



Florida Housing

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Office of Inspector General

Investigative Report

170313-01

October 9, 2019

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

**Office of Inspector General
Investigative Report
Case Number 170313-01**

INTRODUCTION

On March 1, 2017, Charles White, Single Family Programs Administrator, Florida Housing Finance Corporation (Florida Housing) notified the Office of Inspector General (OIG) that he had received information from a lender about Juliette Francois, Hardest Hit Funds (HHF) Down Payment Assistance (DPA) Program recipient, who was believed to have submitted a questionable Gift Letter in order to qualify for HHF DPA Program funds. On March 8, 2017, Mr. White and OIG staff conducted a conference call with the lender, Jennifer Link, Vice President Fraud Investigations, Caliber Home Loans, who confirmed the concerns about the Gift Letter.¹

In an email dated March 13, 2017, Ms. Link provided the documents, which showed that an audit and subsequent investigative review were conducted, with the findings listed below:

- Available evidence indicates Ms. Francois' Gift Letter of \$19,000 contains false information:
 - The donor, Wendell Green, has no family relationship with Ms. Francois; and
 - Mr. Green expected repayment from Ms. Francois of the \$19,000 he provided to her.

The OIG initiated an investigation based on the information provided.

ALLEGATIONS

It is alleged Ms. Francois provided a falsified document and made false statements/certifications on her HHF DPA Program application by providing a Gift Letter, which contained false information, in order to be found eligible to receive payments from HHF DPA Program funds. If supported, these allegations would constitute a violation of federal and/or state laws, including:

- Title 18, United States Code (U.S.C), §1001, False Statements;
- Section 817.03, Florida Statutes (F.S.), Making false statement to obtain property or credit;
- Section 817.545, F.S., Mortgage Fraud; and/or
- Section 837.06, F.S., False Official Statements.

EXECUTIVE SUMMARY

From March 13, 2017 to July 17, 2017, OIG staff conducted interviews and reviewed significant documentation related to the allegations. As a result of the investigation, OIG staff determined that the allegation of Ms. Francois providing a falsified document and making false statements/certifications on her HHF DPA Program application by providing a Gift Letter, which contained false information, in order to be found eligible to receive payments from HHF DPA Program funds was **Supported**.

¹ The Federal Housing Authority (FHA) allows borrowers to obtain their down payment funds in the form of a gift, but requires a Gift Letter to document: the donor's name, address, relationship to borrower, the dollar amount, and a statement that no repayment is expected. Details about who may provide a gift will be provided later in the report.

COMPLAINANT INTERVIEW

Although Mr. White reported the complaint to the OIG, he had been notified by Ms. Link of this matter. They were not interviewed because they do not have direct knowledge of this matter. However, Ms. Link provided supporting documentation, which will be detailed in the section below.

DOCUMENTATION/RECORDS ANALYSIS

Documents from Caliber Home Loans

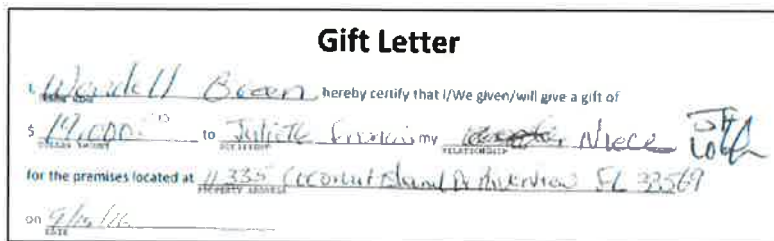
As reported above, Mr. White had been notified of this matter by Ms. Link, who provided the following related documents in an email dated March 13, 2017:

- Ms. Francois' Gift Letter (Exhibit 1)
- Caliber Home Loans ADFITECH² – Quality Control (QC) Flow Sheet (Exhibit 2); and
- Fraud Investigations Unit (FIU) Investigative Review (Exhibit 3).

Gift Letter

The Gift Letter dated September 15, 2016, listed the following information about Mr. Green:

- He was listed as the donor; and
- His relationship to Ms. Francois was marked through and then listed as "niece," with the initials of "JF" – see below:

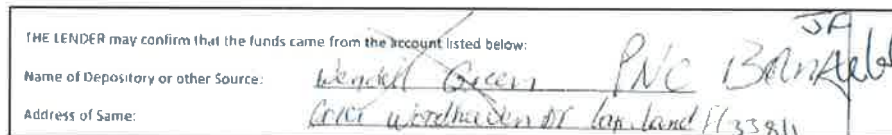


Gift Letter

Wendell Green hereby certify that I/We given/will give a gift of
\$ 19,000.00 to Juliette Francois my niece
for the premises located at 11335 Coconut Island Blvd Lakeland FL 33569
on 9/15/16

In the area for the lender to confirm that, the funds came from the account listed on the document:

- His address was listed as 6014 Woodhaven Dr., Lakeland, FL 33811; and
- There was an "x" mark over Mr. Green's name, with the initials "JF" and "PNC Bank teller" – see below:



THE LENDER may confirm that the funds came from the account listed below:

Name of Depositor or other Source: Wendell Green PNC Bank

Address of Same: 6014 Woodhaven Dr Lakeland FL 33811

Note: Based on the initials of "JF [Juliette Francois] PNC Bank Teller," it appears that Ms. Francois may have confirmed the funds came from Mr. Green's account at PNC Bank on her own Gift Letter.

In the area listed as "**NECESSARY DOCUMENTATION**," the certifications included the following:

- Mr. Green's bank statement was needed, "evidencing funds came from donor's account"; and
- Mr. Green and Ms. Francois signatures on the Gift Letter certified their awareness of that "it is a Federal crime³. . . to knowingly make any false statement when applying for this mortgage. . ." – see below:

² ADFITECH conducts QC/post-closing audits that meet the requirements of Fannie Mae, Freddie Mac, FHA (Federal Housing Administration) and VA (Veterans Affairs) loans.

³ Section 1014 of Title 18, U.S.C, covers the knowingly making of false statements or willfully overvaluing any property or security for the purpose of influencing in any way the action of the enumerated agencies and organizations. Section 1010 of

NECESSARY DOCUMENTATION FOR ALL LOANS (FANNIE MAE, FREDDIE MAC, FHA, USDA, VA):

- 1 Verification that gift funds were deposited into applicant's bank account (bank statement) or attorney trust account (escrow letter)
- 2 Donor's bank statement evidencing funds came from donor's account

WE ARE AWARE OF THE FOLLOWING: I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this mortgage, as applicable under the provision of Title 18, United States Code, Section 1014 and Section 1010

Caliber Home Loans ADFITECH – QC Flow Sheet and FIU Investigative Review

These documents show that an audit and subsequent investigative review were conducted of Juliette Francois' HHF DPA loan (1375221673) for 11335 Coconut Island Drive, Riverview, FL, 33569, with some additional details listed below (paraphrased):

- The subject loan was referred to the Caliber Home Loans, FIU for review after it was determined that her Gift Letter contained inaccurate information.
- The questionable Gift Letter identified the donor as Mr. Green, with the gift amount listed as \$19,000.
- Caliber Home Loans staff members from QC and FIU contacted Mr. Green, who expressed to them:
 - The relationship listed on the Gift Letter as “niece” is not correct and that he expected repayment of the \$19,000;
 - He remembered signing some papers in connection with Ms. Francois' purchase of the property, but he did not specifically remember signing the Gift Letter;
 - Ms. Francois was working at a bank when he met her, and he was aware that she was working a second job at a hotel;
 - Ms. Francois was going to continue to work the second job to enable repayment of the \$19,000 “loan”;
 - He believes Ms. Francois quit the second job as soon as she purchased the home; and
 - He believes he will not be repaid by Ms. Francois.
- Findings: Available evidence indicates Ms. Francois' Gift Letter of \$19,000 contains false information:
 - Mr. Green has no family relationship with Ms. Francois; and
 - Mr. Green expected repayment from Ms. Francois of the \$19,000 he provided to her.
- Conclusion/Recommendations: Based on the findings, FIU recommended the investor and FHA be notified of the false information provided on the Gift Letter.

Note: In an email dated May 24, 2017, Mr. White corresponded with staff members from Caliber Home Loans to determine whether they had received any correspondence from either FHA or US Bank, with Deana Everett, stating the following (paraphrased):

- Yes, we have signed an indemnification agreement with FHA and the indemnification was finalized on April 14, 2017. US Bank has not required any action.
- We cannot file a claim with FHA.
- I'm sorry, actually, in this case, since it was service-released to US Bank, US Bank would file the claim which would be paid to them. Any loss FHA incurs would be billed to Caliber Home Loans.

HHF DPA and FHA Gift Rules

On June 1, 2017, OIG staff contacted Mr. White via email to determine whether the HHF DPA Program provides guidance related to receipt of gifts by HHF DPA applicants. Mr. White responded by stating, “We do have a HHF DPA guide, but it does not address gift letters. We default to what is required by the Agencies (FHA, VA, USDA-RD [United States Department of Agriculture, Office of Rural Development] and Fannie Mae). Searches of the U.S.

Title 18, U.S.C., covers false statements to Department of Housing and Urban Development and Federal Housing Administration transactions.

Department of Housing and Urban Development (HUD) website⁴ for guidance from FHA related to receipt of gifts by HHF DPA applicants provided the information listed below:

Change Date	January 31, 2011
4155.1 5.B.4.a Description of Gift Funds	<p>In order for funds to be considered a gift, there must be no expected or implied repayment of the funds to the donor by the borrower.</p> <p><i>Note:</i> The portion of the gift not used to meet closing requirements may be counted as reserves.</p>
4155.1 5.B.4.b Who May Provide a Gift	<p>An outright gift of the cash investment is acceptable if the donor is</p> <ul style="list-style-type: none">• the borrower's relative• the borrower's employer or labor union• a close friend with a clearly defined and documented interest in the borrower• a charitable organization• a governmental agency or public entity that has a program providing home ownership assistance to<ul style="list-style-type: none">– low- and moderate-income families, or– first-time homebuyers.

WITNESS INTERVIEWS

On May 24, 2017, OIG staff conducted a recorded telephone interview of Mr. Green, who confirmed the information he provided to staff members from Caliber Home Loans during their audit and subsequent investigative review. Specifically, Mr. Green stated the following during the interview with OIG staff (paraphrased):

- He has known Ms. Francois for approximately one year because he is a customer of the PNC Bank,⁵ where she works;
- He was aware she was working two jobs;
- Regarding Ms. Francois, he said:
 - She was “very nice”;
 - “I had a little money in the bank”; and
 - “She asked me about letting her have \$19,000, which was for a down payment.”
- He loaned her \$19,000 and the “deal was” she was supposed to pay him back when she received her tax refund:
 - However, he has not received any money from Ms. Francois;
 - After she received the money from him, she quit the second job; but
 - She still works at the bank.
- He did not sign a loan agreement with Ms. Francois:
 - He said he guessed he should have;
 - He said it was “stupid” of him to do that [loan her the money without a sign loan agreement]; but
 - He knew her from the bank and he felt sorry for her because she said she was paying rent of over \$1,000 a month.

⁴ HUD website: https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/fhahistory

⁵ Mr. Green stated that Ms. Francois works at the PNC Bank located on the corner of Dale Mabry Highway and Spruce Street. According to the PNC Bank website, the address for this branch is 1915 N Dale Mabry Hwy, Tampa, FL 33607.

- He believed he gave the money to her in August or September 2016:
 - He wrote the check payable to Ms. Francois from his PNC Bank account;
 - He does not have a copy of cancelled check and he does not use Internet banking; and
 - He did not recall whether the check was made payable to Ms. Francois or the lender, but he said:

I guess she filled it out and I signed it. . . I can't remember what the heck I did this morning and I don't have Alzheimer's or dementia, but I can remember everything clearly from when I was about six years old. That's what happens when you get old, things slip your mind. When you get old, you will figure that out too.

- Regarding the Gift Letter dated September 15, 2016 (see Exhibit 1) and the information listed as associated with Mr. Green, he said:
 - The address listed on the letter is an old address;
 - He moved from that address about three or four months ago;
 - His mailing address is now PO Box 4642, Plant City, FL;
 - "I probably did sign the paper, but I never read it or seen [sic] it. That's another stupid thing I did. You know, I just trusted her. I don't know, it's probably all my fault."
 - On the Gift Letter, his relationship to her was marked through and then listed as "niece," he said, "No, look – she can't be my relative. Hell, no. Look I'm white and she is a black lady. So, I don't think that is possible."
- Regarding whether he has spoken to her after he gave her the money, he said:

Well yes, I asked to talk to her at the bank. I think she avoids me every time because every time I go to the bank . . . she goes the opposite way. She's always busy. She's unavailable. I can't get a phone call through to her. They say her number has been changed; and I know tax money time has come and gone, but I have not seen a penny of tax money back from her. So, I think I have a \$19,000 reduction.

- Regarding the circumstances surrounding how she asked him for the money, Mr. Green said:

Several months she'd keep on saying and come up with, [sic] I think at one time she wanted like \$30,000. I think, but don't put this down that I said this because I'm not sure anymore. She kept working two jobs and I think she told me, I might be wrong about this too, that she had saved-up \$15,000 towards the down payment, but she needed enough to make whatever it was that she needed \$19,000. You know, I feel stupid.

- He recalled being previously called by three people about this matter, and he said:

I told them what I had to tell them, which is the same thing I am telling you today. And the numbers I am telling you, I know that \$19,000 is right. The other numbers I have given you might not be exactly right, but I promise you that is right, you know.

Note: After the interview, OIG staff mailed a copy of the Gift Letter to Mr. Green, who agreed to review it and to respond by stating whether he had signed this form.

On May 26, 2017, Mr. Green called OIG staff and provided the following additional details about the matter in a continuation of the recorded interview (paraphrased):

- Regarding the Gift Letter, Mr. Green said:
 - He never looked at it because he is 69 years old and trusts people; and

- He signed the paper because she told him she needed him to sign the paper so that she could have her loan go through, but she did not explain “anything that it was about.”
- Mr. Green also explained that he and a friend went to PNC Bank on May 25, 2017:
 - Mr. Green attempted to meet with Ms. Francois, but was told she was busy;
 - About five minutes later the friend entered the bank;
 - The friend pretended to be interested in a loan “or something”;
 - The friend was able to talk to her; and
 - He said he was just trying to determine “what the deal was” because he saw her car at the bank, but it “didn’t work out” for him to speak with Ms. Francois.
- Regarding how he would characterize his relationship with Ms. Francois, Mr. Green said he only knew her from being a customer of the bank, but she had not invited him to socialize or meet on a personal basis.
- To clarify whether Ms. Francois was going to give him anything of value in exchange for the money, Mr. Green said:

She did not have no [sic] value, evidently. She had a car. That was it. She was from Haiti. She had been here for over six years, only paying rent. She wanted to own a house so her rent would go towards ownership. Supposedly she was paying \$1,000 per month and the payment [mortgage] was going to be \$1,100 per month. She was working two jobs. She quit one job as soon as she got the payment [the \$19,000 from Mr. Green], maybe she worked a few weeks, but I’m not sure. I didn’t know her. I didn’t know too much about her regular life.

- When asked to confirm whether Mr. Green offered the money to Ms. Francois, or whether she asked him for the money, Mr. Green stated:

No, no. She asked me. Hell no, I did not offer. You know, she was very nice to me at the bank. She helped me out with my business at the bank. I don’t know. I feel stupid. I feel very stupid on my part evidently.

Well I told you, she was wanting to quit paying rent and the only chance of having some ownership in something. This was something she would own herself. She was [sic] I guess she was on a green card or whatever you do to get into this country, and I don’t think she was a citizen of the United States. . . I don’t know enough about that. I really and truly don’t. . . She asked me several times would I consider helping her to make a down payment; and she had supposedly saved-up \$15,000 I think. She needed \$19,000 more, and she was going to pay me back with her taxes, but I have not seen a penny. . .

- When asked whether Ms. Francois asked Mr. Green to give her money from the bank teller counter or from a separate desk/office environment, he said:

She did both. Cause she always wanted me [sic], I had some extra, uh – quite a bit, and quite a bit in my language [sic] . . . in my checking account. And I guess she saw what I had and whatever, whatever [sic]. That’s why she asked me about it because she always wanted me to invest with the bank. Well, I had invested with someone from Virginia, where I am from. . .

- When asked whether there were any witnesses or friends who were aware of this matter or who may have overheard Ms. Francois ask Mr. Green for money, he said, “No ma’am.”

- Regarding Mr. Green saying that he signed the Gift Letter “without knowing” what he was signing, he said:
 - He could have signed away his entire account;
 - Ms. Francois seemed very “sincere”; and
 - He thought she was “a single person, who came to this country and did not have any help.”
- When asked whether he has filed a complaint against Ms. Francois, Mr. Green said:
 - He did not understand what is going on with being contacted by different parties about this matter;
 - He understood that the lender received his \$19,000 because he confirmed it was received when he spoke to the other individuals from Ms. Francois’ lender, who contacted him about this matter, but
 - He “did not know why they were complaining if they got the money.”
- Mr. Green said he asked Ms. Francois to record a “second deed of trust” against the property to reflect that he had loaned her \$19,000, but she said her lender “would not allow her to do that.”

On May 30 2017, Mr. Green called OIG staff, stated he had received the copy of the Gift Letter, and he stated the following in a continuation of the recorded interview (paraphrased):

- He signed the Gift Letter, but he said:

When I signed this, it was blank, but I did sign it. I don’t even know [sic] I don’t know why I did what I did. I just can’t explain that. . . Yes, I did. So, that’s basically all I can tell you and then she filled it out herself. . . But, I am definitely not her uncle. . . She put that part in there. That part is definitely false.

Note: As reported above, Mr. Green confirmed that he:

- Did not have any documents to support that he provided the money to Ms. Francois as a loan;
- Believed she was going to repay him with her income tax refund;
- Has not received any payments from Ms. Francois; and
- Believes she is avoiding him, when he comes to the bank.

On June 7, 2017, Mr. Green called OIG staff and stated that he was able to recently speak with Ms. Francois at the bank; and she gave him “a \$500 cashier’s check, which he deposited in his checking account.” He said it “felt good to just get \$500 to be honest with you because I figured that I would get nothing.” He said Ms. Francois said she is only working one job; and “she is doing her best,” but she did not say what additional payments she would make in the future.

ADDITIONAL ISSUE

As reported above, Ms. Francois is a bank teller at PNC Bank:

- Helped Mr. Green, as a customer, with his PNC Bank account;
- Was aware of the amount of money he had in his account;
- Suggested he should invest some of his money with the bank; and
- She solicited money from Mr. Green at PNC bank during normal business hours from the teller counter and from a separate PNC desk/office environment.

In addition, Mr. Green believed he was loaning her \$19,000 and said she had him sign a blank Gift Letter by stating, “it would help her obtain the loan,” but he did not read the document.

Based on the fiduciary responsibility Ms. Francois has as a teller at PNC bank, the company was notified of her activity with Mr. Green for their review and action deemed appropriate on June 13, 2017. On June 15, 2017, Beth Downey, Employee Relations Consultant, PNC Bank, requested additional information, but stated they would not provide a response about their actions without a subpoena.

SUBJECT INTERVIEW

On July 10, 2017, OIG staff sent a letter requesting to speak with Ms. Francois. On July 17, 2017, OIG staff received a telephone call from Ms. Francois and conducted a recorded telephone interview in which she stated (paraphrased):

- Regarding her relationship with Mr. Green, she stated:

Mr. Green is someone I was in a relationship at the time and I told the agent I was [sic] in the process what was my relationship with Mr. Green; and she advised me like she [sic] I did not know and she told me that I cannot use somebody that I'm in a relationship with for the gift. I have to put relative. She had me use the word uncle. And when I did, it was the first time like that, it came back because I was supposed to put niece instead of uncle. That's why I scratched over, put my initials in it and I fill out the other part of like his address, but I got the account number from the checks he provided to me. That was a gift to me from Mr. Green to help me get a lower monthly mortgage.

- Regarding whether she has repaid the money to Mr. Green, she stated:

At the beginning of it, I did not expect to repay it but, a month later after I moved in I received a call from Florida Housing. But Mr. Green is hard of hearing; and all he can hear at the end of the call is my name. But when they were talking about the loan, he was in the process of selling a home back in Virginia; and he thought that was what they were talking about until the end of it. He received a few back again [phone calls], and I asked him for the number he gave me like a 1-800 number and I tried to reach, but it repeats the same thing back over and over. . . The initial money was a gift from Mr. Green, never like a part of a loan from Mr. Green.

- Regarding whether they signed a promissory note, she explained:

From the beginning, it was never something like that, but Mr. Green has said he has become very frustrated and from the first call he cursed him, like it is not their business. His name is not on the mortgage. He said because of what is going on, he wants me to repay him. The first process was to help get a lower monthly mortgage.

- During the interview, portions of the Gift Letter were read to Ms. Francois, who said she "scratched out" the word uncle and changed it to niece after being instructed to make this change by Emily Lara, Mortgage Loan Officer, Caliber Home Loans.
- Regarding the source of the money and her discussion with Ms. Lara, Ms. Francois stated:

I told her [Ms. Lara] where the money was coming from. I did not lie about that. I told her that the money was coming from my boyfriend. I did. I never knew before that part that you could not have the money from your boyfriend. It had to be from a relative.

I work [sic] hard to be in that process [HHF DPA]. Like if that was something I was aware of before, I would not got that way because I really didn't need to use Mr. Green's money to get there because I had money saved; and I had the housing money to help me get there. It was suggested to me to get there.

ADDITIONAL WITNESS INTERVIEWS

Due to Ms. Francois stating that Ms. Lara instructed her to put Mr. Green as her uncle on the Gift Letter, even though she knew they were in a relationship, OIG staff and Mr. White conducted a recorded telephone interview of Ms. Lara. During the interview, Ms. Lara stated the following (paraphrased):

- She was the loan originator, who worked as part of a team to process Ms. Francois' loan.
- The Gift Letter would have been sent to Ms. Francois from their office, usually by a loan processor.
- The requirement of the Gift Letter is that the monetary gift comes from a relative.
- She recalled that the gift came from Ms. Francois' uncle:
 - He was "a little eccentric" and hard of hearing;
 - She was aware Ms. Francois worked at PNC Bank and Mr. Green's account was with the same bank;
 - She thought he was her uncle and did not know differently; and
 - She was told that Mr. Green gave the monetary gift for Ms. Francois' birthday.

Note: Ms. Francois' date of birth is September 30, 1975; and the Gift Letter was dated September 15, 2016. Although, Ms. Francois also told OIG staff that Mr. Green gave her the \$19,000 as a gift, she did not specify that it was for her birthday.

- She was aware the audit team contacted Mr. Green:
 - They asked him how he was related to Ms. Francois;
 - He provided different statements; and
 - Stated that he loaned the money to her.
- She contacted Ms. Francois:
 - Asked her why she received the gift because she did not need the money, with the HHF DPA from Florida Housing she had "plenty of money";
 - Ms. Francois said she wished she never accepted his gift because she did not need it; and
 - Ms. Francois said Mr. Green will not talk to anyone else because the lender's investigators kept "bugging him".
- She was surprised about the situation and it was "kind of shocking" because she did not realize that Ms. Francois had solicited Mr. Green for the money or that they were not related.
- Regarding Ms. Francois' statement that Ms. Lara knew Mr. Green was her boyfriend/they were in a relationship, Ms. Lara stated:

No, I recall her telling me is that she [sic], 'Who can give me a gift': and I said it has to be a relative. I said it has to be a relative in order for you to get a gift. Well, you know she did not need a gift. I don't know why she ever got a gift. That's strange. I don't know. No, I told her it definitely had to be a relative.

Note: The Gift Letter (see Exhibit 1) did not have a signature to show who received the form from Ms. Francois at Caliber Home Loans. At the end of the interview, Ms. Lara said she would check with the other loan processing team members and would provide an update if she received any information. To date, Ms. Lara has not provided an update to OIG staff or to Mr. White.

FINDINGS/CONCLUSIONS

It is alleged Ms. Francois provided a falsified document and made false statements/certifications on her HHF Program application by providing a Gift Letter, which contained false information, in order to be found eligible to receive payments from HHF Program funds. This allegation was **Supported** by the QC and FIU Investigative Review documentation and by Mr. Green and Ms. Francois, who both confirmed he was not related to Ms. Francois. Mr. Green also said he expected repayment of the \$19,000.

In accordance with Section 20.055(7)(c), F.S., on September 25, 2017, this investigation was coordinated with the Office of the Special Inspector General for the Troubled Asset Relief Program(SIGTARP) for a possible violation of federal and/or state laws, including:

- Title 18, United States Code, §1001, False Statements;
- Section 817.03, Florida Statutes (F.S.), Making false statement to obtain property or credit;
- Section 817.545, F.S., Mortgage Fraud; and/or
- Section 837.06, F.S., False Official Statements.

On Oct 3, 2019, SIGTARP advised that:

The referral regarding FHFC case no. 170313-01, Juliette Francois will not be investigated by SIGTARP, and the matter is considered closed, due to lack of sufficient evidence.

INSPECTOR GENERAL COMMENTS

The OIG does not have any additional comments or recommendations

This investigation was completed in accordance with accreditation standards established by The Commission for Florida Law Enforcement Accreditation and has been conducted in compliance with the "Quality Standards for Investigations" found within the *Principles and Standards for the Office of Inspector General*. The investigation was conducted by Melanie Yopp, Director of Investigations, CFE, CGAP, CIGI, CIGA under the supervision of Chris Hirst, Inspector General, CIG, CIGI, CIGA.