



FLORIDA HOUSING CORPORATION

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Office of Inspector General

Investigative Report

131204-01

May 20, 2014

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

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Investigative Report
Mr. Chris Sneed, Project Hope for Housing Inc.
Case Number: 131204-01

INTRODUCTION

On December 4, 2013, the HHF Compliance Director, Matt Jugenheimer, forwarded to the Office of Inspector General (OIG) a complaint that was originally emailed to the FHFC Communications Office. The complainant, who was considering applying for Hardest Hit Fund (HHF) Principal Reduction funds, alleged that Christopher Allen Sneed, Director/Officer for Project Hope for Housing, Incorporated (Project Hope), had been arrested and charged with a felony related to engaging in organized fraud schemes. The OIG was requested to review the validity of the allegations related to Mr. Sneed.

Project Hope was contracted by FHFC as an Advisor Agency for the HHF Programs, Unemployment Mortgage Assistance Program/Mortgage Loan Reinstatement Payment Program (UMAP/MLRP) and Principal Reduction (PR) and was assigned to manage, process, and make eligibility determinations for 1198 files related to these HHF Programs. Project Hope was started on April 6, 2010. Mr. Sneed was listed in the HHF contract files as Director/Advisor and the founding employee for Project Hope. In this role, Mr. Sneed was in a position of trust for the organization and was responsible for properly handling confidential and sensitive records relating to HHF applicants.

The complainant indicated that she had provided numerous private documents,¹ for herself and her husband, to Project Hope. She stated that after not receiving a response from Project Hope, she performed an internet web search and found that Mr. Sneed had been arrested and charged with organized fraud under Section 817.034(4)(A)1, Florida Statutes. Given the circumstances, she asserted that she was concerned about the potential of being a victim of identity theft.

¹ Private documents referred to included: W-2's, pay stubs, tax filings, mortgage statement, HOA statements, bank statements.



Based on the information provided by the HHF Compliance Director and the complainant, the OIG initiated an investigation on December 4, 2013. FHFC terminated the Project Hope contracts for UMAP/MLRP and PR services on December 12, 2013² and the currently assigned files were transferred to other Advisor Agencies. Project Hope's access to Counselor Direct³ was also removed on the same day.

ALLEGATIONS AND FINDINGS

Allegation

Mr. Sneed is alleged to have been arrested and charged with organized fraud under Section 817.034(4)(A)1, Florida Statutes. If supported the allegation would be a violation of Hardest Hit Fund Contractual and Programmatic Requirements. The contracts that FHFC have with Project Hope for Housing have default provisions pertaining to fraud committed⁴ by HHF Advisors. The default provisions authorize Florida Housing to terminate the contracts and pursue appropriate legal remedies.

Findings

The information obtained *supports* the allegation.

Testimony from Mr. Sneed confirmed he was arrested for charges related to organized fraud. He also verified that his real estate license, issued by the Department of Business and Professional Regulation (DBPR) and his mortgage broker license, issued by the Office of Financial Regulation (OFR) had been revoked. He indicated that his licensure revocation was related to his relationship with a title company.⁵ Additionally, Mr. Sneed stated that he did not understand why he had been arrested.

The OIG obtained records from the Duval County Clerk of the Courts to support the allegation regarding Mr. Sneed's arrest. The arrest was made on October 24, 2013 and the charges cited in the arrest were a violation of Section 817.034(4)(A)1, Florida Statutes, organized fraud. Mr. Sneed is currently being prosecuted by the State of Florida in Jacksonville, Florida (Case 16-2013-CF-009834-AXXX-MA).

The OIG was able to obtain the final orders from the DBPR and the OFR. The final orders issued by the DBPR and the OFR stated that Mr. Sneed had committed fraud related to a residential mortgage submitted to a lender in December of 2005 and had violated Section 494.0041(2)(b), Florida Statutes.

² Florida Housing terminated the contracts pursuant to Section 10 (a) of the PR/UMAP Contracts which provides for termination without cause.

³ Counselor Direct is a web-based system used by applicants, advisors and underwriters to enter, store and maintain HHF files.

⁴ Florida Housing Contracts 2010-07-02-127 and 2010-07-02-127 (PRP) describe events of default which include, "if an HHF Advisor commits fraud or engages in activities that are deemed fraudulent or misleading."

⁵ The OIG later obtained Final Order 2009-10921 issued December 29, 2009 by the DBPR indicating that Mr. Sneed had committed fraud related to a residential mortgage transaction. The Final Order indicated that Mr. Sneed admitted to the fraudulent actions.

ADDITIONAL ALLEGATIONS AND FINDINGS

Based on information obtained during the investigation, an additional issue related to the allegation was addressed:

The complainant indicated a concern that her personal records, which had been provided to Mr. Sneed, would not be secured in a confidential manner as required by HHF Contractual requirements. The OIG did not find any evidence that Project Hope was improperly using HHF applicant information.

To limit the risk related to personally identifiable information (PII) theft, FHFC took prompt action to require Project Hope to safeguard records and to ensure access rights to Counselor Direct were promptly removed. FHFC sent their contract cancellation notices on December 12, 2013 and requested Project Hope to destroy all records immediately after verifying that all files were uploaded into Counselor Direct. HHF management confirmed that Project Hope returned electronic records that were being reviewed via a secured file transfer protocol, SharePoint. The Project Hope Administrator confirmed that all records related to HHF were properly destroyed (shredded).

Additionally, it was discovered that HHF management was not informed of Mr. Sneed's arrest by either Mr. Sneed or the Project Hope Administrator. The Project Hope Administrator reported finding out that Mr. Sneed had been arrested but indicated that she did not know what the charges pertained to and did not inquire. She also indicated that she had no knowledge of the fraud violations cited in the 2009 Final Orders issued by the DBPR and the OFR.

INSPECTOR GENERAL'S COMMENTS

It is recommended that HHF management provide a copy of this investigative report to the Project Hope for Housing Administrator.

In accordance with §20.055(6)(c), Florida Statutes, this investigation will be forwarded to the State Attorney's Office in the Jacksonville Circuit Court as the criminal case related to Mr. Sneed remains open.

A copy of this report was provided to Mr. Sneed on February 17, 2014, in compliance with Section 20.055(6)(e), Florida Statutes for a response. Mr. Sneed did not respond to the OIG Investigation.

This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.