	

<b>Key Ratios:</b>						
Tier I capital ratio	10.10% *	8.05%	25%	10.10% *	9.14%	11%
Tangible capital ratio	6.60%	5.33%	24%	6.60%	6.93%	-5%
Net interest margin	2.88%	2.94%	-2%	2.91%	3.56%	-18%
Loans to deposits ratio	84.30%	83.52%	1%	84.30%	90.48%	-7%
Dividends paid per common share	\$ 0.095	\$ 0.190	-50%	\$ 0.285	\$ 0.375	-24%

(1) Represents non-GAAP measures.

\* Estimated

**THE COLONIAL BANGROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

Earnings Summary (Dollars in thousands)	2nd Qtr. 2008	1st Qtr. 2008	4th Qtr. 2007	3rd Qtr. 2007	2nd Qtr. 2007	Six Months Ended	
						June 30, 2008	June 30, 2007
Net interest income	\$ 174,424	\$ 181,624	\$ 195,201	\$ 196,011	\$ 190,217	\$ 356,048	\$ 370,162
Provision for loan loss	79,000	35,543	93,295	4,800	6,105	114,543	8,355
Noninterest income:							
Service charges on deposit accounts	19,259	19,228	19,717	19,376	18,694	38,487	36,373
Electronic banking	5,275	5,004	4,843	4,923	4,648	10,279	9,049
Other retail banking fees	2,540	2,548	2,614	2,794	3,255	5,088	6,867
Retail banking fees	27,074	26,780	27,174	27,093	26,597	53,854	52,289
Mortgage banking origination and sales	7,953	6,760	4,840	3,236	3,660	14,713	6,847
Financial planning services	5,061	4,812	4,123	4,506	4,283	9,873	8,105
Mortgage warehouse fees	1,251	995	3,017	5,936	6,332	2,246	13,287
Bank-owned life insurance	5,169	5,120	5,203	5,070	5,002	10,289	9,957
Other income	6,190	7,205	12,959	7,117	6,891	13,395	8,674
Core noninterest income	52,698	51,672	57,316	52,958	52,765	104,370	99,159
Securities and derivatives gains, net	3,025	6,075	1,950	-	1,116	9,100	2,097
Securities restructuring charges	-	-	-	-	-	-	(36,006)
Gain on sale of mortgage loans	-	-	-	-	-	-	3,850
Gain on sale of merchant services	-	-	-	-	4,900	-	4,900
Total noninterest income	55,723	57,747	59,266	52,958	58,781	113,470	74,000
Noninterest expense:							
Salaries and employee benefits	74,761	73,667	70,900	68,345	70,256	148,428	139,810
Occupancy expense of bank premises, net	24,064	23,055	21,848	19,634	18,722	47,119	37,227
Furniture and equipment expense	15,134	14,703	13,564	13,226	13,350	29,837	26,472
Professional services	7,807	5,638	5,092	4,967	4,628	13,445	8,728
FDIC insurance and other regulatory fees	4,414	4,562	2,129	1,727	1,232	8,976	2,445
Amortization of intangible assets	4,142	4,163	3,606	3,500	3,201	8,305	6,252
Electronic banking and other retail banking expenses	4,136	4,157	4,175	5,766	5,507	8,293	9,719
Loan and other real estate related costs	4,486	2,649	1,376	1,170	898	7,135	1,236
Communications	2,863	2,819	2,531	2,677	2,900	5,682	5,891
Advertising	2,384	2,603	2,597	1,570	3,683	4,987	5,898
Postage and courier	2,270	2,622	2,736	2,589	2,692	4,892	5,331
Loss on equity investments	1,720	2,747	1,434	660	670	4,467	925
Travel	1,522	1,439	1,670	1,586	1,950	2,961	3,689
Other expense	9,803	12,986	7,156	6,281	7,647	22,789	14,004
Core noninterest expense	159,506	157,810	140,814	133,698	137,336	317,316	267,627
Severance expense	550	236	2,571	500	520	786	3,545
Merger related expenses	-	-	1,717	753	1,116	-	1,545
Net losses related to the early extinguishment of debt	4,111	5,932	-	-	2,512	10,043	6,908
Total noninterest expense	164,167	163,978	145,102	134,951	141,484	328,145	279,625
Minority interest expense/REIT preferred dividends	5,336	5,336	5,336	5,336	2,312	10,672	2,312
Income before tax	(18,356)	34,514	10,734	103,882	99,097	16,158	153,870
Income tax	(9,400)	9,717	1,762	34,527	32,978	317	51,272
<b>Net Income</b>	<b>\$ (8,956)</b>	<b>\$ 24,797</b>	<b>\$ 8,972</b>	<b>\$ 69,355</b>	<b>\$ 66,119</b>	<b>\$ 15,841</b>	<b>\$ 102,598</b>
Earnings per share - Diluted	\$ (0.05)	\$ 0.16	\$ 0.06	\$ 0.45	\$ 0.43	\$ 0.09	\$ 0.66

**THE COLONIAL BANGROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CONDITION (Unaudited)**

Statements of Condition (Dollars in thousands)	June 30, 2008	Mar 31, 2008	Dec 31, 2007	Sept 30, 2007	June 30, 2007
<b>Assets:</b>					
Cash and due from banks	\$ 451,281	\$ 400,880	\$ 474,948	\$ 403,302	\$ 373,978
Interest bearing deposits in banks, federal funds sold	110,282	11,196	100,160	11,269	11,716
Securities purchased under agreements to resell	2,185,174	2,106,205	2,049,664	2,084,565	1,195,827
Total securities (AFS and HTM)	3,453,859	3,494,654	3,682,510	3,574,510	2,720,205
Loans held for sale	1,984,723	2,951,777	1,544,222	1,243,265	2,040,352
Loans, net of unearned income	15,468,832	16,094,478	15,923,178	15,206,452	15,457,047
Less: Allowance for loan losses	(247,009)	(240,795)	(238,845)	(172,678)	(178,274)
Net loans	15,221,823	15,853,683	15,684,333	15,033,774	15,278,773
Premises and equipment, net	498,941	509,164	500,558	466,933	464,911
Intangible assets, net	1,066,215	1,064,485	1,071,605	912,131	915,379
Bank-owned life insurance	485,840	480,722	475,593	472,324	467,240
Accrued interest and other assets	573,153	479,981	392,396	341,993	354,581
<b>Total Assets</b>	<b>\$ 26,031,291</b>	<b>\$ 27,352,747</b>	<b>\$ 25,975,989</b>	<b>\$ 24,544,066</b>	<b>\$ 23,822,962</b>
<b>Liabilities and Shareholders' Equity:</b>					
Noninterest bearing transaction accounts	\$ 2,912,071	\$ 3,050,729	\$ 2,988,457	\$ 3,445,459	\$ 3,166,851
Interest bearing transaction accounts	6,052,774	6,526,822	6,783,116	6,331,223	6,505,883
Total non-time deposits	8,964,845	9,577,551	9,771,573	9,776,682	9,672,734
Time deposits	8,038,923	7,828,384	7,317,108	6,834,610	7,052,084
Brokered time deposits	1,345,397	1,865,393	1,455,586	323,349	359,245
Total deposits	18,349,165	19,271,328	18,544,267	16,934,641	17,084,063
Repurchase agreements	525,724	540,589	568,721	571,331	613,289
Federal funds purchased and other short-term borrowings	135,000	639,000	-	751,000	535,320
Long-term debt	4,037,741	4,169,939	4,023,836	3,604,927	2,919,387
Other liabilities	268,611	266,816	272,536	220,015	167,937
Total liabilities	23,316,241	24,887,672	23,409,360	22,081,914	21,319,996
Minority interest/REIT preferred securities	293,058	293,058	293,058	293,206	293,278
Total shareholders' equity	2,421,992	2,172,017	2,273,571	2,168,946	2,209,688
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 26,031,291</b>	<b>\$ 27,352,747</b>	<b>\$ 25,975,989</b>	<b>\$ 24,544,066</b>	<b>\$ 23,822,962</b>
Common Shares Issued	211,829,234	168,063,887	167,407,169	163,172,315	163,102,683
Common Shares Outstanding	201,862,507	158,097,161	157,440,442	153,205,588	157,378,056
Book value per common share	\$ 12.00	\$ 13.74	\$ 14.44	\$ 14.16	\$ 14.04
Tangible book value per common share	\$ 6.72	\$ 7.01	\$ 7.63	\$ 8.20	\$ 8.22

THE COLONIAL BANGROUP, INC. AND SUBSIDIARIES

Average Volume and Rates (unaudited) (Dollars in thousands)	Three Months Ended								
	June 30, 2005			March 31, 2008			June 30, 2007		
	Average Volume	Interest Rate		Average Volume	Interest Rate		Average Volume	Interest Rate	
<b>Assets:</b>									
Loans, net of unearned income (2)	\$15,797,611	\$236,737	6.02%	\$15,994,073	\$261,438	6.57%	\$15,112,712	\$293,233	7.78%
Loans held for sale (2)	2,953,444	34,061	4.64%	3,160,736	40,397	5.14%	1,881,595	32,180	6.86%
Securities (2)	3,663,516	53,897	5.88%	3,677,145	54,612	5.94%	2,595,580	36,438	5.62%
Securities purchased under agreements to resell	2,110,183	24,814	4.73%	2,115,209	28,259	5.37%	1,310,840	22,493	6.88%
Other interest earning assets	51,727	332	2.58%	120,231	992	3.32%	68,127	938	5.52%
<b>Total interest earning assets</b>	<b>24,576,481</b>	<b>\$349,841</b>	<b>5.72%</b>	<b>25,067,394</b>	<b>\$385,698</b>	<b>6.18%</b>	<b>20,968,854</b>	<b>\$385,282</b>	<b>7.37%</b>
Nonearning assets (2)	2,439,659			2,582,448			2,128,630		
<b>Total assets</b>	<b>\$27,016,140</b>			<b>\$27,649,842</b>			<b>\$23,097,484</b>		
<b>Liabilities and Shareholders' Equity:</b>									
Interest bearing non-time deposits	\$ 6,308,837	\$ 22,988	1.47%	\$ 6,809,657	\$ 32,634	1.99%	\$ 6,374,663	\$ 49,664	3.12%
Time deposits	8,022,407	80,317	4.03%	7,487,996	85,841	4.61%	6,743,475	84,173	5.01%
Brokered time deposits	1,574,093	17,102	4.37%	1,592,880	19,031	4.81%	410,034	5,232	5.12%
<b>Total interest bearing deposits</b>	<b>15,905,337</b>	<b>120,407</b>	<b>3.04%</b>	<b>15,690,533</b>	<b>137,506</b>	<b>3.52%</b>	<b>13,528,172</b>	<b>139,069</b>	<b>4.12%</b>
Repurchase agreements	522,045	2,528	1.95%	544,218	3,705	2.74%	511,175	5,327	4.18%
Federal funds purchased and other short-term borrowings	475,681	2,550	2.16%	1,379,961	11,592	3.38%	635,665	8,404	5.30%
Long-term debt (2)	4,076,494	47,831	4.71%	4,084,015	48,110	4.83%	3,033,776	40,858	5.40%
<b>Total interest bearing liabilities</b>	<b>20,979,557</b>	<b>\$173,316</b>	<b>3.32%</b>	<b>21,698,727</b>	<b>\$201,913</b>	<b>3.74%</b>	<b>17,708,788</b>	<b>\$193,658</b>	<b>4.39%</b>
Noninterest bearing demand deposits	3,067,322			3,067,214			2,935,570		
Other liabilities (2)	265,528			309,546			181,786		
<b>Total liabilities</b>	<b>24,312,407</b>			<b>25,075,487</b>			<b>20,806,124</b>		
Minority interest/REIT preferred securities	293,058			293,058			125,418		
Shareholders' equity	2,410,675			2,281,297			2,165,944		
<b>Total liabilities and shareholders' equity</b>	<b>\$27,016,140</b>			<b>\$27,649,842</b>			<b>\$23,097,484</b>		
<b>Rate differential</b>			2.40%			2.44%			2.98%
<b>Net yield on interest-earning assets on a tax equivalent basis</b>		\$176,525	2.88%		\$183,785	2.94%		\$191,624	3.66%
<b>Taxable equivalent adjustments (1):</b>									
Loans		(161)			(195)			(232)	
Securities		(1,940)			(1,966)			(1,175)	
<b>Total taxable equivalent adjustments</b>		<b>(2,101)</b>			<b>(2,161)</b>			<b>(1,407)</b>	
<b>Net Interest Income</b>		<b>\$174,424</b>			<b>\$181,624</b>			<b>\$190,217</b>	
<b>Total Average Deposits</b>									
Total interest bearing deposits	\$15,905,337	\$120,407	3.04%	\$15,690,533	\$137,506	3.52%	\$13,528,172	\$139,069	4.12%
Noninterest bearing demand deposits	3,067,322	-	-	3,067,214	-	-	2,935,570	-	-
<b>Total average deposits</b>	<b>\$18,972,659</b>	<b>\$120,407</b>	<b>2.55%</b>	<b>\$18,757,747</b>	<b>\$137,506</b>	<b>2.95%</b>	<b>\$16,463,742</b>	<b>\$139,069</b>	<b>3.39%</b>
<b>Total average deposits, excluding brokered time</b>	<b>\$17,398,566</b>	<b>\$103,305</b>	<b>2.39%</b>	<b>\$17,164,867</b>	<b>\$118,475</b>	<b>2.78%</b>	<b>\$16,053,708</b>	<b>\$133,837</b>	<b>3.35%</b>

(1) Interest earned and average rates on securities and loans exempt from income taxes are reflected on a fully tax equivalent basis using a federal income tax rate of 35%, net of nondeductible interest expense.

(2) Unrealized gains (losses) on available for sale securities and the adjustments for mark to market valuations on hedged assets and liabilities have been classified in either nonearning assets or other liabilities.

THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES

Average Volume and Rates (unaudited) (Dollars in thousands)	Six Months Ended June 30,					
	2008			2007		
	Average Volume	Interest	Rate	Average Volume	Interest	Rate
<b>Assets:</b>						
Loans, net of unearned income (2)	\$ 15,895,842	\$ 498,176	6.30%	\$ 15,230,363	\$ 586,707	7.76%
Loans held for sale (2)	3,057,090	74,458	4.90%	1,585,954	54,161	6.89%
Securities (2)	3,670,331	108,509	5.91%	2,928,898	79,443	5.42%
Securities purchased under agreements to resell	2,112,696	53,073	5.05%	1,185,365	40,457	6.87%
Other interest earning assets	85,978	1,323	3.10%	82,486	2,109	5.15%
Total interest earning assets	24,821,937	\$ 735,539	5.95%	21,013,066	\$ 762,877	7.31%
Nonearning assets (2)	2,511,054			2,062,770		
Total assets	\$ 27,332,991			\$ 23,075,836		
<b>Liabilities and Shareholders' Equity:</b>						
Interest bearing non-time deposits	\$ 6,459,247	\$ 55,622	1.73%	\$ 6,344,391	\$ 98,145	3.12%
Time deposits	7,755,201	166,158	4.31%	6,648,503	164,747	5.00%
Brokered time deposits	1,583,487	36,133	4.59%	365,409	9,261	5.11%
Total interest bearing deposits	15,797,935	257,913	3.28%	13,358,303	272,153	4.11%
Repurchase agreements	533,131	6,233	2.35%	636,621	13,882	4.40%
Federal funds purchased and other short-term borrowings	927,821	14,142	3.07%	898,468	23,681	5.32%
Long-term debt (2)	4,080,255	96,941	4.77%	2,979,704	80,876	5.46%
Total interest bearing liabilities	21,339,142	\$ 375,229	3.54%	17,873,096	\$ 390,592	4.40%
Noninterest bearing demand deposits	3,067,268			2,858,401		
Other liabilities (2)	287,537			164,173		
Total liabilities	24,693,947			20,895,670		
Minority interest/REIT preferred securities	293,058			63,054		
Shareholders' equity	2,345,986			2,117,112		
Total liabilities and shareholders' equity	\$ 27,332,991			\$ 23,075,836		
Rate differential			2.41%			2.91%
Net yield on interest-earning assets on a tax equivalent basis		\$ 360,310	2.91%	\$ 372,285		3.56%
<b>Taxable equivalent adjustments (1):</b>						
Loans		(356)		(379)		
Securities		(3,806)		(1,744)		
Total taxable equivalent adjustments		(4,262)		(2,123)		
Net interest income		\$ 356,048		\$ 370,162		
<b>Total Average Deposits</b>						
Total interest bearing deposits	\$ 15,797,935	\$ 257,913	3.28%	\$ 13,358,303	\$ 272,153	4.11%
Noninterest bearing demand deposits	3,067,268			2,858,401		
Total average deposits	\$ 18,865,203	\$ 257,913	2.75%	\$ 16,216,704	\$ 272,153	3.38%
Total average deposits, excluding brokered time	\$ 17,281,716	\$ 221,780	2.58%	\$ 15,851,295	\$ 262,892	3.34%

- (1) Interest earned and average rates on securities and loans exempt from income taxes are reflected on a fully tax equivalent basis using a federal income tax rate of 35%, net of nondeductible interest expense.
- (2) Unrealized gains (losses) on available for sale securities and the adjustments for mark to market valuations on hedged assets and liabilities have been classified in either nonearning assets or other liabilities.

**THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES**  
**SELECTED RATIOS AND ASSET QUALITY (unaudited)**

<b>Selected Financial Ratios</b>	<b>2nd Qtr. 2008</b>	<b>1st Qtr. 2008</b>	<b>4th Qtr. 2007</b>	<b>3rd Qtr. 2007</b>	<b>2nd Qtr. 2007</b>
Return on average assets*	-0.13%	0.36%	0.14%	1.15%	1.15%
Return on average equity*	-1.49%	4.37%	1.58%	12.65%	12.24%
Efficiency ratio(1)	69.59%	67.02%	55.29%	53.29%	56.20%
Noninterest income(1)/ avg assets*	0.78%	0.75%	0.90%	0.88%	0.92%
Noninterest expense(1)/ avg assets*	2.36%	2.28%	2.22%	2.24%	2.38%
Net interest margin	2.88%	2.94%	3.43%	3.65%	3.66%
<b>Capital Ratios:</b>					
Tier I capital ratio	10.10% **	8.05%	8.22%	8.94%	9.14%
Total capital ratio	14.13% **	12.00%	11.01%	11.50%	11.69%
Leverage ratio	7.38% **	6.10%	6.67%	7.34%	7.92%
Tangible common equity ratio	5.43%	4.21%	4.83%	5.32%	5.65%
Tangible capital ratio	6.60%	5.33%	6.00%	6.56%	6.93%

(1) These ratios utilize core noninterest income and core noninterest expense which represent non-GAAP measures.

\* Annualized

\*\* Estimated

<b>Selected Credit Quality Ratios</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>Dec 31, 2007</b>	<b>Sept 30, 2007</b>	<b>June 30, 2007</b>
Period end:					
Allowance as a percent of net loans	1.60%	1.50%	1.50%	1.14%	1.15%
Total nonperforming assets as a percent of net loans, other real estate and repossessions	2.62%	1.65%	0.86%	0.46%	0.29%
Allowance as a percent of nonperforming assets	60%	90%	174%	246%	391%
Allowance as a percent of nonperforming loans	84%	98%	196%	280%	460%
Net charge-offs as a percent of average net loans:					
Quarter to date (annualized)	1.85%	0.84%	0.88%	0.27%	0.20%
Year to date (annualized)	1.35%	0.84%	0.35%	0.18%	0.13%

<b>Nonperforming Assets</b> (Dollars in thousands)	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>Dec 31, 2007</b>	<b>Sept 30, 2007</b>	<b>June 30, 2007</b>
Nonaccrual loans	\$ 294,816	\$ 246,482	\$ 121,886	\$ 61,599	\$ 38,719
Other real estate owned and repossessions	113,604	19,831	15,760	8,554	6,833
<b>Total nonperforming assets</b>	<b>\$ 408,420</b>	<b>\$ 266,313</b>	<b>\$ 137,646</b>	<b>\$ 70,153</b>	<b>\$ 45,552</b>
Aggregate loans contractually past due 90 days for which interest is being accrued	\$ 31,337	\$ 70,638	\$ 23,837	\$ 20,617	\$ 19,468
Total charge-offs	\$ 74,101	\$ 35,090	\$ 34,818	\$ 13,744	\$ 9,234
Total recoveries	(1,315)	(1,497)	(923)	(3,348)	(1,654)
Net charge-offs:					
Quarter to date	\$ 72,786	\$ 33,593	\$ 33,895	\$ 10,396	\$ 7,580
Year to date	\$ 106,379	\$ 33,593	\$ 54,066	\$ 20,171	\$ 9,775

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## Form 10-Q for COLONIAL BANGROUP INC

6-Nov-2008

### Quarterly Report

#### Item 2. Management's Discussion and Analysis of Financial Condition and Results Of Operations

##### Forward-Looking Statements

This discussion and analysis contains statements that are considered "forward-looking statements" within the meaning of the federal securities laws. See page 3 for additional information regarding forward-looking statements.

##### CRITICAL ACCOUNTING POLICIES

Those accounting policies involving significant estimates and assumptions by management which have, or could have, a material impact on the reported financial results are considered critical accounting policies. BancGroup recognizes the following as critical accounting policies: Allowance for Loan Losses, Purchase Accounting and Goodwill, Income Taxes, Consolidations and Stock-Based Compensation. Information concerning these policies is included in the Critical Accounting Policies section of Management's Discussion and Analysis in BancGroup's 2007 Annual Report on Form 10-K.

##### EXECUTIVE OVERVIEW

The Colonial BancGroup, Inc. is a \$26.3 billion financial services company providing diversified services including retail and commercial banking, wealth management services, mortgage origination and insurance products through its branch network, private banking offices and officers, ATMs and the internet as well as other distribution channels to consumers and businesses. At September 30, 2008, BancGroup's branch network consisted of 344 offices in Florida, Alabama, Georgia, Nevada and Texas.

Colonial reported a net loss of \$71.2 million and \$55.4 million for the three and nine months ended September 30, 2008, respectively, as the Company recorded \$159.4 million and \$273.9 million in provision for loan losses during these same periods. This is compared to net income of \$69.4 million and \$172.0 million for the three and nine months ended September 30, 2007, respectively. Colonial recorded net charge-offs of \$121.4 million and \$227.8 million for the three and nine months ended September 30, 2008, respectively, compared to \$10.4 million and \$20.2 million for the same periods in 2007. The Company reported a loss per share of \$0.35 and \$0.30 for the three and nine months ended September 30, 2008, respectively, compared to earnings per diluted share of \$0.45 and \$1.11 for the same periods in 2007.

The Company's capital ratios remained significantly above the regulatory "well capitalized" limits at September 30, 2008. The Company's board of directors suspended dividend payments on common stock beginning in the fourth quarter of 2008. The board evaluates the payment of dividends each quarter. The suspension of the dividend will preserve approximately \$77 million per year in capital.

##### REVIEW OF RESULTS OF OPERATIONS

###### Net Interest Income

Net interest income is the Company's primary source of revenue. Net interest income represents the difference between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Interest rate volatility, which impacts the volume and mix of earning assets and interest bearing liabilities as well as their rates, can significantly impact net interest income. The net interest margin is fully tax equivalent net interest income expressed as a percentage of average earning assets for the period being measured. The net interest margin is presented on a fully tax equivalent basis to consistently reflect income from taxable and tax-exempt loans and securities.

Beginning in late 2007 and early 2008, the yield curve returned to a more normalized level after remaining flat or inverted since late 2005. Short-term rates were driven by rate decreases by the Federal Reserve, while

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long-term rates were driven by market supply and demand for debt instruments. After remaining constant at 5.25% from June 2006 to September 2007, the Federal Reserve Board lowered the Federal Funds rate 325 basis points from September 2007 to September 2008. Due to intense competition for deposits from financial services companies, cost of funds in the financial sector have not declined in tandem with the decrease in the Federal Funds rate. The following table shows the

Federal Funds rate and U.S. Treasury yield curve at each quarter end during the past five quarters.

[[Image Removed: LOGO]]

The Company's net interest income, on a tax equivalent basis, decreased \$29.1 million, or 14.7%, for the three months ended September 30, 2008, as compared to the same period of the prior year. The yield on average earning assets decreased 60 basis points more than the decrease in the rate on average interest bearing liabilities causing net interest margin to contract 80 basis points. The impact to net interest income caused by net interest margin contraction was mitigated by a \$2.0 billion, or 9.4%, increase in average earning assets and \$333.9 million in net proceeds from the issuance of 43.7 million shares of common stock in April 2008.

For the nine months ended September 30, 2008, the Company's net interest income, on a tax equivalent basis, decreased \$41.1 million, or 7.2%, as compared to the same period of the prior year. The yield on average earning assets decreased 53 basis points more than the decrease in the rate on average interest bearing liabilities causing net interest margin to contract 70 basis points. The impact to net interest income caused by net interest margin contraction was mitigated by a \$3.2 billion, or a 15.1% increase in average earning assets and \$333.9 million in net proceeds from the issuance of 43.7 million shares of common stock in April 2008.

Net interest income was negatively impacted by a 280 basis point decline in the average Wall Street Journal Prime rate and a 252 basis point decline in the average 1 Month LIBOR rate for the nine months ended September 2008, as compared to the same period of the prior year. For the three and nine months ended September 30, 2008, approximately 63% and 64%, respectively, of Colonial's earning assets were variable,

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adjustable, or short-term in nature. In addition, Colonial's deposit costs did not decline in tandem with the decline in prime and LIBOR rates due to intense competition for deposits from financial services companies. The average cost of deposits exceeded the average Federal Funds rate by 53 and 25 basis points, respectively, for the three and nine months ended September 30, 2008, as compared to average deposit costs which were 180 and 185 basis points, respectively, lower than the average Federal Funds rate for the three and nine months ended September 30, 2007. The following table shows average rates for selected balance sheet categories as well as selected market rates.

#### Analysis of Average Rates

	Three Months Ended September 30,		Increase/ (Decrease)	Nine Months Ended September 30,		Increase/ (Decrease)
	2008	2007		2008	2007	
Loans, net of unearned income	5.93 %	7.69 %	(1.76) %	6.18 %	7.74 %	(1.56) %
Loans held for sale	5.08 %	7.17 %	(2.09) %	4.95 %	6.98 %	(2.03) %
Securities	5.73 %	5.82 %	(0.09) %	5.85 %	5.56 %	0.29 %
Resell agreements & other interest earning assets	4.86 %	6.83 %	(1.97) %	4.94 %	6.79 %	(1.85) %
Total interest earning assets	5.71 %	7.32 %	(1.61) %	5.87 %	7.31 %	(1.44) %
Interest bearing deposits	3.00 %	4.11 %	(1.11) %	3.19 %	4.11 %	(0.92) %
Total deposits	2.53 %	3.38 %	(0.85) %	2.68 %	3.38 %	(0.70) %
Wholesale borrowings	4.44 %	5.05 %	(0.61) %	4.31 %	5.20 %	(0.89) %
Total interest bearing liabilities	3.33 %	4.34 %	(1.01) %	3.47 %	4.38 %	(0.91) %
Federal Funds rate	2.00 %	5.18 %	(3.18) %	2.43 %	5.23 %	(2.80) %
1 Month LIBOR	2.62 %	5.43 %	(2.81) %	2.84 %	5.36 %	(2.52) %
Wall Street Journal Prime	5.00 %	8.18 %	(3.18) %	5.43 %	8.23 %	(2.80) %

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#### Interest Earning Assets

Average earning assets, as shown below, consist primarily of loans, securities, loans held for sale and securities purchased under agreements to resell (included in other earning assets below). Colonial invested a larger percentage of its funds in securities, loans held for sale, and securities purchased under agreements to resell for the three and nine months ended September 30, 2008, as compared to the same periods of the prior year.

[[Image Removed: LOGO]]

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#### Average Funding

Average funding, as shown below, consists primarily of deposits and wholesale borrowings. Average funding grew \$2.2 billion, or 9.2%, and \$3.6 billion, or 15.3%, for the three and nine months ended September 30, 2008, respectively, as compared to the same periods of the prior year.

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## Average Volume and Rates

(Unaudited)

	Three Months Ended September 30,					
	2008			2007		
	Average Volume	Interest	Rate	Average Volume	Interest	Rate
	(Dollars in thousands)					
<b>ASSETS:</b>						
Loans, net of unearned income(2)	\$ 15,226,350	\$ 226,684	5.93 %	\$ 15,312,020	\$ 296,768	5.11 %
Loans held for sale(2)	2,235,273	28,560	5.08 %	1,637,193	29,571	4.11 %
Securities(2)	3,896,374	55,797	5.73 %	3,087,712	44,944	4.50 %
Securities purchased under agreements to resell	2,123,426	26,953	5.05 %	1,467,957	21,844	4.11 %
Federal funds sold	114,005	509	1.77 %	70,406	921	5.19 %
Other interest earning assets	11,870	39	1.31 %	8,581	56	2.60 %
Total interest earning assets(3)	23,607,298	\$ 338,542	5.71 %	21,583,869	\$ 397,478	7.32 %
Nonearning assets(2)	2,472,366			2,288,847		
Total assets	\$ 26,079,664			\$ 23,872,716		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>						
Interest bearing non-time deposits	\$ 5,515,157	\$ 21,265	1.53 %	\$ 6,412,818	\$ 50,106	3.10 %
Time deposits	8,538,910	81,670	3.81 %	6,982,656	87,791	4.99 %
Brokered time deposits	1,523,366	14,466	3.78 %	337,411	4,320	5.08 %
Total interest bearing deposits	15,577,433	117,401	3.00 %	13,732,885	142,217	4.11 %
Repurchase agreements	509,712	2,375	1.85 %	562,344	5,826	4.11 %
Federal funds purchased	86,464	417	1.92 %	501,321	6,558	5.19 %
Other short-term borrowings	45,652	257	2.24 %	153,804	1,916	1.94 %
Long-term debt(2)	4,040,852	49,218	4.85 %	3,290,566	43,005	5.19 %
Total interest bearing liabilities	20,260,113	\$ 169,668	3.33 %	18,140,436	\$ 199,422	4.11 %
Noninterest bearing demand deposits	2,871,552			2,949,526		
Other liabilities(2)	281,097			213,124		
Total liabilities	23,412,762			21,403,570		
Minority interest/REIT preferred securities	293,058			293,244		
Shareholders' equity	2,373,844			2,175,902		
Total liabilities and shareholders' equity	\$ 26,079,664			\$ 23,872,716		
<b>RATE DIFFERENTIAL</b>						
NET INTEREST INCOME AND NET YIELD ON INTEREST EARNING ASSETS ON A TAX EQUIVALENT BASIS(3)			2.38 %			2.98 %
		\$ 168,874	2.85 %	\$ 197,956	3.65 %	
<b>Taxable equivalent adjustments(1):</b>						
Loans		(199)		(247)		
Securities		(1,926)		(1,698)		
Total taxable equivalent adjustments		(2,125)		(1,945)		
Net interest income		\$ 166,749		\$ 196,011		
<b>TOTAL AVERAGE DEPOSITS:</b>						
Total interest bearing deposits	\$ 15,577,433	\$ 117,401	3.00 %	\$ 13,732,885	\$ 142,217	3.10 %
Noninterest bearing demand deposits	2,871,552			2,949,526		
Total average deposits	\$ 18,448,985	\$ 117,401	2.53 %	\$ 16,682,411	\$ 142,217	3.38 %
Total average deposits, excluding brokered time	\$ 16,925,619	\$ 102,935	2.42 %	\$ 16,345,000	\$ 137,897	3.35 %

(1) Interest earned and average rates on securities and loans exempt from income taxes are reflected on a fully tax equivalent basis using a federal income tax rate of 35%, net of nondeductible interest expense.

(2) Unrealized gains (losses) on available for sale securities, the adjustments for mark to market valuations on hedged assets and liabilities and lower of cost or fair value adjustments have been classified in either other assets or other liabilities.

(3) Net yield on interest earning assets is calculated by taking annualized fully tax equivalent net interest income divided by average total interest earning assets

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#### Analysis of Interest Increases (Decreases)

(Unaudited)

	Three Months Ended September 30, 2008 Change from September 30, 2007		
	Total	Volume	Rate
		(In thousands)	(1)
<b>INTEREST INCOME:</b>			
Loans, net of unearned income	\$ (69,685 )	\$ (1,758 )	\$ (67,927 )
Loans held for sale	(1,012 )	7,613	(8,625 )
Securities	10,853	11,548	(695 )
Securities purchased under agreements to resell	1,337	8,293	(6,956 )
Federal funds sold	(412 )	195	(607 )
Other interest earning assets	(17 )	11	(28 )
<b>Total interest income</b>	<b>(58,936 )</b>	<b>15,792</b>	<b>(74,728 )</b>
<b>INTEREST EXPENSE:</b>			
Interest bearing non-time deposits	(28,841 )	(3,464 )	(25,377 )
Time deposits	(6,121 )	14,647	(20,768 )
Brokered time deposits	10,146	11,252	(1,106 )
Repurchase agreements	(3,451 )	(248 )	(3,703 )
Federal funds purchased	(6,141 )	(2,009 )	(4,132 )
Other short-term borrowings	(1,659 )	(612 )	(1,047 )
Long-term debt	6,213	9,033	(2,820 )
<b>Total interest expense</b>	<b>(29,854 )</b>	<b>28,599</b>	<b>(58,453 )</b>
<b>Net interest income</b>	<b>\$ (29,082 )</b>	<b>\$ (2,697 )</b>	<b>\$ (26,385 )</b>

(1) Increases (decreases) are attributed to volume changes and rate changes on the following basis: Volume Change = change in volume times old rate, Rate Change = change in rate times old volume. The Rate/Volume Change = change in volume times change in rate, and is allocated to Volume Change.

Interest income decreased \$58.9 million for the three months ended September 30, 2008, as compared to the same period of the prior year. Average earning assets increased \$2.0 billion while the yield earned on those assets decreased 181 basis points. The drivers of these changes are more fully described in the paragraphs below.

Interest income on loans decreased \$69.7 million for the three months ended September 30, 2008, as compared to the same period of the prior year. The decrease in interest income was primarily due to the decrease in the prime lending rate and an increase in average nonperforming loans which resulted in the average yield earned on loans decreasing 176 basis points.

Interest income on loans held for sale decreased \$1.0 million for the three months ended September 30, 2008, as compared to the same period of the prior year. The average volume of loans held for sale increased \$598.1 million, or 36.5%, primarily from growth in the Company's mortgage warehouse lending division. The increase in volume was offset by a decrease in the yield on loans held for sale which decreased 209 basis points to 5.08% compared to 7.17% in the same period of the prior year. The yield is driven by the prevailing market rates which were significantly lower in the three months ended September 30, 2008 than in the same period of the prior year.

Interest income on securities increased \$10.9 million for the three months ended September 30, 2008, as compared to the same period of the prior year. The increase was primarily the result of an average volume increase of \$808.7 million, or 28%.

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For the three months ended September 30, 2008, interest income from securities purchased under agreements to resell increased \$1.3 million, as compared to the same period of the prior year. The average volume of securities purchased under agreements to resell increased \$655.5 million, or 44.7%, primarily from growth in the Company's mortgage warehouse division. The yield on securities purchased under agreements to resell decreased 188 basis points to 5.05% compared to 6.93% in the same period of the prior year. The yield is driven by the prevailing market rates which were significantly lower in the three months ended September 30, 2008 than in the same period of the prior year.

Interest expense decreased approximately \$29.9 million for the three months ended September 30, 2008, as compared to the same period of the prior year. The decrease in interest expense was driven primarily by a 101 basis points decrease in the cost of average interest bearing liabilities which was partially offset by a \$2.0 billion, or 11.1%, increase in average interest bearing liabilities, including the impact of average noninterest bearing deposits, which decreased \$78.0 million. Average funding costs decreased 82 basis points to 2.92%. The drivers of the decrease in funding costs are described in the paragraphs below.

For the three months ended September 30, 2008, interest expense on interest bearing non-time deposits decreased \$28.8 million, as compared to the same period of the prior year. The decrease in interest expense was due to a rate reduction of 157 basis points and an average volume decrease of \$897.7 million, or 14.0%.

For the three months ended September 30, 2008, interest expense on time deposits decreased \$6.1 million, as compared to the same period of the prior year. The decrease in interest expense was due to an interest rate decrease of 118 basis points which was partially offset by an average volume increase of \$1.6 billion, or 22.3%. The growth of time deposits is attributable to customer preference for higher rate products and increased competition for deposits as a funding source.

For the three months ended September 30, 2008, interest expense on brokered time deposits increased \$10.1 million, as compared to the same period of the prior year. The increase in interest expense was due to an increase in average volume of \$1.2 billion, or 351.5%, which was partially offset by an interest rate decrease of 130 basis points.

For the three months ended September 30, 2008, interest expense on short-term borrowings, consisting of repurchase agreements, federal funds purchased, and other short-term borrowings, decreased \$11.3 million, as compared to the same period of the prior year. The decrease in interest expense was primarily caused by a decrease in average short-term borrowings of \$575.6 million, or 47.3%, and a rate decrease of 277 basis points.

For the three months ended September 30, 2008, interest expense on long-term debt increased \$6.2 million, as compared to the same period of the prior year. The increase in interest expense was primarily caused by an increase in average long-term debt of \$750.3 million, or 22.8%, partially offset by an interest rate decrease of 34 basis points.

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## Average Volume and Rates

(Unaudited)

	Average Volume	Nine Months Ended September 30,		Average Volume	Interest	Rate	Average Volume	Interest	Rate	
		2008	2007							
(Dollars in thousands)										
<b>ASSETS:</b>										
Loans, net of unearned income (2)	\$ 15,671,050	\$ 724,860	6.18 %	\$ 15,257,881	\$ 883,076	7.74 %				
Loans held for sale (2)	2,781,151	103,018	4.95 %	1,603,221	83,733	6.98 %				
Securities (2)	3,746,228	164,306	5.85 %	2,982,418	124,387	5.56 %				
Securities purchased under agreements to resell	2,116,299	80,026	5.05 %	1,280,597	66,073	6.90 %				
Federal funds sold	85,955	1,762	2.74 %	75,259	2,956	5.25 %				
Other interest earning assets	13,419	109	1.09 %	6,048	130	2.87 %				
Total interest earning assets (3)	24,414,102	\$ 1,074,081	5.87 %	21,205,424	\$ 1,160,355	7.51 %				
Nonearning assets (2)	2,498,064			2,138,957						
Total assets	\$ 26,912,166			\$ 23,344,381						
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>										
Interest bearing non-time deposits	\$ 6,142,254	\$ 76,888	1.67 %	\$ 6,367,451	\$ 148,251	3.11 %				
Time deposits	8,018,344	247,827	4.13 %	6,761,111	252,536	4.91 %				
Brokered time deposits	1,563,300	50,599	4.32 %	355,974	13,581	5.11 %				
Total interest bearing deposits	15,723,898	375,314	3.19 %	13,484,536	414,370	4.11 %				
Repurchase agreements	525,268	8,608	2.19 %	611,590	33,700	4.11 %				
Federal funds purchased	515,905	11,615	3.01 %	650,231	25,729	5.20 %				
Other short-term borrowings	144,744	3,201	2.95 %	166,231	6,426	5.17 %				
Long-term debt (2)	4,067,025	146,159	4.80 %	3,084,463	123,881	5.37 %				
Total interest bearing liabilities	20,976,840	\$ 544,897	3.47 %	17,997,051	\$ 590,114	4.38 %				
Noninterest bearing demand deposits	3,001,553			2,889,110						
Other liabilities (2)	285,375			180,669						
Total liabilities	24,263,768			21,066,830						
Minority interest/REIT preferred securities	293,058			140,627						
Shareholders' equity	2,355,340			2,136,924						
Total liabilities and shareholders' equity	\$ 26,912,166			\$ 23,344,381						
<b>RATE DIFFERENTIAL</b>										
NET INTEREST INCOME AND NET YIELD ON INTEREST EARNING ASSETS ON A TAX EQUIVALENT BASIS (3)			2.40 %						2.93 %	
		\$ 529,184	2.89 %		\$ 570,241	3.51 %				

Taxable equivalent adjustments(1):							
Loans		(555)				(626)	
Securities		(5,832)				(4,410)	
Total taxable equivalent adjustments							
		(6,387)				(4,066)	
Net interest income							
	\$	522,797			\$	566,173	
<b>TOTAL AVERAGE DEPOSITS:</b>							
Total interest bearing deposits	\$	15,723,898	\$	375,314	3.19 %	\$	13,484,536
Noninterest bearing demand deposits		3,001,553		-	-		2,889,110
Total average deposits	\$	18,725,451	\$	375,314	2.68 %	\$	16,373,646
Total average deposits, excluding brokered time	\$	17,162,151	\$	324,715	2.53 %	\$	16,017,672
						\$	400,789
							3.35 %

(1) Interest earned and average rates on securities and loans exempt from income taxes are reflected on a fully tax equivalent basis using a federal income tax rate of 35%, net of nondeductible interest expense.

(2) Unrealized gains (losses) on available for sale securities, the adjustments for mark to market valuations on hedged assets and liabilities and lower of

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