



FEDERAL HOUSING FINANCE AGENCY OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2024, through March 31, 2025



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Message from the Inspector General

I am pleased to present this Semiannual Report to Congress, which covers significant achievements of the Federal Housing Finance Agency (FHFA) Office of Inspector General (OIG) for the semiannual reporting period from October 1, 2024, through March 31, 2025.

We published 11 reports during this semiannual period, including audits, evaluations, compliance reviews, an inspection, and a white paper. All are available on our website and at [Oversight.gov](https://www.oversight.gov). As in prior reporting periods, we focused our resources on effectuating our statutory mission to promote economy, efficiency, and effectiveness, and prevent fraud, waste and abuse in the Agency programs and operations that pose the greatest financial or governance risk to FHFA, the Enterprises, Common Securitization Solutions, LLC, and the Federal Home Loan Banks. For example, we issued reports related to Enterprise counterparties, IT security, multifamily risk management, and FHLBank oversight. We made 17 recommendations to FHFA to address our findings, and FHFA agreed to implement all of them.

In addition to these oversight efforts, OIG's special agents, attorneys, and analysts continued their essential work to combat fraud impacting the integrity of the entities within our jurisdiction. Working both independently and in collaboration with our partner law enforcement agencies, we successfully investigated cases involving mortgage fraud, government loan fraud, and fraud involving multifamily properties, among others. Two particularly notable cases involved embezzlement schemes that led to the failure of two member banks of the FHLBank system. These and other investigative accomplishments are described further in this report's Significant Cases section.



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OIG remains dedicated to our mission through excellence in oversight and enforcement activities. The impact and accomplishments described in this semiannual report would not be possible without the talent and hard work of OIG’s team of professionals. Their relentless commitment drives our results, and I thank them for their work.

Brian M. Tomney
Inspector General
March 31, 2025

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Snapshot of OIG Accomplishments

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Reports Issued Includes audits, evaluations, compliance reviews, an inspection, and a white paper	11
Recommendations Made	17
Investigative Activities:	
Indictments / Charges	37
Convictions / Pleas	34
Sentencings	38
Suspended Counterparty Referrals to FHFA	24
Investigative Monetary Results:	
Criminal Restitution	\$122,561,618
Criminal Fines / Special Assessments / Forfeitures	\$38,416,400
Investigations Total Monetary Results *	\$160,978,018 *

* Includes court-ordered results from individual OIG investigations and joint investigations with other law enforcement organizations.

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OIG's Oversight

Overview

The Housing and Economic Recovery Act of 2008 established the Federal Housing Finance Agency (FHFA or Agency) in July 2008. FHFA regulates and supervises Fannie Mae and Freddie Mac (the Enterprises) and their affiliate, Common Securitization Solutions, LLC (CSS), as well as the Federal Home Loan Banks (FHLBanks)¹ and the FHLBanks' fiscal agent, the Office of Finance. FHFA is responsible for ensuring the regulated entities operate in a safe and sound manner so that they serve as reliable sources of liquidity and funding for housing finance and community investment. As of December 31, 2024, the Enterprises collectively reported more than \$7.7 trillion in assets, and the FHLBanks reported almost \$1.3 trillion. Since September 2008, FHFA also has served as the Enterprises' conservator.

OIG's Risk-Based Oversight Strategy

FHFA's dual roles as the regulated entities' supervisor and the Enterprises' conservator present unique challenges for OIG. These dual responsibilities put FHFA in a position different from that of other financial regulators, and OIG structures its oversight program to rigorously examine the Agency's exercise of both responsibilities. As part of that oversight, OIG focuses its work on the areas of greatest risk to FHFA and the regulated entities through our audits, evaluations, compliance reviews, inspections, and investigations.

Management and Performance Challenges

An integral part of OIG's oversight is to identify and assess FHFA's top management and performance challenges and align our work with these challenges. We annually assess and report to the FHFA Director our view of the Agency's most significant management and performance challenges that, if not addressed, could adversely affect FHFA's accomplishment of its mission. Our memorandum identifying FHFA's most significant management and performance challenges for Fiscal Year (FY) 2025 is available on our [website](#).

FHFA's most significant management and performance challenges for FY 2025 are:

- Managing risk in the Enterprises' multifamily lines of business
- Supervising the regulated entities' model risk management

¹ Collectively, the Enterprises, CSS, and the FHLBanks are the "regulated entities." 12 USC § 4502(20).

- Managing vulnerability within FHFA’s information security programs and at the regulated entities
- Addressing people risk at FHFA and at the regulated entities
- Overseeing the regulated entities’ reliance on counterparties and third parties
- Achieving certain supervisory goals for the FHLBank System and member credit risk management

During this semiannual period, OIG focused much of its oversight activities on identifying vulnerabilities in these areas and recommending positive, meaningful actions that the Agency could take to mitigate them and remediate identified deficiencies.

OIG’s Oversight of FHFA’s Programs and Operations Through Audit, Evaluation, and Compliance Activities During This Reporting Period

OIG fulfills its statutory oversight mission through four operational offices. This section discusses the oversight activities performed by three of those offices: the Office of Audits, the Office of Evaluations, and the Office of Compliance.² Our Office of Investigations’ work is discussed below in the Investigative Activity section.

Office of Audits

The Office of Audits conducts independent performance audits with respect to the Agency’s programs and operations. It also undertakes projects to address statutory requirements and stakeholder requests. As required by the Inspector General Act of 1978, as amended (IG Act), the Office of Audits performs its audits in accordance with *Government Auditing Standards* established by the Comptroller General of the United States, commonly referred to as generally accepted government auditing standards, or the Yellow Book. The Office of Audits also oversees certified independent public accounting firms that perform certain audits of FHFA programs and operations.

Office of Evaluations

The Office of Evaluations conducts independent and objective reviews, assessments, studies, and analyses of FHFA’s programs and operations. Under the IG Act, Inspectors General must adhere to the professional standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The Office of Evaluations performs its work in accordance with the standards

² During this semiannual period, OIG is further streamlining and enhancing the efficiency in our organizational structure. These changes will be fully implemented and reflected in the next semiannual report.

CIGIE established for inspections and evaluations, which are known as the *Quality Standards for Inspection and Evaluation*, commonly referred to as the Blue Book.

Office of Compliance

The Office of Compliance has multiple responsibilities. First and foremost, it conducts validation testing to determine whether FHFA effectively implemented agreed-upon corrective actions to remedy deficiencies identified by OIG. The Office also performs inspections to assess whether FHFA is following rules, policies, or procedures it adopted of its own accord, rather than in response to OIG recommendations. These activities are conducted pursuant to the CIGIE Blue Book. Additionally, the Office administers OIG’s Recommendation Tracking System, which monitors each OIG recommendation’s status and advises the divisions to ensure that OIG applies consistent standards for closing recommendations. Finally, the Office oversees the annual assessment of OIG’s internal controls program per the Federal Managers’ Financial Integrity Act of 1982 (31 U.S.C. § 3512) as implemented by the Office of Management and Budget’s Circular A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, and the Government Accountability Office’s *Standards for Internal Control in the Federal Government* (also known as the Green Book).

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Significant Reports

OIG issued 11 reports during the semiannual period from October 1, 2024, through March 31, 2025:

[DBR's Oversight Was Sufficient to Ensure That FHLBanks Managed Mortgage Servicer Risks But Examiners Did Not Follow Steps Outlined in Its 2023 Supervisory Priorities](#)

(AUD-2025-003, March 28, 2025)

[FHFA's Controls Over Background Investigations and Adjudications Were Ineffective](#)

(AUD-2025-002, March 28, 2025)

[Inspection: FHFA Oversight of Freddie Mac's Issuance of Suspicious Activity Reports](#)

(COM-2025-005, March 27, 2025)

[DBR Provided Sufficient Oversight of the FHLBanks' Use of Market Risk Modeling](#)

(AUD-2025-001, March 26, 2025)

[FHFA Followed Its Procedure for Reviewing Enterprise Employee Retention Award Proposals](#)

(COM-2025-004, March 20, 2025)

[2025 Update of Mortgage Insurers as Enterprise Counterparties](#) (WPR-2025-001, March 19, 2025)

[FHFA Has Taken Supervisory Actions to Address Multifamily Risk Management Deficiencies at Freddie Mac, but Current Market Conditions Present Challenges](#) (EVL-2025-002, March 6, 2025)

[FHFA Should Document Its Updated Procedure Requirement for Implementing Binding Operational Directives for IT Security](#) (COM-2025-003, January 22, 2025)

[Inspection: Whether FHFA Adhered to Its Consumer Communications Procedures](#)

(COM-2025-002, December 9, 2024)

[Freddie Mac Did Not Follow State Instructions When Filing Complaints Against Residential Real Estate Appraisers](#) (EVL-2025-001, December 9, 2024)

[FHFA's Office of the Ombudsman Did Not Meet Two Deadlines When Processing Incoming Submissions](#) (COM-2025-001, November 12, 2024)

Each report is available at the links above. As detailed below, this body of work provides important insights across FHFA's programs and operations, including the entities under the Agency's purview.

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Enterprises

FHFA’s Division of Enterprise Regulation (DER) regulates and supervises the Enterprises and their affiliate, CSS. During this semiannual period, we assessed the Agency’s effectiveness in overseeing Enterprise activities in a number of key risk areas, including multifamily risk management, suspicious activity reporting, appraisals, and compensation oversight. We also updated our prior product on mortgage insurers as Enterprise counterparties.

The Enterprises fulfill their missions by, among other things, purchasing and securitizing multifamily residential mortgage loans originated by lenders. In [EVL-2025-002](#), we assessed DER’s efforts to ensure Freddie Mac addressed known multifamily risk management deficiencies, including adverse examination findings issued by FHFA. We concluded that DER was taking supervisory actions to address multifamily risk management deficiencies at Freddie Mac. Nevertheless, the Enterprise’s multifamily business continues to operate in market conditions that present challenges, which warrants DER’s continued attention.

The Enterprises are required to report suspicious activities—including possible money laundering or mortgage fraud—to the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN). In [COM-2025-005](#), we reviewed FHFA’s adherence to its examination guidance in overseeing Freddie Mac’s suspicious activity reporting. We determined that the Agency did not require Freddie Mac to correct a particular suspicious activity report’s narrative to conform to FinCEN’s requirements, nor did it direct corrective actions to ensure that future narratives would include sufficient detail. We issued two recommendations, which the Agency accepted.

In [WPR-2025-001](#), we updated information from our 2021 white paper on mortgage insurers to provide an overview of key developments affecting the mortgage industry. Mortgage insurers continue to account for the largest portion of Enterprise counterparty risk. According to FHFA and Enterprise assessments, mortgage insurers were financially well-positioned. However, recent Enterprise acquisitions exhibited increased risk layering (i.e., multiple higher risk factors), and the rate of home price growth increased the likelihood of borrower cancellations of mortgage insurance as loan-to-value ratios fall below the required threshold. Such factors indicated that mortgage insurers were likely to continue as key Enterprise counterparties with attendant risks.

In [EVL-2025-001](#), we evaluated whether FHFA ensured that complaints about appraisals that contained overt language regarding protected classes were filed in a timely manner with the appropriate state appraiser licensing authorities. We found that Freddie Mac did not follow all state requirements and instructions for filing complaints for the specified appraisals. Although the Agency stated that examiners reviewed the submissions, FHFA confirmed that its monitoring did not include verifying that the complaints were filed in accordance with state instructions. We issued five recommendations, which the Agency agreed to implement.

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The Enterprises must request Agency approval to offer retention awards to executives.

In [COM-2025-004](#), we assessed whether FHFA followed its procedure for reviewing Enterprise retention award proposals. Our testing determined that FHFA followed its procedure in reviewing the three proposals submitted during our review period.

FHLBank System

FHFA, through its Division of Federal Home Loan Bank Regulation (DBR), serves as supervisor and regulator of the FHLBank System. In this semiannual period, we reviewed FHFA’s supervision of the FHLBanks’ market risk models and mortgage servicing.

In [AUD-2025-001](#), we assessed whether DBR provided sufficient oversight of the FHLBanks’ use of market risk modeling. The models are subject to model risk – the risk that model errors or their incorrect use could lead management to make incorrect decisions and suffer loss. We determined that DBR provided sufficient oversight of the FHLBanks’ use of market risk modeling to ensure the management of market risk.

In [AUD-2025-003](#), we assessed DBR’s oversight of the FHLBanks’ management of mortgage servicer risks and determined that DBR provided sufficient oversight. However, we noted instances where examiners did not complete examination work as required by DBR’s 2023 Supervisory Priorities. We made two recommendations, which FHFA agreed to address.

Agency Operations

Our work encompassed not only FHFA’s oversight of the regulated entities but also the Agency’s internal operations. During this semi-annual period, we reported on information security, personnel background investigations, and communication activities.

In [COM-2025-003](#), we reviewed the Agency’s compliance with its Binding Operational Directives Procedures to enhance compliance with implementing DHS requirements to protect networks with specified vulnerabilities from unauthorized intrusions via the Internet. We found that FHFA did not update its procedures to reflect its current practice, but it otherwise complied with applicable requirements. We issued one recommendation, which the Agency agreed to implement.

Another aspect of FHFA’s operations involves processing background investigations, which determine suitability for government employment, eligibility for credentials permitting logical and physical access, and access to classified information, among other things. In [AUD-2025-002](#), we assessed whether FHFA’s controls were effective in ensuring timely initiation of background investigations and adjudications for its federal and contractor employees. We found that FHFA’s controls over its background investigation process and adjudications of federal and contractor employees were ineffective for ensuring compliance with federal requirements and timeliness of reviews. We made two recommendations, which the Agency agreed to address.

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Beyond information security and personnel matters, we assessed how the Agency processed various communications. In [COM-2025-001](#), we reviewed the FHFA Office of the Ombudsman’s adherence to its procedures for handling complaints and appeals regarding the Agency’s supervisory activities that are submitted either by FHFA’s regulated entities or their counterparties. We found that the Office of the Ombudsman met some of the procedures’ requirements but not others. We made two recommendations to address our findings, which FHFA accepted.

Similarly, in [COM-2025-002](#), we assessed the Agency’s incoming consumer communications and found deficiencies. Specifically, FHFA did not respond to nearly one in five of the consumer communications we tested and was untimely in responding to other communications, among other issues. We issued three recommendations, which the Agency accepted.

IG Act Information Concerning Reports

OIG’s reports issued during this semiannual period did not include recommendations with questioned costs, unsupported costs, or funds to be put to better use by management.

We do not have reportable information for this period regarding management decisions related to an audit, inspection, evaluation, or compliance review issued in a previous reporting period.

During this reporting period, we did not close any inspection, compliance review, evaluation, or audit without disclosing the report’s existence to the public.³

³ We issued reports that contained information identified by OIG as non-public, privileged, or otherwise protected from disclosure under applicable law; accordingly, OIG has not publicly disclosed such contents. We have provided unredacted reports to FHFA and made them available to our Congressional oversight committees.

Recommendations

Open Recommendations

The following table contains all open recommendations through the semiannual reporting period ending March 31, 2025.⁴ For a regularly updated list of all open recommendations, see OIG’s monthly [Compendium of Unimplemented Recommendations](#). We do not currently have any open recommendations with questioned costs, unsupported costs, or funds to be put to better use by management from prior reporting periods.

Significant, Open Recommendation	Report Title and Date
Because information in this report could be used to circumvent FHFA’s internal controls, it has not been released publicly, and the recommendation text is therefore non-public.	Audit of the Federal Housing Finance Agency’s Information Security Program Fiscal Year 2020 (AUD-2021-001, October 20, 2020)
FHFA should assess whether the Office of Technology and Information Management has sufficient, qualified staff to complete required updates and testing of its contingency plans in accordance with FHFA’s standard and National Institute of Standards and Technology requirements, and address any resource constraints that have adversely affected the Office of Technology and Information Management’s ability to carry out its contingency planning requirements.	FHFA Did Not Follow All of its Contingency Planning Requirements for the National Mortgage Database (NMDB) or its Correspondence Tracking System (CTS) (AUD-2022-003, December 13, 2021)
The FHFA Office of General Counsel’s Designated Agency Ethics Official or Alternate Designated Agency Ethics Official should improve the Agency’s existing internal controls over its employee financial disclosure process by performing and documenting technical reviews and conflict of interest analysis within 60 days of receiving employee financial disclosure reports as required by Office of Government Ethics regulations and FHFA policy.	FHFA Did Not Always Follow Federal Regulations and Its Policy for Employee Financial Disclosures During Fiscal Years 2020 and 2021 (AUD-2022-011, September 8, 2022)
The FHFA Office of General Counsel’s Designated Agency Ethics Official or Alternate Designated Agency Ethics Official should improve FHFA’s existing internal controls over its employee financial disclosure process by ensuring that employees file their financial disclosure reports timely as required by Office of Government Ethics regulations and FHFA policy.	FHFA Did Not Always Follow Federal Regulations and Its Policy for Employee Financial Disclosures During Fiscal Years 2020 and 2021 (AUD-2022-011, September 8, 2022)

⁴ This includes four recommendations for OIG.

Significant, Open Recommendation	Report Title and Date
FHFA should, in a timely manner, ensure that complaints are filed with the relevant state appraiser licensing authorities for each appraisal from its December 2021 review in which FHFA found overt references to race, color, and other prohibited bases.	<u>FHFA Could Further Combat Appraisal Bias by Ensuring That Complaints Are Filed with State Authorities and Ensuring the Enterprises Use Appraisals That Comply with Federal Law</u> (EVL-2023-001, December 20, 2022)
FHFA's Division of Federal Home Loan Bank Regulation Deputy Director should perform an Affordable Housing Program workforce planning analysis using the minimum examination frequencies for Affordable Housing Program risk areas established in response to Recommendation 1 to determine current and future examination needs and address any staffing gaps identified.	<u>The Division of Federal Home Loan Bank Regulation Followed Its Guidance in Performing Annual Examinations of Each Federal Home Loan Bank's Affordable Housing Program but the AHP Examination Planning Processes Require Improvement</u> (AUD-2023-001, February 9, 2023)
FHFA's Chief Information Officer should develop and maintain a complete and accurate cloud system component inventory, as required by National Institute of Standards and Technology Special Publication 800-53.	<u>FHFA Did Not Fully Implement Select Security Controls Over One of Its Cloud Systems as Required by NIST and FHFA Standards and Guidelines</u> (AUD-2023-002, March 8, 2023)
FHFA's Chief Information Officer should develop and implement a solution to encrypt all data-at-rest on the cloud system as required by National Institute of Standards and Technology Special Publication 800-53.	<u>FHFA Did Not Fully Implement Select Security Controls Over One of Its Cloud Systems as Required by NIST and FHFA Standards and Guidelines</u> (AUD-2023-002, March 8, 2023)
FHFA should develop, document, and implement control activities to ensure that (a) only current FHFA employees are receiving transportation benefits, (b) no employee is improperly participating in both transportation benefit programs, (c) the Transit Benefits System has a record/certification for each employee who receives a transportation benefit, and (d) SmarTrip® cards are physically controlled. Such control activities include periodic reconciliation of approved transit subsidy recipients in the Transit Benefits System to FHFA transit subsidy recipients listed on the Washington Metropolitan Area Transit Authority Monthly Activity Reports, periodic reconciliation of approved transit subsidy recipients to active parking permit recipients, and periodic inventory counts of SmarTrip® cards registered to FHFA and undistributed parking permits. [Closed in June 2019; reopened following compliance testing.]	<u>FHFA Needs to Strengthen Controls over its Employee Transportation Benefits Programs</u> (AUD-2018-013, September 25, 2018) and <u>FHFA Did Not Effectively Implement Controls Intended to Ensure the Integrity of Its Employee Transportation Benefits Program</u> (COM-2023-005, June 21, 2023)

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Significant, Open Recommendation	Report Title and Date
FHFA should ensure that the Transit Benefits System has accurate and up-to-date records of, and current certifications for, each FHFA employee who receives a transportation benefit. [Closed in June 2019; reopened following compliance testing.]	<u>FHFA Needs to Strengthen Controls over its Employee Transportation Benefits Programs</u> (AUD-2018-013, September 25, 2018) and <u>FHFA Did Not Effectively Implement Controls Intended to Ensure the Integrity of Its Employee Transportation Benefits Program</u> (COM-2023-005, June 21, 2023)
FHFA's Acting Chief Information Officer should update FHFA's Supply Chain Risk Management Strategy to include past due Office of Management and Budget (OMB) M-22-18 requirements including: <ul style="list-style-type: none"> • Obtaining a self-attestation from the software producer before using the software; • Obtaining from software producers artifacts that demonstrate conformance to secure software development practices, as needed; • Establishing a system to store self-attestation letters from the software producer that are not publicly available in a central location; and • Assessing and developing training for reviewing and validating self-attestation letters. 	<u>Audit of the Federal Housing Finance Agency's Information Security Programs and Practices Fiscal Year 2023</u> (AUD-2023-004, July 26, 2023)
If FHFA is unable to meet the requirements in OMB M22-18 and/or OMB M-23-16 in a timely manner, FHFA should consider [a] request for an extension or waiver in accordance with OMB M-22-18 and/or OMB M-23-16. If FHFA requests a waiver, FHFA should consider documenting a risk-based decision, and document any compensating controls.	<u>Audit of the Federal Housing Finance Agency's Information Security Programs and Practices Fiscal Year 2023</u> (AUD-2023-004, July 26, 2023)
FHFA's Acting Chief Information Officer should remediate past due exploitable vulnerabilities in accordance with Cybersecurity and Infrastructure Security Agency Binding Operating Directive 22-01 and the Office of Technology and Information Management Vulnerability Management Process.	<u>Audit of the Federal Housing Finance Agency's Information Security Programs and Practices Fiscal Year 2023</u> (AUD-2023-004, July 26, 2023)

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FHFA's Acting Chief Information Officer should develop plan of actions and milestones to track the remediation of past due Cybersecurity and Infrastructure Security Agency known exploitable vulnerabilities that cannot be remediated in a timely manner (within 14 days) in accordance with Cybersecurity and Infrastructure Security Agency's Binding Operating Directive 22-01 and Office of Technology and Information Management Vulnerability Management Process. FHFA's Acting Chief Information Officer should consider implementing compensating controls (i.e., isolating systems with un-remediated vulnerabilities) to mitigate the risk of the vulnerabilities.	<u>Audit of the Federal Housing Finance Agency's Information Security Programs and Practices Fiscal Year 2023</u> (AUD-2023-004, July 26, 2023)
FHFA's Acting Chief Information Officer should implement requirements across all Event Logging maturity tiers to ensure events are logged and tracked in accordance with OMB M-21-31.	<u>Audit of the Federal Housing Finance Agency's Information Security Programs and Practices Fiscal Year 2023</u> (AUD-2023-004, July 26, 2023)
FHFA's Acting Chief Information Officer should identify and implement solutions, in coordination with vendors, where a solution does not exist for systems to natively forward event logs to the Security Information and Event Management tool. If there are no viable solutions, perform a risk assessment and cost benefit analysis. Based on the risk assessment, document any risk-based decisions, including compensating controls, for systems not in compliance with OMB M-21-31.	<u>Audit of the Federal Housing Finance Agency's Information Security Programs and Practices Fiscal Year 2023</u> (AUD-2023-004, July 26, 2023)
FHFA's Acting Chief Information Officer should update the Disaster Recovery Procedures for FHFA Production Systems to include Job Performance Plan and its servers, and ensure they are included in the annual contingency testing.	<u>Audit of the Federal Housing Finance Agency's Information Security Programs and Practices Fiscal Year 2023</u> (AUD-2023-004, July 26, 2023)
FHFA management should reinforce FHFA's Travel Policy and Federal Travel Regulation requirements to employees and approving officials through ongoing training and periodic reminders of responsibilities.	<u>Deficiencies in FHFA's Travel Program From April 1, 2022, Through March 31, 2023</u> (OIG-2023-001, September 28, 2023)
FHFA management should ensure that employees submit travel vouchers within five working days after completing their travel.	<u>Deficiencies in FHFA's Travel Program From April 1, 2022, Through March 31, 2023</u> (OIG-2023-001, September 28, 2023)

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FHFA management should ensure that employees are aware and periodically reminded that the travel cards must be used for all official travel expenses.	<u>Deficiencies in FHFA’s Travel Program From April 1, 2022, Through March 31, 2023</u> (OIG-2023-001, September 28, 2023)
FHFA management should ensure that approving officials approve travel reimbursements within five calendar days of receipt of the voucher in the Agency’s electronic travel system.	<u>Deficiencies in FHFA’s Travel Program From April 1, 2022, Through March 31, 2023</u> (OIG-2023-001, September 28, 2023)
FHFA’s Chief Information Officer should develop and implement policies and procedures to oversee FHFA’s background reinvestigation process, including oversight controls over FHFA’s service provider.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should update the service level agreement between FHFA and the service provider to include requirements for the service provider to provide background reinvestigation status reports on a regular basis.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should implement a process to monitor and ensure that background reinvestigations for relevant employees and contractors are conducted timely in accordance with FHFA and U.S. Office of Personnel Management standards.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
OIG’s Chief Information Officer should develop and implement policies and procedures to oversee OIG’s background reinvestigation process, including oversight controls over OIG’s service provider.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
OIG’s Chief Information Officer should update the service level agreement between OIG and the service provider to include requirements for the service provider to provide background reinvestigation status reports on a regular basis.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
OIG’s Chief Information Officer should implement a process to monitor and ensure that background reinvestigations for relevant employees and contractors are conducted timely in accordance with OIG and U.S. Office of Personnel Management standards.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)

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Significant, Open Recommendation	Report Title and Date
OIG’s Chief Information Officer should establish and implement a process to make suitability adjudicative determinations and take suitability actions for covered positions in accordance with U.S. Office of Personnel Management’s regulation under Title 5 C.F.R., Part 731.103.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should disable accounts of non-privileged users who have been inactive for over 365 days, as required by the FHFA customer controls for the cloud system.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should work with the cloud system’s vendor to implement software updates that automatically disable user accounts after 365 days of inactivity, as required by the FHFA customer controls for the cloud system.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should update the customer controls for the cloud system to include a procedure for regular reviews of non-privileged users’ access.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should complete the review and update of overdue System Security and Privacy Plans and Customer Control Plans in accordance with the existing related Plan of Action and Milestones.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should complete the review, update, and testing of the Capital Models (PolyPaths) Information System Contingency Plan in accordance with the existing related Plan of Action and Milestones.	<u>Audit of the Federal Housing Finance Agency’s Information Security Programs and Practices Fiscal Year 2024</u> (AUD-2024-006, July 30, 2024)
FHFA’s Chief Information Officer should restrict user access to the folders and files on FHFA’s network in accordance with least privilege principle.	<u>FHFA’s Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA’s Chief Information Officer should identify and implement a solution, in coordination with vendors, to ensure that multifactor authentication is required to access FHFA’s network. If there are no viable solutions, document any risk-based decisions, including compensating controls.	<u>FHFA’s Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)

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FHFA's Chief Information Officer should use the secure access method recommended by FHFA's cloud service provider to access the FHFA cloud environment.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should identify and implement a solution, in coordination with vendors, to ensure multifactor authentication is required for privileged users to access FHFA's cloud environment. If there are no viable solutions, document any risk-based decisions, including compensating controls.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should identify and implement a solution to detect and monitor the transfer of large amounts of data moving across FHFA's network.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should identify and implement a solution to detect and prevent controlled unclassified information or personally identifiable information from being transferred outside of FHFA's network to personal accounts on email and cloud-based storage services.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should determine whether resources can be made available to implement a data loss prevention system to prevent the exfiltration of controlled unclassified information.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should reevaluate the former Acting Chief Information Officer's risk acceptance related to portable software programs, and implement security controls to detect and prevent users from downloading and running unapproved software on FHFA's system in accordance with National Institute of Standards and Technology and FHFA's Rules of Behavior.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should monitor and respond to unauthorized software downloads in accordance with FHFA's Common Control Plan.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)

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FHFA's Chief Information Officer should identify and secure the resources necessary to remediate identified internal critical, high, and medium exploitable vulnerabilities on the FHFA servers, workstations, and other devices in compliance with Cybersecurity and Infrastructure Security Agency Binding Operational Directive 22-01 and FHFA's Office of Technology and Information Management Vulnerability Management Process, Revision 2.7 (September 7, 2022).	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should develop a Plan of Action and Milestones to track the remediation of past due Cybersecurity and Infrastructure Security Agency Known Exploitable Vulnerabilities in accordance with Cybersecurity and Infrastructure Security Agency's Binding Operational Directive 22-01 and FHFA's Office of Technology and Information Management Vulnerability Management Process, Revision 2.7 (September 7, 2022). FHFA's Office of Technology and Information Management should implement compensating controls (i.e., isolating systems with un-remediated vulnerabilities) to mitigate the risk of the vulnerabilities.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should prioritize existing Office of Technology and Information Management resources based on the Plan of Action and Milestones to ensure that Cybersecurity and Infrastructure Security Agency Known Exploitable Vulnerabilities are remediated in accordance with Cybersecurity and Infrastructure Security Agency's Binding Operational Directive 22-01 and FHFA's Office of Technology and Information Management Vulnerability Management Process, Revision 2.7 (September 7, 2022).	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Chief Information Officer should implement security controls to lock down Universal Serial Bus ports so that only authorized Universal Serial Bus devices are allowed.	<u>FHFA's Security Controls Were Not Effective to Protect Its Network and Systems Against Internal Threats</u> (AUD-2024-007, August 12, 2024)
FHFA's Division of Federal Home Loan Bank Regulation should issue written guidance on the Federal Home Loan Banks' collateral subordination practices.	<u>FHFA Could Enhance Its Supervision of the Federal Home Loan Banks by Incorporating Lessons Learned from the Spring 2023 Bank Failures</u> (EVL-2024-003, August 19, 2024)

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FHFA's Division of Federal Home Loan Bank Regulation should complete the development and implementation of protocols for Division of Federal Home Loan Bank Regulation personnel to follow in times of member distress and failure, including heightened oversight of the Federal Home Loan Banks and coordination of communication and actions with the appropriate federal and state regulators.	<u>FHFA Could Enhance Its Supervision of the Federal Home Loan Banks by Incorporating Lessons Learned from the Spring 2023 Bank Failures</u> (EVL-2024-003, August 19, 2024)
FHFA should update the Examination Manual's Credit Risk Management module and Advances and Collateral module to include guidance on the review of topics and issues related to the Spring 2023 bank failures and otherwise incorporate lessons learned from the 2023 examinations of member credit risk management.	<u>FHFA Could Enhance Its Supervision of the Federal Home Loan Banks by Incorporating Lessons Learned from the Spring 2023 Bank Failures</u> (EVL-2024-003, August 19, 2024)
FHFA's Division of Federal Home Loan Bank Regulation should adopt a process to ensure the appropriate examination coverage of all topics within its Examination Manual guidance.	<u>FHFA Could Enhance Its Supervision of the Federal Home Loan Banks by Incorporating Lessons Learned from the Spring 2023 Bank Failures</u> (EVL-2024-003, August 19, 2024)
FHFA's Division of Enterprise Regulation (DER) Deputy Director should update examination manuals to include specific procedures to assess the Enterprises' oversight of seller/servicers' flood insurance compliance.	<u>DER's Supervision and Oversight of the Enterprises' Purchases of Single-Family Loans in Special Flood Hazard Zone Areas Were Effective, But Improvements Are Needed</u> (AUD-2024-009, September 18, 2024)
FHFA's DER Deputy Director should ensure examiners perform and document examination activities to assess whether Freddie Mac implemented procedures reasonably designed to ensure that mortgage loans they purchase are covered by adequate flood insurance if the property is located in a Special Flood Hazard Area.	<u>DER's Supervision and Oversight of the Enterprises' Purchases of Single-Family Loans in Special Flood Hazard Zone Areas Were Effective, But Improvements Are Needed</u> (AUD-2024-009, September 18, 2024)
FHFA's Chief Information Officer should update the disaster recovery procedures document to ensure it includes (a) up to date time periods for the recovery time objective and the recovery point objective for resumption of the General Support System operations consistent with the Business Impact Analysis, (b) database procedures, and (c) steps to validate successful failover and failback of the remote access infrastructure system.	<u>FHFA's Disaster Recovery Exercise for Its General Support System Needs Improvement</u> (AUD-2024-010, September 25, 2024)

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FHFA's Chief Information Officer should ensure the After Action Report is consistent with the Recovery Exercise Test Results by documenting all actions taken during the failover and failback of the Disaster Recovery Exercise including all correct dates for when testing was conducted.	FHFA's Disaster Recovery Exercise for Its General Support System Needs Improvement (AUD-2024-010, September 25, 2024)
FHFA's Chief Information Officer should perform annual testing of the contingency plan in accordance with the recovery procedures document to ensure failover and failback are conducted as planned.	FHFA's Disaster Recovery Exercise for Its General Support System Needs Improvement (AUD-2024-010, September 25, 2024)
FHFA's Chief Information Officer should ensure Office of Technology and Information Management officials communicate planned Disaster Recovery Exercises and any scheduled changes with all parties involved, including auditors and other independent observers.	FHFA's Disaster Recovery Exercise for Its General Support System Needs Improvement (AUD-2024-010, September 25, 2024)
FHFA's Chief Information Officer should encrypt all backup data-at-rest at FHFA's alternate site and update the existing Plan of Action and Milestones to include compensating controls until the Plan of Action and Milestones has been closed.	FHFA's Disaster Recovery Exercise for Its General Support System Needs Improvement (AUD-2024-010, September 25, 2024)
FHFA's Office of Congressional Affairs and Communications should ensure proper staffing and train staff on existing consumer communications requirements as to: (a) timeliness of responses to consumers; and (b) completeness, accuracy, and timeliness in processing documentation.	Inspection: Whether FHFA Adhered to Its Consumer Communications Procedures (COM-2025-002, December 9, 2024)
FHFA's Office of Congressional Affairs and Communications should, as needed, update existing consumer communications procedures to include new controls, or improve existing controls, to ensure: (a) the timeliness of FHFA's responses to consumers; and (b) the completeness, accuracy, and timeliness of the Agency's processing of documentation.	Inspection: Whether FHFA Adhered to Its Consumer Communications Procedures (COM-2025-002, December 9, 2024)
FHFA's Office of Congressional Affairs and Communications should, as needed, train staff on the updated consumer communications procedures.	Inspection: Whether FHFA Adhered to Its Consumer Communications Procedures (COM-2025-002, December 9, 2024)

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FHFA's Office of General Counsel should seek Freddie Mac legal counsel's formal position regarding the privacy issues the Enterprise raised with respect to personally identifiable information contained in appraisals that are submitted to state licensing authorities.	<u>Freddie Mac Did Not Follow State Instructions When Filing Complaints Against Residential Real Estate Appraisers</u> (EVL-2025-001, December 9, 2024)
FHFA's Office of General Counsel should assess Freddie Mac legal counsel's formal position and issue guidance to both Enterprises to ensure a consistent approach.	<u>Freddie Mac Did Not Follow State Instructions When Filing Complaints Against Residential Real Estate Appraisers</u> (EVL-2025-001, December 9, 2024)
FHFA's Division of Public Interest Examinations should, if FHFA's assessment in recommendation number 2 warrants, ensure that Freddie Mac resubmits complaints from our sample to the relevant state authorities and include copies of the full appraisal report without duplicating complaints previously submitted by Fannie Mae.	<u>Freddie Mac Did Not Follow State Instructions When Filing Complaints Against Residential Real Estate Appraisers</u> (EVL-2025-001, December 9, 2024)
FHFA's Division of Public Interest Examinations should ensure that Freddie Mac updates its existing complaint submission practices so that future complaints filed against appraisers follow the instructions of state appraiser licensing authorities for each complaint, consistent with FHFA's legal position and guidance to the Enterprises in conjunction with recommendation number 2.	<u>Freddie Mac Did Not Follow State Instructions When Filing Complaints Against Residential Real Estate Appraisers</u> (EVL-2025-001, December 9, 2024)
<p>FHFA's Division of Public Interest Examinations should update its fair lending examination procedures to establish examination performance and documentation standards for ongoing monitoring of remediation activities that:</p> <ul style="list-style-type: none"> • Are no less rigorous than the standards established for examiners by DER; and • Require examiners to document the basis for determinations regarding completed corrective actions taken by the Enterprises to remediate time-sensitive examination findings. 	<u>Freddie Mac Did Not Follow State Instructions When Filing Complaints Against Residential Real Estate Appraisers</u> (EVL-2025-001, December 9, 2024)

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FHFA's DER should create examination procedures to assess the effectiveness of Enterprises' internal controls and processes in ensuring compliance with Financial Crimes Enforcement Network requirements for Suspicious Activity Report filings, to include Suspicious Activity Report narratives, and communicate the new procedures to the examiners responsible for this work.	<u>Inspection: FHFA Oversight of Freddie Mac's Issuance of Suspicious Activity Reports</u> (COM-2025-005, March 27, 2025)
FHFA's DER should consider whether to direct Freddie Mac to file an amended Suspicious Activity Report containing a complete narrative for the case identified above, and whether to amend FHFA's examination procedures to require this step if future examinations uncover a similar issue.	<u>Inspection: FHFA Oversight of Freddie Mac's Issuance of Suspicious Activity Reports</u> (COM-2025-005, March 27, 2025)
FHFA's Office of Facilities and Operations Management Associate Director, in coordination with the Office of Human Resources Management, should finalize and implement policies and procedures for the Agency's administration of the background investigations and adjudication processes for federal and contractor employees that (a) are consistent with regulations and implementation guidance issued by the United States Office of Personnel Management; (b) assigns roles and responsibilities; (c) establishes specific procedures; and (d) measures operational effectiveness criteria.	<u>FHFA's Controls Over Background Investigations and Adjudications Were Ineffective</u> (AUD-2025-002, March 28, 2025)
FHFA's Office of Facilities and Operations Management Associate Director, in coordination with the Office of Human Resources Management, should establish and implement a reporting mechanism or system to monitor the progress of background investigations of federal and contractor employees to include adjudication determinations, onboarding of contractor employees, and the issuance of physical and logical access cards.	<u>FHFA's Controls Over Background Investigations and Adjudications Were Ineffective</u> (AUD-2025-002, March 28, 2025)
FHFA's Deputy Director, Division of Federal Home Loan Bank Regulation, should document the rationale for omitting worksteps for the five examinations not meeting the requirements of the 2023 Supervisory Priorities. As part of the documentation, include a determination of whether a baseline assessment of mortgage servicing was achieved.	<u>DBR's Oversight Was Sufficient to Ensure That FHLBanks Managed Mortgage Servicer Risks But Examiners Did Not Follow Steps Outlined in Its 2023 Supervisory Priorities</u> (AUD-2025-003, March 28, 2025)

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FHFA’s Deputy Director, Division of Federal Home Loan Bank Regulation, should consider whether examination work addressing specific supervisory priorities should be subjected to Examiner-in-Charge, Peer, or Independent Quality Control reviews. Update quality control procedures, as needed, to ensure that they assist management in achieving its objectives (e.g., specific supervisory priorities) and responding to identified risks.	DBR’s Oversight Was Sufficient to Ensure That FHLBanks Managed Mortgage Servicer Risks But Examiners Did Not Follow Steps Outlined in Its 2023 Supervisory Priorities (AUD-2025-003, March 28, 2025)

Closed, Rejected Recommendations and Potential Cost Savings

The following table contains 43 recommendations rejected by Agency management that are closed. OIG had identified a total potential cost savings of \$893,525,860 associated with these recommendations, had they been implemented.⁵ See OIG’s [Compendium of Unimplemented Recommendations](#) for a comprehensive list, updated monthly, of all recommendations closed as rejected.

Closed, Rejected Recommendation	Report Title and Date
FHFA should publish Fannie Mae’s reduction targets and overpayment findings.	Evaluation of Fannie Mae’s Servicer Reimbursement Operations for Delinquency Expenses (EVL-2013-012, September 18, 2013)
FHFA should direct Fannie Mae to obtain a refund from servicers for improperly reimbursed property inspection claims, resulting in estimated funds put to better use of \$5,015,505.	FHFA Oversight of Fannie Mae’s Reimbursement Process for Pre-Foreclosure Property Inspections (AUD-2014-005, January 15, 2014)
FHFA should promptly quantify the potential benefit of implementing a repurchase late fee program at Fannie Mae, and then determine whether the potential cost of from \$500,000 to \$5.4 million still outweighs the potential benefit.	FHFA Oversight of Enterprise Handling of Aged Repurchase Demands (AUD-2014-009, February 12, 2014)
FHFA’s Division of Housing Mission and Goals Deputy Director should establish an ongoing process to evaluate servicers’ Servicing Alignment Initiative compliance and the effectiveness of the Enterprises’ remediation efforts.	FHFA’s Oversight of the Servicing Alignment Initiative (EVL-2014-003, February 12, 2014)

⁵ This figure includes potential aggregate cost savings to the Agency or the Enterprises from specific recommendations, i.e., recommendations of potential funds to be put to better use by management and questioned costs, and other monetary calculations in all OIG oversight reports supporting OIG recommendations and conclusions.

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FHFA's Division of Housing Mission and Goals Deputy Director should direct the Enterprises to provide routinely their internal reports and reviews for the Division of Housing Mission and Goals' assessment.	<u>FHFA's Oversight of the Servicing Alignment Initiative</u> (EVL-2014-003, February 12, 2014)
FHFA's Division of Housing Mission and Goals Deputy Director should regularly review Servicing Alignment Initiative-related guidelines for enhancements or revisions, as necessary, based on servicers' actual versus expected performance.	<u>FHFA's Oversight of the Servicing Alignment Initiative</u> (EVL-2014-003, February 12, 2014)
FHFA should direct the Enterprises to establish uniform pre-foreclosure inspection quality standards and quality control processes for inspectors.	<u>FHFA Oversight of Enterprise Controls Over Pre-Foreclosure Property Inspections</u> (AUD-2014-012, March 25, 2014)
FHFA should perform a comprehensive analysis to assess whether financial risks associated with the new representation and warranty framework, including with regard to sunset periods, are appropriately balanced between the Enterprises and sellers. This analysis should be based on consistent transactional data across both Enterprises, identify potential costs and benefits to the Enterprises, and document consideration of the Agency's objectives.	<u>FHFA's Representation and Warranty Framework</u> (AUD-2014-016, September 17, 2014)
FHFA should direct Fannie Mae and Freddie Mac to assess the cost/benefit of a risk-based approach to requiring their sellers and servicers to provide independent, third-party attestation reports on compliance with Enterprise origination and servicing guidance.	<u>FHFA's Oversight of Risks Associated with the Enterprises Relying on Counterparties to Comply with Selling and Servicing Guidelines</u> (AUD-2014-018, September 26, 2014)
DER should adopt a comprehensive examination workpaper index and standardize electronic workpaper folder structures and naming conventions between the two Core Teams. In addition, FHFA and DER should upgrade recordkeeping practices as necessary to enhance the identification and retrieval of critical workpapers.	<u>Evaluation of the Division of Enterprise Regulation's 2013 Examination Records: Successes and Opportunities</u> (EVL-2015-001, October 6, 2014)

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FHFA should develop a strategy to enhance the Executive Compensation Branch's capacity to review the reasonableness and justification of the Enterprises' annual proposals to compensate their executives based on Corporate Scorecard performance. To this end, FHFA should ensure that: the Enterprises submit proposals containing information sufficient to facilitate a comprehensive review by the Executive Compensation Branch; the Executive Compensation Branch tests and verifies the information in the Enterprises' proposals, perhaps on a randomized basis; and the Executive Compensation Branch follows up with the Enterprises to resolve any proposals that do not appear to be reasonable and justified.	<u>Compliance Review of FHFA's Oversight of Enterprise Executive Compensation Based on Corporate Scorecard Performance</u> (COM-2016-002, March 17, 2016)
FHFA should develop a policy under which it is required to notify OIG within 10 days of its decision not to fully implement, substantially alter, or abandon a corrective action that served as the basis for OIG's decision to close a recommendation.	<u>Compliance Review of FHFA's Oversight of Enterprise Executive Compensation Based on Corporate Scorecard Performance</u> (COM-2016-002, March 17, 2016)
FHFA should review FHFA's existing requirements, guidance, and processes regarding matters requiring attention (MRAs) against the requirements, guidance, and processes adopted by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and other federal financial regulators including, but not limited to, content of an MRA; standards for proposed remediation plans; approval authority for proposed remediation plans; real-time assessments at regular intervals of the effectiveness and timeliness of an Enterprise's MRA remediation efforts; final assessment of the effectiveness and timeliness of an Enterprise's MRA remediation efforts; and required documentation for examiner oversight of MRA remediation.	<u>FHFA's Examiners Did Not Meet Requirements and Guidance for Oversight of an Enterprise's Remediation of Serious Deficiencies</u> (EVL-2016-004, March 29, 2016)
Based on the results of the review in recommendation 1, FHFA should assess whether any of the existing requirements, guidance, and processes adopted by FHFA should be enhanced, and make such enhancements.	<u>FHFA's Examiners Did Not Meet Requirements and Guidance for Oversight of an Enterprise's Remediation of Serious Deficiencies</u> (EVL-2016-004, March 29, 2016)

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FHFA should revise its supervision guidance to require DER to provide the Chair of the Audit Committee of an Enterprise Board with each plan submitted by Enterprise management to remediate an MRA with associated timetables and the response by DER.	<u>FHFA’s Supervisory Standards for Communication of Serious Deficiencies to Enterprise Boards and for Board Oversight of Management’s Remediation Efforts are Inadequate</u> (EVL-2016-005, March 31, 2016)
FHFA should revise its supervision guidance to require DER to provide the Chair of the Audit Committee of an Enterprise Board with each conclusion letter setting forth an MRA.	<u>FHFA’s Supervisory Standards for Communication of Serious Deficiencies to Enterprise Boards and for Board Oversight of Management’s Remediation Efforts are Inadequate</u> (EVL-2016-005, March 31, 2016)
FHFA should ensure that it has adequate internal staff, outside contractors, or both, who have the professional expertise and experience in commercial construction to oversee the build-out plans and associated budget(s), as Fannie Mae continues to revise and refine them.	<u>Management Alert: Need for Increased Oversight by FHFA, as Conservator of Fannie Mae, of the Projected Costs Associated with Fannie Mae’s Headquarters Consolidation and Relocation Project</u> (COM-2016-004, June 16, 2016)
FHFA should direct Fannie Mae to provide regular updates and formal budgetary reports to the Division of Conservatorship (now known as the Division of Conservatorship Oversight and Readiness) for its review and for FHFA approval through the design and construction of Fannie Mae’s leased space in Midtown Center.	<u>Management Alert: Need for Increased Oversight by FHFA, as Conservator of Fannie Mae, of the Projected Costs Associated with Fannie Mae’s Headquarters Consolidation and Relocation Project</u> (COM-2016-004, June 16, 2016)
FHFA should require the Enterprises to provide, in their remediation plans, the target date in which their internal audit departments expect to validate management’s remediation of MRAs, and require examiners to enter that date into a dedicated field in the MRA tracking system.	<u>FHFA’s Inconsistent Practices in Assessing Enterprise Remediation of Serious Deficiencies and Weaknesses in its Tracking Systems Limit the Effectiveness of FHFA’s Supervision of the Enterprises</u> (EVL-2016-007, July 14, 2016)
FHFA should ensure that the underlying remediation documents, including the Procedures Document, are readily available by direct link or other means, through DER’s MRA tracking system(s).	<u>FHFA’s Inconsistent Practices in Assessing Enterprise Remediation of Serious Deficiencies and Weaknesses in its Tracking Systems Limit the Effectiveness of FHFA’s Supervision of the Enterprises</u> (EVL-2016-007, July 14, 2016)

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FHFA should require DER to track interim milestones and to independently assess and document the timeliness and adequacy of Enterprise remediation of MRAs on a regular basis.	<u>FHFA’s Inconsistent Practices in Assessing Enterprise Remediation of Serious Deficiencies and Weaknesses in its Tracking Systems Limit the Effectiveness of FHFA’s Supervision of the Enterprises</u> (EVL-2016-007, July 14, 2016)
FHFA should direct DER to revise its guidance to require reports of examination (ROEs) to focus the boards’ attention of the most critical and time-sensitive supervisory concerns through (1) the prioritization of examination findings and conclusions and (2) identification of deficiencies and MRAs in the ROE and discussion of their root causes.	<u>FHFA’s Failure to Consistently Identify Specific Deficiencies and Their Root Causes in Its Reports of Examination Constrains the Ability of the Enterprise Boards to Exercise Effective Oversight of Management’s Remediation of Supervisory Concerns</u> (EVL-2016-008, July 14, 2016)
<p>FHFA should direct DER to develop detailed guidance and promulgate that guidance to each Enterprise’s board of directors that explains:</p> <ul style="list-style-type: none"> • The purpose for DER’s annual presentation to each Enterprise board of directors on the ROE results, conclusions, and supervisory concerns and the opportunity for directors to ask questions and discuss ROE examination conclusions and supervisory concerns at that presentation; and • The requirement that each Enterprise board of directors submit a written response to the annual ROE to DER and the expected level of detail regarding ongoing and contemplated remediation in that written response. 	<u>FHFA Failed to Consistently Deliver Timely Reports of Examination to the Enterprise Boards and Obtain Written Responses from the Boards Regarding Remediation of Supervisory Concerns Identified in those Reports</u> (EVL-2016-009, July 14, 2016)
FHFA should direct the Enterprises’ boards to amend their charters to require review by each director of each annual ROE and review and approval of the written response to DER in response to each annual ROE.	<u>FHFA Failed to Consistently Deliver Timely Reports of Examination to the Enterprise Boards and Obtain Written Responses from the Boards Regarding Remediation of Supervisory Concerns Identified in those Reports</u> (EVL-2016-009, July 14, 2016)

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Take appropriate action to address conflicts of interest issue involving an entity within FHFA's oversight authority. Public release by OIG of certain information in the Management Alert and accompanying expert report is prohibited by the Privacy Act of 1974 (Pub. L. 93-579, 88 Stat. 1896, enacted December 31, 1974, 5 U.S.C. § 552a).	<u>Administrative Investigation into Anonymous Hotline Complaints Concerning Timeliness and Completeness of Disclosures Regarding a Potential Conflict of Interest by a Senior Executive Officer of an Enterprise</u> (OIG-2017-004, March 23, 2017)
Take appropriate action to address conflicts of interest issue involving an entity within FHFA's oversight authority. Public release by OIG of certain information in the Management Alert and accompanying expert report is prohibited by the Privacy Act of 1974 (Pub. L. 93-579, 88 Stat. 1896, enacted December 31, 1974, 5 U.S.C. § 552a).	<u>Administrative Investigation into Anonymous Hotline Complaints Concerning Timeliness and Completeness of Disclosures Regarding a Potential Conflict of Interest by a Senior Executive Officer of an Enterprise</u> (OIG-2017-004, March 23, 2017)
FHFA should develop and implement a plan containing a timeliness standard by which to eliminate the current backlog of referrals and prevent future backlogs.	<u>FHFA Should Improve its Administration of the Suspended Counterparty Program</u> (COM-2017-005, July 31, 2017)
FHFA should periodically conclude, based upon sufficient examination work, on the overall effectiveness of the Internal Audit functions at Fannie Mae and Freddie Mac.	<u>FHFA Requires the Enterprises' Internal Audit Functions to Validate Remediation of Serious Deficiencies but Provides No Guidance and Imposes No Preconditions on Examiners' Use of that Validation Work</u> (EVL-2018-002, March 28, 2018)
FHFA should direct that examiners can use Internal Audit work to assess the adequacy of MRA remediation only if FHFA has concluded that the Internal Audit function is effective overall.	<u>FHFA Requires the Enterprises' Internal Audit Functions to Validate Remediation of Serious Deficiencies but Provides No Guidance and Imposes No Preconditions on Examiners' Use of that Validation Work</u> (EVL-2018-002, March 28, 2018)
FHFA should determine and pay the vendor the interest penalties owed under the Prompt Payment Act regulations for the late payments of the leased seasonal decorations received by FHFA for the 2015, 2016, and 2017 holiday seasons.	<u>Audit of FHFA's Fiscal Year 2017 Government Purchase Card Program Found Several Deficiencies with Leased Holiday Decorations, and the Need for Greater Attention by Cardholders and Approving Officials to Program Requirements</u> (AUD-2018-011, September 6, 2018)

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To reduce the waste from Option C (the option Fannie Mae selected for its future operations in Northern Virginia), FHFA, consistent with its duties as conservator, should cause Fannie Mae to calculate the net present value for a Status Quo Option, and calculate the costs associated with terminating the lease with Boston Properties.	<u>Consolidation and Relocation of Fannie Mae's Northern Virginia Workforce</u> (OIG-2018-004, September 6, 2018)
To reduce the waste from Option C, FHFA, consistent with its duties as conservator, should direct Fannie Mae to terminate the lease, cancel the sale of the three owned buildings, and implement the Status Quo Option, should the net present value for a Status Quo Option and the termination costs be lower than the adjusted net present value for Option C.	<u>Consolidation and Relocation of Fannie Mae's Northern Virginia Workforce</u> (OIG-2018-004, September 6, 2018)
FHFA should re-assess the appropriateness of the annual compensation package of \$3.6 million to the Fannie Mae President with consideration paid to the following factors: the congressional intent behind the statutory cap on compensation; Fannie Mae's continued conservatorship status and the burdens imposed on the taxpayers from that status; and the 10-year practice at Fannie Mae where one individual executed the responsibilities of both the Chief Executive Officer and President positions, with annual compensation capped at \$600,000 since 2015.	<u>FHFA's Approval of Senior Executive Succession Planning at Fannie Mae Acted to Circumvent the Congressionally Mandated Cap on CEO Compensation</u> (EVL-2019-001, March 26, 2019)
FHFA should re-assess the appropriateness of the annual compensation package of \$3.25 million to the Freddie Mac President with consideration paid to the following factors: the congressional intent behind the statutory cap on compensation; Freddie Mac's continued conservatorship status and the burdens imposed on the taxpayers from that status; the 10-year practice at Freddie Mac where one individual executed the Chief Executive Officer responsibilities with annual compensation capped at \$600,000 since 2015; and the temporary nature of the position of President, in light of FHFA's representation that Candidate A will leave Freddie Mac if he is not selected for the Chief Executive Officer position.	<u>FHFA's Approval of Senior Executive Succession Planning at Freddie Mac Acted to Circumvent the Congressionally Mandated Cap on CEO Compensation</u> (EVL-2019-002, March 26, 2019)

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FHFA should establish and communicate clear expectations for use of revised and new examination modules by DER examiners.	<u>Five Years After Issuance, Many Examination Modules Remain in Field Test; FHFA Should Establish Timelines and Processes to Ensure Timely Revision of Examiner Guidance</u> (EVL-2019-003, September 10, 2019)
FHFA should assess the \$80,985 in costs that we questioned in this report, as well as any additional costs related to disincentives that may have been triggered after our review period. FHFA should take action to recover these costs, as appropriate, and enforce disincentive clauses going forward.	<u>Management Advisory: FHFA Failed to Enforce a Provision of an IT Services Contract, Resulting in More than \$80,000 in Questioned Costs</u> (OIG-2020-001, March 3, 2020)
<p>FHFA should direct DER to develop and implement a systematic workforce planning process within 12 months that aligns with Office of Personnel Management guidance and best practices and is fully documented. That process should include:</p> <ul style="list-style-type: none"> Identifying the appropriate number of Enterprise high-risk models to be examined each year through targeted examinations; Identifying the current examination skills and competencies of examiners engaged in supervisory activities of high-risk models; Forecasting the optimal staffing levels and competencies of examiners necessary to complete the identified number of targeted examinations of high-risk models planned for each examination cycle; and Evaluating whether a gap exists between skills required to conduct supervision of high-risk models that its examiners currently need but do not possess; and addressing that gap. 	<u>Despite FHFA’s Recognition of Significant Risks Associated with Fannie Mae’s and Freddie Mac’s High-Risk Models, its Examination of Those Models Over a Six Year Period Has Been Neither Rigorous nor Timely</u> (EVL-2020-001, March 25, 2020)
Based on the results of its workforce analysis, FHFA should conduct a written assessment of whether DER’s current budget for its supervision of high-risk models is sufficient.	<u>Despite FHFA’s Recognition of Significant Risks Associated with Fannie Mae’s and Freddie Mac’s High-Risk Models, its Examination of Those Models Over a Six Year Period Has Been Neither Rigorous nor Timely</u> (EVL-2020-001, March 25, 2020)

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FHFA should establish measurable objectives and risk tolerances for the Enterprises' 97% loan-to-value mortgage programs, such as those for acquisition volume and delinquency rates, so that management can better identify, analyze, and respond to risks related to achieving the programs' objectives.	<u>Weaknesses in FHFA's Monitoring of the Enterprises' 97% LTV Mortgage Programs May Hinder FHFA's Ability to Timely Identify, Analyze, and Respond to Risks Related to Achieving the Programs' Objectives</u> (AUD-2020-014, September 29, 2020)
In the current examination cycle, FHFA should assess Fannie Mae's business resiliency practices and capabilities and formally determine whether they meet or fail to meet Prudential Management and Operations Standard 8, Principle 11.	<u>For Nine Years, FHFA Has Failed to Take Timely and Decisive Supervisory Action to Bring Fannie Mae into Compliance with its Prudential Standard to Ensure Business Resiliency</u> (EVL-2021-002, March 22, 2021)
FHFA should develop and implement written procedures that define: (a) the pertinent information that needs to be recorded, tracked, and reported for all security incidents and (b) the controls to ensure the accuracy and completeness of the security incident records.	<u>FHFA Did Not Record, Track, or Report All Security Incidents to US-CERT; 38% of Sampled FHFA Users Did Not Report a Suspicious Phone Call Made to Test User Awareness of its Rules of Behavior</u> (AUD-2021-009, June 25, 2021)
FHFA should enhance guidance and House Price Index production processes to include written requirements that FHFA's Division of Research and Statistics document its performance of validation procedures and when necessary, follow-up on exceptions or anomalies identified through those procedures.	<u>FHFA Lacked Documentation of its Validation of Data Used to Produce the Third Quarter 2020 Seasonally Adjusted, Expanded-Data FHFA HPI and Failed to Timely Review its Information Quality Guidelines</u> (AUD-2021-010, July 22, 2021)
FHFA should issue a formal position on the use of non-binding supervisory guidance as criteria for supervisory activities.	<u>FHFA's Failure to Use its Prudential Management and Operations Standards as Criteria for Supervision of the Enterprises Is Inconsistent with the FHFA Director's Statutory Duty to Ensure the Enterprises Comply with FHFA's Guidelines</u> (OIG-2021-004, September 20, 2021)

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Investigative Activity

OIG’s investigative mission is to prevent and detect fraud, waste, and abuse in the programs and operations of FHFA and its regulated entities. OIG’s Office of Investigations executes its mission by investigating allegations of significant criminal and civil wrongdoing with the potential to affect the Agency and its regulated entities. The Office’s investigations are conducted in strict accordance with professional guidelines established by the Attorney General of the United States and also with CIGIE’s Quality Standards for Investigations.

The Office of Investigations is comprised of highly trained law enforcement officers, analysts, and attorney advisors. We maximize the impact of our criminal and civil law enforcement efforts by working closely with federal, state, and local law enforcement agencies nationwide.

The Office of Investigations is the primary federal law enforcement organization that specializes in deterring and detecting fraud perpetrated against the Enterprises, which collectively held more than \$7.7 trillion worth of assets as of December 31, 2024. Each year, the Enterprises acquire millions of mortgages worth hundreds of billions of dollars. The Office of Investigations also investigates cases involving the 11 regional FHLBanks, which had almost \$1.3 trillion in assets as of December 31, 2024, and, in some instances, cases involving banks that are members of the FHLBanks.

During the reporting period, OIG’s own investigations and joint investigations with other law enforcement organizations resulted in orders of criminal restitution, fines, special assessments, and forfeitures of over \$160 million.

Fraud schemes that can fall within the Office’s investigative purview include:

- **Loan/Mortgage Origination** – This fraud scheme typically involves the falsifying of borrowers’ income, assets, employment histories, and credit profiles to make them more attractive to lenders. Offenders often employ fictitious Social Security numbers and fabricated or altered documents, such as W-2s and bank statements, to cause lenders to make loans they would not otherwise make.
- **Multifamily Loans** – Multifamily loan fraud relates to loans purchased by the Enterprises to finance multifamily properties.
- **Short Sales** – Short sales occur when a lender allows a borrower to sell his/her property for less than the debt owed. This usually involves a borrower who intentionally misrepresents or fails to disclose material facts to induce a lender to agree to a short sale.
- **Loan Modification/Property Disposition** – In loan modification/property disposition fraud, fraudulent actors prey on vulnerable homeowners by advertising that they can secure loan modifications if the homeowners pay significant upfront fees or take other action that

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enriches the defendant. Typically, these fraudulent actors deliver little or no action, leaving homeowners in a worse position. These schemes can involve hundreds of victims.

- **Real Estate Owned (REO) Homes** – These homes represent collateral seized to satisfy unpaid mortgage loans. REO inventory has sparked many different schemes to either defraud the Enterprises—using contractors to secure, maintain and repair, price, and ultimately sell their properties—or to defraud individuals seeking to purchase REO properties from the Enterprises.
- **Adverse Possession/Distressed Property** – These fraud schemes use illegal adverse possession (also known as “home squatting”) or fraudulent documentation to control distressed homes, foreclosed homes, and REO properties. In distressed property schemes, perpetrators falsely purport to assist struggling homeowners seeking to delay or avoid foreclosure. Violators use fraudulent tactics, such as filing false bankruptcy petitions, while collecting significant fees from the homeowners.
- **Victim-Specific Schemes** – These fraud schemes include those where Fannie Mae, Freddie Mac, the FHLBanks, or members of FHLBanks are victims.
- **Coronavirus Disease 2019 (COVID) Paycheck Protection Program (PPP) Loans** under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) – Fraud perpetrated against these programs includes schemes where FHLBank member banks are victimized by the submission of PPP applications with false and misleading statements about a company’s business operations and payroll expenses. These applications often include supporting documentation that is fabricated or altered, such as false federal tax filings and employee payroll records, to cause loan approval.

A summary of publicly reportable investigative outcomes can be found in the Criminal Investigative Results section.

Significant Cases

Our investigations are complex and often span multiple years. In the first section, we highlight significant cases completed and closed this semiannual period, and the sections that follow detail significant events or material updates by fraud scheme category.

Closed Case Summaries

The Office of Investigations closed 11 significant criminal investigations during this reporting period. The criminal investigations resulted in 22 convictions, over 43 years in prison, and more than \$74 million in restitution and forfeiture.

The schemes perpetrated in these cases included: loan origination fraud; various plots by bank executives to victimize FHLBank member banks; deed theft; appraisal fraud; multifamily loan fraud; and a COVID relief fraud scheme that targeted FHLBank member banks.

Select summaries are provided below:

The Chief Executive Officer (CEO) of an FHLBank member bank embezzled \$47.1 million of bank funds through wire transfers to a cryptocurrency wallet. The funds were then transferred to multiple cryptocurrency accounts controlled by unidentified third parties. The \$47.1 million loss caused the failure of the FHLBank member bank and caused bank investors to lose over \$8 million.

A former president and CEO of an FHLBank member bank falsified loan documentation related to loan participation agreements during a bank examination.

In another investigation, a former appraiser fraudulently used a deceased appraiser’s identity and license to conduct appraisals and receive income for appraisal services. The Enterprises purchased hundreds of the loans supported by the fraudulent appraisals.

In a multifamily loan investigation, an insurance broker for a company that owned multifamily and commercial properties throughout the United States was responsible for obtaining several types of insurance coverage for the company’s properties, including umbrella liability coverage. The broker fraudulently represented to the company that he obtained umbrella coverage for properties when, in fact, he did not. Although no coverage was obtained, the broker billed and was paid for purported premiums associated with adding the properties to umbrella liability policies. The Enterprises owned multiple loans for the multifamily properties associated with this scheme.

In a COVID relief fraud case, a business owner submitted two fraudulent loan applications to two different FHLBank member banks on behalf of her companies. Through these loan applications, she sought over \$3.8 million in PPP loan funds. The business owner falsely represented the number of employees and payroll expenses in each of the PPP loan applications supported by fraudulent tax records. Over \$1.9 million in PPP loan funds were received. All of the fraudulently obtained funds were seized in this matter.

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OIG Significant Investigations by Fraud Scheme Category

Origination

Four Conspirators Sentenced in Years-Long \$55 Million Origination Fraud Scheme, California

During this reporting period, in the Northern District of California, four conspirators were sentenced in connection with a years-long mortgage fraud scheme. Many of the fraudulent mortgages were sold to the Enterprises after origination.

- Tjoman Buditaslim was sentenced to 24 months in prison, three years of supervised release, and ordered to pay over \$1.3 million in restitution, jointly and severally.
- Jose Martinez was sentenced to 14 months in prison, three years of supervised release, and ordered to pay \$840,847 in restitution, jointly and severally.
- Jose Tellez was sentenced to 12 months and one day in prison, three years of supervised release, and was ordered to pay \$858,321 in restitution, jointly and severally.
- Travis Holasek was sentenced to three years of probation and ordered to pay over \$1.3 million in restitution, jointly and severally.

The scheme was highlighted in the preceding semiannual report. Buditaslim, Tellez, Martinez, and Holasek obtained more than \$55 million in residential mortgage loans for home buyers by creating fraudulent documents that they submitted to mortgage origination companies to qualify buyers for loans.

Four Conspirators Pleaded Guilty in Multi-Layered Fraud Scheme, Texas

During this reporting period, in the Southern District of Texas, four conspirators pleaded guilty for their roles in a multi-state multi-layered fraud scheme, including mortgage fraud, credit repair, and government loan fraud. Many of the loans involved in the mortgage fraud were owned by or guaranteed by the Enterprises.

Steven Morizono pleaded guilty to conspiracy to make false statements to mortgage lending businesses and financial institutions, false statements to mortgage lending businesses and federally insured institutions, conspiracy to make false writings to the Federal Trade Commission, false writings to the Federal Trade Commission, conspiracy to commit wire fraud, wire fraud, conspiracy to commit bank fraud, and obstruction of an official proceeding.

Kimberli Tomman pleaded guilty to conspiracy to make false statements to mortgage lending businesses and financial institutions and false statements to mortgage lending businesses and federally insured institutions.

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Heather Ann Campos pleaded guilty to making false statements to mortgage lending businesses and federally insured institutions, illegal monetary transactions, and conspiracy to commit wire fraud.

Luis Belevan pleaded guilty to conspiracy to make false writings to the Federal Trade Commission.

According to court documents, in the overall scheme, conspirators recruited clients for credit repair using company names of KMD Credit, KMD Capital, and Jeff Funding, among others. The scheme participants purportedly “cleaned” their clients’ credit histories by filing false identity theft reports with the FTC. After fraudulently inflating client creditworthiness, the conspirators fraudulently obtained credit cards, disaster loans, and mortgages for themselves and their clients. False statements and fictitious documents were used to support those actions.

The group maintained control of the properties purchased in their clients’ names with the purported purpose of building a real estate portfolio worth millions of dollars and enriching themselves with rental income. See the images below, which represent some of the fraudulently purchased properties in the portfolio.

In addition to the aforementioned guilty pleas, 10 others have pleaded guilty while two have been sentenced for their roles in this scheme.



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GSE/FHLBank**Real Estate Developer and Former Attorney Sentenced to Over a Combined 37 Years in Multimillion-Dollar Embezzlement Conspiracy Resulting in the Failure of a Bank, Illinois**

During this reporting period, in the Northern District of Illinois, a real estate developer and former attorney were sentenced for their roles in an embezzlement conspiracy that led to the failure of Washington Federal Bank for Savings, a member bank of the FHLBank of Chicago.

As published in previous semiannual reports, Washington Federal was shut down in December 2017 after the Office of the Comptroller of the Currency determined that the bank was insolvent and had at least \$66 million in nonperforming loans. As a result of OIG’s investigation:

- Marek Matczuk was sentenced to 155 months in prison, three years of supervised release, and ordered to pay over \$5.9 million in restitution and over \$6 million in forfeiture.
- Robert Kowalski was sentenced to 300 months in prison, three years of supervised release, and ordered to pay over \$7.5 million in restitution, \$83,875 jointly and severally, and over \$9 million in forfeiture.

For more than a decade, Matczuk was part of a conspiracy that embezzled millions of dollars in bank funds. The embezzled funds were disguised as purported real estate development loan disbursements to Matczuk and others. Much of the embezzled money was transferred to attorney Robert Kowalski and other individuals outside the bank without all of the required documentation and often without any documentation.

Matczuk, Kowalski, and one other conspirator were convicted by federal juries while 10 other defendants have pleaded guilty in connection with this investigation.

Former Bank Senior Vice President Sentenced in Loan Fraud Scheme, Oklahoma

On December 13, 2024, in the Western District of Oklahoma, John Padilla was sentenced to 16 months in prison, three years of supervised release, and ordered to pay over \$1 million in restitution for his role in a loan fraud scheme.

According to court records, Padilla, senior vice president and commercial loan officer for BancFirst, an FHLBank member bank, had delegated loan authority for up to \$350,000. Padilla recruited borrowers to apply for loans that were under his delegated loan authority. Most of these borrowers were not creditworthy and without Padilla would not have been approved for the loans, and many were Padilla’s friends and associates. Padilla explained that he would purportedly use the loan proceeds to invest in his real estate venture and then pay the borrowers a percentage of the profit. Padilla also assured these borrowers that he would make all the payments toward the outstanding balance on each loan.

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Padilla often listed fictitious collateral on these loan applications to secure the loans knowing that the collateral did not exist. Padilla also instructed these borrowers what to represent as the purpose of the loan, even though he received and used most of the loan proceeds almost exclusively to support his personal gambling habit.

Further, Padilla regularly used loan proceeds from unauthorized loans he had approved to make payments toward earlier unauthorized loans, enabling the scheme to continue undetected.

Over \$55 Million Ordered in Restitution Against Former CEO in Multimillion-Dollar Embezzlement Scheme Resulting in a Bank Failure, Kansas

On November 4, 2024, in the District of Kansas, Shan Hanes, the former Chief Executive Officer (CEO) of Heartland Tri-State Bank, was ordered to pay over \$55 million in restitution and over \$8 million in forfeiture for engaging in a multimillion-dollar embezzlement scheme that caused the failure of Heartland Tri-State, a member bank of the FHLBank of Topeka.

Earlier semiannual reports highlighted the 293-month sentence Hanes received as a result of his federal conviction on charges involving the cryptocurrency embezzlement scheme.

Multifamily

Four Real Estate Investors Sentenced in Mortgage Fraud Conspiracy, New Jersey

During this reporting period, in the District of New Jersey, four real estate investors were sentenced for their roles in an extensive, multi-year conspiracy to fraudulently obtain millions in loans and to fraudulently acquire multifamily and commercial properties.

Aron Poretz was sentenced to 60 months in prison, three years of supervised release, and ordered to pay over \$22 million in restitution, jointly and severally.

Chaim (Eli) Poretz was sentenced to 24 months in prison, three years of supervised release, and ordered to pay over \$20 million in restitution, jointly and severally.

Mark (Moshe) Silber was sentenced to 30 months in prison and three years of supervised release.

Fredrick Schulman was sentenced to 12 months and one day in prison and one year of supervised release, including nine months of home confinement.

The scheme and specific fraudulent transactions were published in the two previous semiannual reports.

Short Sale**Business Owner Found Guilty in Multimillion-Dollar Short Sale Fraud Scheme, New York**

On November 21, 2024, in the Eastern District of New York, after a 12-day trial, a federal jury convicted Avraham Tarshish of conspiracy to commit wire and bank fraud, and individually of wire fraud, in connection with a scheme to defraud mortgage loan holders, including Fannie Mae, Freddie Mac, and other mortgage lending businesses.

At trial, the government introduced evidence that Tarshish participated in a conspiracy spanning years that involved thousands of fraudulent short sale transactions. The government’s case focused specifically on 11 examples of short sales that resulted in Tarshish and conspirators defrauding lenders and servicers of more than \$2.4 million.

Tarshish was an employee of My Ideal Property Inc. and an owner of Exclusive Homes Realty Group, Inc., Exclusive Homes NY, LLC, and Homeowners Solutions Group LTD, which were companies formed to buy and sell real property. Tarshish and others conspired to defraud mortgage lenders by misleading them into approving short sale transactions at fraudulently depressed prices. He fraudulently manipulated the short sale process and immediately flipped properties for prices well above the short sale prices.

Among other things, the conspirators paid homeowners in foreclosure to lock them in to conducting short sales with them; took steps to preclude other prospective purchasers from making higher offers for properties by failing to market properties as required by the lenders; placed fraudulent liens on properties; and further depressed the properties’ values by removing toilets and plumbing, and causing other forms of property damage – a process that the scheme participants referred to as making the homes “pretty.” In furtherance of the scheme, Tarshish and conspirators also provided the mortgage lenders and servicers with false and misleading information in transaction documents and failed to disclose payments made to the borrower and others related to short sale as well as contemporaneous agreements to transfer the properties at inflated prices.

Tomer Dafna, a scheme participant, also pleaded guilty to conspiracy to commit wire and bank fraud during this reporting period and will be sentenced at a later date.

REO**Attorney Sentenced for Defrauding Clients and Employees Out of Over \$2 Million, Maryland**

On March 6, 2025, in the District of Maryland, Matthew Browndorf was sentenced to 66 months in prison, three years of supervised release, and ordered to pay over \$1.3 million in restitution and \$829,711 in forfeiture for his role in a scheme to defraud clients of a law firm out of more than \$2 million.

According to court records, Browndorf, a licensed attorney, was a partner at a law firm and the Chief Executive Officer of Plutos Sama, LLC. Plutos Sama owned BP Fisher, a law firm that

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represented lenders and mortgage loan servicers as the substitute trustee in foreclosure and default proceedings, acting at times on behalf of Fannie Mae, which owned some of the foreclosed properties. The foreclosure proceeds would be transferred into BP Fisher’s trust accounts.

Browndorf directed transfers of foreclosure proceeds meant for clients from BP Fisher’s trust accounts into accounts that he controlled and used the stolen funds to pay for his personal expenses, the personal expenses of family members, or expenses incurred by Plutos Sama. Further, Browndorf also directed the transfer of funds out of BP Fisher’s operating accounts, which often caused BP Fisher to be unable to pay its ordinary business expenses, including employees’ payroll, health insurance, and retirement benefits.

PPP Loan Fraud

Conspirator Sentenced in Connection with COVID Relief Fraud Scheme, New York

On October 17, 2024, in the Western District of New York, Larry Jordan was sentenced to 18 months in prison, three years of supervised release, and ordered to pay \$605,200 in restitution, jointly and severally, and \$49,000 in forfeiture for his role in a scheme to file fraudulent loan applications seeking over \$7 million in forgivable Paycheck Protection Program (PPP) loans from lenders including an FHLBank member bank.

According to court records, Jordan and his brother, Sutukh El (aka Curtis Jordan), conspired to submit eight fraudulent PPP loan applications on behalf of companies they owned or controlled. Jordan and El made numerous false and misleading statements about the companies’ respective business operations and payroll expenses. The fraudulent applications were supported by fabricated documents, including falsified federal tax filings.

Jordan and El used some of the fraudulently obtained loan proceeds on personal expenses, including investments and home improvements. The government has seized more than \$400,000 of the funds that Jordan and El obtained in their fraud scheme.

El previously pleaded guilty to conspiracy to commit wire and bank fraud and is to be sentenced at a later date.

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Criminal Investigative Results

Below are individuals sentenced, convicted, or charged during the reporting period, grouped by fraud category.

Loan Origination Schemes

Over \$5 Million in Restitution Ordered Against Title Company Owner in Mortgage Fraud Scheme			
Defendant	Role	Most Recent Action	District
Dora Ameneiro Martinez	Title Company Owner	Ordered to pay: \$5,723,278 in restitution	Southern District of Florida

Four Sentenced in Years-Long \$55 Million Origination Fraud Scheme			
Defendant	Role	Most Recent Action	District
Tjoman Buditaslim	Participant	Sentenced to: 24 months in prison; three years of supervised release; ordered to pay \$1,393,018 in restitution, joint and several	Northern District of California
Jose Tellez	Participant	Sentenced to: 12 months and one day in prison; three years of supervised release; ordered to pay \$858,321 in restitution, joint and several	Northern District of California
Jose Martinez	Participant	Sentenced to: 14 months in prison; three years of supervised release; ordered to pay \$840,847 in restitution, joint and several	Northern District of California
Travis Holasek	Participant	Sentenced to: three years of probation; ordered to pay \$1,393,018 in restitution, joint and several	Northern District of California

Real Estate Agent Sentenced in Origination Fraud Scheme			
Defendant	Role	Most Recent Action	District
German Lopez-Velasquez	Real Estate Agent	Sentenced to: 18 months in prison; three years of supervised release; ordered to pay a \$100,000 fine	Eastern District of California

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One Sentencing, One Guilty Plea, and Thirteen Charged in Origination Fraud Scheme			
Defendant	Role	Most Recent Action	District
Thomas Costabile	Participant	Sentenced to: 210 days in jail; 24 months of probation; ordered to pay \$172,375 in restitution	California Attorney General's Office
Juan Gonzalez	Participant	Pleaded guilty to: grand theft	California Attorney General's Office
Marielos Hinnaoui	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Michael Boito	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Rocio Coria	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Jose Serrano	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Jesus Correa	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Suzanne Fillerup	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Valeria Guerrero	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Peter Perez	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Cesar Ramirez	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Oscar Salazar	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Oliver Salazar	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Gavina Espino	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office
Manuel Angulo-Tapia	Participant	Charged by indictment with: mortgage fraud; grand theft	California Attorney General's Office

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Four Pleaded Guilty in Multi-Layered Fraud Scheme			
Defendant	Role	Most Recent Action	District
Steven Morizono	Scheme Leader	Pleaded guilty to: conspiracy to make false statements to mortgage lending businesses and financial institutions; false statements to mortgage lending businesses and federally insured institutions; conspiracy to make false writings to the Federal Trade Commission; false writings to the Federal Trade Commission; conspiracy to commit wire fraud; wire fraud; conspiracy to commit bank fraud; obstruction of an official proceeding	Southern District of Texas
Kimberli Tomman	Mortgage Broker	Pleaded guilty to: conspiracy to make false statements to mortgage lending businesses and financial institutions; false statements to mortgage lending businesses and federally insured institutions	Southern District of Texas
Heather Ann Campos	Mortgage Broker	Pleaded guilty to: false statements to mortgage lending businesses and federally insured institutions; illegal monetary transactions; conspiracy to commit wire fraud	Southern District of Texas
Luis Belevan	Participant	Pleaded guilty to: conspiracy to make false writings to the Federal Trade Commission	Southern District of Texas

Conspirators Pleaded Guilty in Origination Fraud Scheme			
Defendant	Role	Most Recent Action	District
Brenda Hunter	Business Owner	Pleaded guilty to: conspiracy	District of South Carolina
Dreguis Webb	Participant	Pleaded guilty to: conspiracy	District of South Carolina
Jessica Duffy	Participant	Pleaded guilty to: conspiracy	District of South Carolina

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Conspirator Pleaded Guilty in Origination Fraud Scheme			
Defendant	Role	Most Recent Action	District
Angel Jackson	Participant	Pleaded guilty to: conspiracy to commit bank fraud	Middle District of Florida

Document Preparer Pleaded Guilty in Origination Fraud Scheme			
Defendant	Role	Most Recent Action	District
Kimberly Johnson	Document Preparer	Pleaded guilty to: conspiracy	Northern District of Georgia

Two Former Loan Officers Charged in Large-Scale Origination Fraud Scheme			
Defendant	Role	Most Recent Action	District
Christopher Gallo	Loan Officer	Charged by indictment with: conspiracy to commit bank fraud; bank fraud; false statements to a financial institution; aggravated identity theft	District of New Jersey
Mehmet Ali Elmas	Loan Officer	Charged by indictment with: conspiracy to commit bank fraud; bank fraud; false statements to a financial institution; aggravated identity theft	District of New Jersey

Fraud Affecting the Enterprises, the FHLBanks, or FHLBank Member Institutions

Over \$55 Million Ordered in Restitution Against Former CEO in Multimillion-Dollar Embezzlement Scheme Resulting in a Bank Failure			
Defendant	Role	Most Recent Action	District
Shan Hanes	Former Chief Executive Officer	Ordered to pay: \$55,400,023 in restitution and \$8,071,037 in forfeiture	District of Kansas

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Real Estate Developer and Former Attorney Sentenced in Multimillion-Dollar Embezzlement Conspiracy Resulting in the Failure of a Bank			
Defendant	Role	Most Recent Action	District
Marek Matczuk	Contractor	Sentenced to: 155 months in prison; three years of supervised release; ordered to pay \$5,982,890 in restitution and \$6,005,166 in forfeiture	Northern District of Illinois
Robert Kowalski	Attorney/Business Owner	Sentenced to: 300 months in prison; three years of supervised release; ordered to pay \$7,665,982 in restitution, \$83,785 joint and several, and \$9,068,309 in forfeiture	Northern District of Illinois
Former Bank Senior Vice President Sentenced in Loan Fraud Scheme			
Defendant	Role	Most Recent Action	District
John Padilla	Vice President/ Loan Officer	Sentenced to: 16 months in prison; three years of supervised release; ordered to pay \$1,092,135 in restitution	Western District of Oklahoma
Former Bank CEO Sentenced for Falsifying Loan Information During Bank Examination			
Defendant	Role	Most Recent Action	District
Steven Harms	Former Bank Chief Executive Officer	Sentenced to: three days in prison; two years of supervised release; ordered to pay a \$7,500 fine	Southern District of Iowa
Personal Banker Sentenced in Bank Fraud Scheme			
Defendant	Role	Most Recent Action	District
Igor Shushpanov	Participant	Sentenced to: 15 months in prison; five years of supervised release; ordered to pay \$407,398 in restitution and \$303,093 in forfeiture	Middle District of Florida

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Four Sentenced and Two Pleaded Guilty in Bank Account Takeover Scheme			
Defendant	Role	Most Recent Action	District
Terrence Peoples	Participant	Sentenced to: 60 months in prison; five years of supervised release; ordered to pay \$4,173 in restitution	Middle District of Florida
Sinder Telis	Participant	Sentenced to: 24 months in prison; five years of supervised release; ordered to pay \$5,004 in restitution and forfeiture	Middle District of Florida
Michael Olmeda DeJesus	Participant	Sentenced to: four months in prison; five years of supervised release; ordered to pay \$2,500 in restitution	Middle District of Florida
Shalik Scott	Participant	Sentenced to: time served; two years of supervised release; ordered to pay \$23,493 in restitution, joint and several	Middle District of Florida
Glenwood Harrison	Participant	Pleaded guilty to: conspiracy to commit bank fraud	Middle District of Florida
Brittany Eubanks	Participant	Pleaded guilty to: bank fraud; aggravated identity theft	Middle District of Florida

Two Conspirators Plead Guilty in Loan Fraud Scheme			
Defendant	Role	Most Recent Action	District
Rajendra Parikh	Business Owner	Pleaded guilty to: conspiracy to commit bank fraud	District of Maryland
Jennifer Watkins	Project Coordinator	Pleaded guilty to: conspiracy to commit bank fraud	District of Maryland

Loan Broker Pleaded Guilty in Bank Fraud Scheme			
Defendant	Role	Most Recent Action	District
Bun Khath	Loan Broker	Pleaded guilty to: money laundering	Southern District of Texas

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Multifamily Schemes

Real Estate Investors Sentenced in Connection with Multimillion-Dollar Mortgage Fraud Conspiracy			
Defendant	Role	Most Recent Action	District
Aron Poretz	Real Estate Investor	Sentenced to: 60 months in prison; three years of supervised release; ordered to pay \$22,235,457 in restitution, joint and several, and a \$250,000 fine	District of New Jersey
Chaim Eli Poretz	Real Estate Investor	Sentenced to: 24 months in prison; three years of supervised release; ordered to pay \$20,315,457, joint and several, and a \$150,000 fine	District of New Jersey
Moshe Silber	Real Estate Investor	Sentenced to: 30 months in prison; three years of supervised release	District of New Jersey
Fredrick Schulman	Real Estate Investor	Sentenced to: 12 months and one day in prison; one year of supervised release including nine months of home confinement	District of New Jersey

Short Sale Schemes

Two Conspirators Sentenced in Mortgage and Short Sale Fraud Scheme			
Defendant	Role	Most Recent Action	District
Jyoteshna Karan	Participant	Sentenced to: 40 months in prison; three years of supervised release; ordered to pay \$3,017,286 in restitution, joint and several, and \$3,017,386 in forfeiture	Eastern District of California
Praveen Singh	Participant	Sentenced to: 24 months in prison; three years of supervised release; ordered to pay \$3,017,286 in restitution, joint and several, and \$3,017,386 in forfeiture	Eastern District of California

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Business Owners Found Guilty and Pledged Guilty in Multimillion-Dollar Short Sale Fraud Scheme			
Defendant	Role	Most Recent Action	District
Avraham Tarshish	Business Owner	Convicted by a federal jury of: conspiracy to commit wire and bank fraud; wire fraud	Eastern District of New York
Tomer Dafna	Business Owner	Pledged guilty to: conspiracy to commit wire and bank fraud	Eastern District of New York

Business Owner Pledged Guilty in Short Sale Fraud Scheme			
Defendant	Role	Most Recent Action	District
Kristine Taylor	Business Owner	Pledged guilty to: wire fraud; failure to file an income tax return	Central District of California

Property Management and REO Schemes

Attorney Sentenced for Defrauding Clients and Employees Out of Over \$2 Million			
Defendant	Role	Most Recent Action	District
Matthew Browndorf	Attorney	Sentenced to: 66 months in prison; three years of supervised release; ordered to pay \$1,351,795 in restitution and \$829,711 in forfeiture	District of Maryland

Fraud Affecting the FHLBanks, or FHLBank Member Institutions as a Result of (or Related to) the CARES Act PPP

Conspirator Sentenced in Connection with COVID Relief Fraud Scheme			
Defendant	Role	Most Recent Action	District
Larry Jordan	Participant	Sentenced to: 18 months in prison; three years of supervised release; ordered to pay \$605,200 in restitution, joint and several, and \$49,000 in forfeiture	Western District of New York

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Five Sentenced in COVID Relief Fraud Scheme

Defendant	Role	Most Recent Action	District
Rodrick Flowers	Participant	Sentenced to: 58 months in prison; two years of supervised release; ordered to pay \$1,201,883 in restitution, joint and several	Western District of Tennessee
Jarvys Jones	Participant	Sentenced to: 12 months in prison; two years of supervised release; ordered to pay \$174,474 in restitution, \$135,222 joint and several	Western District of Tennessee
LaTonya Herman	Participant	Sentenced to: 30 days in prison; three years of supervised release including five months of home confinement; ordered to pay \$150,000 in restitution, \$108,583 joint and several	Western District of Tennessee
Cleveland Wells	Participant	Sentenced to: 30 days in prison; two years of supervised release including five months of home confinement; ordered to pay \$205,087 in restitution, \$157,102 joint and several	Western District of Tennessee
Brian Mays	Participant	Sentenced to: three years of probation including 18 months of home confinement; ordered to pay \$124,795 in restitution, \$124,629 joint and several	Western District of Tennessee

One Conspirator Sentenced and One Pleaded Guilty in COVID Relief Fraud Scheme

Defendant	Role	Most Recent Action	District
Herman Shaw	Participant	Sentenced to: 30 months in prison; three years of supervised release; ordered to pay \$786,712 in restitution, joint and several	Western District of Tennessee
Lisa Evans	Participant	Pleaded guilty to: conspiracy to commit wire fraud	Western District of Tennessee

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One Sentenced and One Found Guilty in COVID Relief Fraud Scheme			
Defendant	Role	Most Recent Action	District
Yadier Rodriguez Arteaga	Participant	Sentenced to: 71 months in prison; three years of supervised release; ordered to pay \$14,565,000 in restitution, joint and several, and \$6,554,250 in forfeiture	Southern District of Florida
Lazaro Verdecia Hernandez	Participant	Convicted by a federal jury of: conspiracy to commit wire fraud; wire fraud; conspiracy to commit money laundering; money laundering	Southern District of Florida

Attorney Sentenced in COVID Relief Fraud Scheme			
Defendant	Role	Most Recent Action	District
Sanjay Patel	Attorney	Sentenced to: 30 months in prison; three years of supervised release; ordered to pay \$999,800 in restitution	Northern District of Georgia

Conspirator Sentenced in Multimillion-Dollar COVID Relief Fraud Scheme			
Defendant	Role	Most Recent Action	District
Muhammad Owais Khan	Participant	Sentenced to: six months in prison; three years of supervised release; ordered to pay \$164,250 in restitution, joint and several, and \$47,394 in forfeiture	Southern District of Texas

Conspirator Sentenced for Fraudulently Obtaining \$850,000 in PPP Funds			
Defendant	Role	Most Recent Action	District
Butherde Darius	Participant	Sentenced to: one year and one day in prison; two years of supervised release; ordered to pay \$920,808 in restitution, joint and several, and \$852,205 in forfeiture	District of New Jersey

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Conspirators Pleaded Guilty in COVID Relief Fraud Scheme

Defendant	Role	Most Recent Action	District
Kevin Aguilar	Participant	Pleaded guilty to: conspiracy to commit bank fraud; bank fraud; conspiracy to commit wire fraud; wire fraud; aggravated identity theft; conspiracy to engage in monetary transactions in property derived from specified unlawful activity; engaging in monetary transactions in property derived from specified unlawful activity	District of New Jersey
Jean Rabbitt	Participant	Pleaded guilty to: Misprision of a felony	District of New Jersey

Three Purported Business Owners Sentenced and Six Charged in PPP Loan Fraud Schemes

Defendant	Role	Most Recent Action	District
David Antonetti	Participant	Sentenced to: 12 months and one day in prison; three years of supervised release; ordered to pay \$20,136 in restitution and forfeiture	Middle District of Florida
Rosson Hamilton	Participant	Sentenced to: 15 months in prison; three years of supervised release; ordered to pay \$20,833 in restitution and forfeiture	Middle District of Florida
Luis Morales	Participant	Sentenced to: five years of probation including eight months of home confinement; ordered to pay \$45,410 in restitution and \$40,272 in forfeiture	Middle District of Florida
Larry Denson	Participant	Charged by information with: wire fraud	Middle District of Florida
John Cruz	Participant	Charged by indictment with: wire fraud	Middle District of Florida
Ukeem Jackson	Participant	Charged by indictment with: wire fraud	Middle District of Florida
Wendy Castro	Participant	Charged by indictment with: wire fraud	Middle District of Florida
Daillianerys Sanchez	Participant	Charged by indictment with: wire fraud	Middle District of Florida
Eneida Aponte	Participant	Charged by indictment with: wire fraud	Middle District of Florida

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Business Owner Charged in COVID Relief Fraud Scheme			
Defendant	Role	Most Recent Action	District
Stephen Gurba	Business Owner	Charged by indictment with: wire fraud; aggravated identity theft; making a false statement to a financial institution	Middle District of Florida

Business Owner Pleaded Guilty for Defrauding COVID Relief Programs			
Defendant	Role	Most Recent Action	District
James Bergeron	Business Owner	Pleaded guilty to: wire fraud	Western District of Texas

Purported Business Owner Pleaded Guilty in COVID Relief Fraud Scheme			
Defendant	Role	Most Recent Action	District
Yuri Khatchikyan	Participant	Pleaded guilty to: wire fraud	Central District of California

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OIG Summary of Investigative Statistics, Including Matters Referred to Prosecutive Authorities, for the Period October 1, 2024, through March 31, 2025

Reports; Referrals to Federal, State, and Local Prosecuting Authorities; Prosecutions; and Convictions: October 1, 2024 – March 31, 2025 *	
Investigative Reports **	18
Criminal Referrals to the Department of Justice	47
Criminal Referrals to State and Local Prosecuting Authorities	6
Indictments and Informations during the Reporting Period that Resulted from Referrals to Prosecutors during Prior Reporting Periods	32
Total Indictments and Informations during the Reporting Period Resulting from OIG Referrals	37
Trials	2
Defendants Tried	3
Convictions / Pleas	34
Sentencings	38

* All criminal charges and successive actions (pleas/convictions/sentencings) are supported with documents filed with the corresponding federal or state court, including non-public (sealed) documents. All referrals made to the Department of Justice and to state prosecutors are captured within each investigative file; these actions are tabulated via a statistical report run in OIG’s case management system. Criminal referrals, indictments, and informations on this chart include both individuals and entities.

** For the purposes of this table, an investigative report is defined as the Report of Investigation finalized at the conclusion of an investigation, prior to case closure.

Investigations into Allegations of Employee Misconduct and Whistleblower Retaliation⁶

Pursuant to the IG Act, Sections 5(a)(13), (14), (16)(B), and 5(g), OIG is required to report certain information regarding: (1) investigations involving senior government employees; and (2) government officials found to have engaged in whistleblower retaliation.

Sections 5(a)(13) and 5(g) of the IG Act require that OIG report—to the extent that public disclosure of the information is not prohibited by law (e.g., the Privacy Act of 1974)—on each

⁶ This portion of the Semiannual Report to Congress shows the IG Act Section 5 semiannual report requirements as amended by Pub. L. No. 117-263, §§ 5235(1), 5273(2) (Dec. 23, 2022).

investigation it conducted involving a senior government employee when allegations of misconduct were substantiated. OIG does not have reportable information for this period.

Sections 5(a)(14) and 5(g) of the IG Act require that OIG report—to the extent that public disclosure of the information is not prohibited by law (e.g., the Privacy Act of 1974)—on any instance of whistleblower retaliation, including information about an official found to have engaged in retaliation. OIG does not have reportable information for this period.

Sections 5(a)(16)(B) and 5(g) of the IG Act require that OIG report—to the extent that public disclosure of the information is not prohibited by law (e.g., the Privacy Act of 1974)—on each investigation it conducted involving a senior government employee that is closed and was not disclosed to the public. OIG does not have reportable information for this period.

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Peer Reviews

OIG Peer Review Results

Peer Review Results	Date Reported
Office of Audits: The most recent peer review was conducted by the National Aeronautics and Space Administration OIG. OIG received an external peer review rating of pass, the highest rating an audit organization can receive.	September 21, 2022
Office of Evaluations and Office of Compliance: The most recent peer review of the Office of Evaluations and the Office of Compliance was conducted by the Treasury Inspector General for Tax Administration (TIGTA), which issued a final report on September 8, 2022. TIGTA determined that Office of Evaluations and Office of Compliance policies were generally consistent with the applicable Blue Book standards addressed by the peer review team. This is the highest rating under applicable peer review standards. In addition, the peer review team found that all four of the reports it reviewed generally complied with Blue Book standards.	September 8, 2022
Office of Investigations: The most recent peer review of our investigative function was conducted by the General Services Administration (GSA) OIG. GSA-OIG issued an Opinion Letter and a Letter of Observations detailing the results of its review. In the Opinion Letter, GSA-OIG reported that OIG’s system of internal safeguards and management procedures for our investigative function is in compliance with the quality standards established by CIGIE and the applicable Attorney General guidelines. In the Letter of Observations, GSA-OIG recognized OIG for employing three “best practices” in its investigative operations.	July 5, 2023

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Outstanding Recommendations from Any Peer Review of OIG

OIG has no outstanding recommendations from any peer reviews.

Peer Reviews Conducted by OIG and Outstanding Recommendations

Peer Reviews Conducted by OIG and Outstanding Recommendations	Date Reported
Office of Investigations: OI conducted a peer review of the U.S. Department of Interior OIG during the semiannual period. OIG found that the system of internal safeguards and management procedures for the Department of the Interior OIG’s investigative operations in effect for FY 2025 was in compliance with the CIGIE quality standards and the applicable Attorney General’s Guidelines. There are no outstanding recommendations.	March 20, 2025
Office of Evaluations and Office of Compliance: OIG’s Office of Evaluations and Office of Compliance conducted an inspection and evaluation peer review of the Federal Communications Commission (FCC) OIG. OIG determined that the system of quality control for the FCC-OIG in effect for the year ended September 30, 2024, had been suitability designed and complied with to provide a reasonable assurance of performing and reporting in conformity with the Blue Book. There are no outstanding recommendations.	February 14, 2025

Outreach

Public and Private Partnerships, Outreach, and Communications

OIG prioritizes outreach and engagement to communicate its mission and work to members of Congress and to the public and to actively participate in government-wide oversight community activities. We continue to forge public and private partnerships to address fraud and coordinate oversight activities. Highlights of our efforts during this reporting period include the following:

Congress

To fulfill its mission, OIG works closely with Congress and is committed to keeping it fully apprised of our oversight of FHFA. During this semiannual reporting period, we provided information on OIG work to congressional staff.

Hotline

The OIG Hotline serves as a vehicle through which employees of the Agency, the Enterprises, the FHLBanks, and members of the public can report suspected fraud, waste, abuse, mismanagement, or misconduct in Agency programs and operations. The Hotline is managed by OIG’s Office of Investigations, and potential criminal violations are investigated by that office. Potential civil or administrative matters are retained or referred to the appropriate OIG operating division for review and follow-up, as appropriate. During this reporting period, 1505 discrete contacts to the Hotline were made involving tips, complaints, and referrals. This included 233 separate complaints logged by the Hotline.

For more information about OIG’s Hotline, including OIG contact information, see <https://www.fhfaig.gov/ReportFraud>.

Coordinated Oversight Activities and Professional Organizations

During the reporting period, OIG maintained active participation in coordinated oversight activities and professional organizations, including the following:

Council of the Inspectors General on Integrity and Efficiency

OIG actively participates in various CIGIE committees and working groups, including the Audit Committee, the Inspection and Evaluation Committee, the Investigations Committee, and the Integrity Committee. OIG also actively supports CIGIE’s efforts to work collaboratively with international partners to counter fraud targeting the public sector through its participation in the International Public Sector Fraud Forum (IPSFF). The IPSFF consists of representatives from the governments of Australia, Canada, New Zealand, the United Kingdom, and the United States. The Forum aims to collectively share best and leading practices in fraud risk management, specifically relating to fraud schemes that target the public sector.

Council of Inspectors General on Financial Oversight

The Council of Inspectors General on Financial Oversight (CIGFO) was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to oversee the Financial Stability Oversight Council (FSOC), which is charged with identifying risks to the financial stability of the United States, promoting market discipline, and responding to emerging risks to the stability of the U.S. financial system.

OIG is a statutory member of CIGFO, along with the IGs of the Department of the Treasury, Federal Deposit Insurance Corporation, Securities and Exchange Commission, and others. By statute, CIGFO may convene working groups to evaluate the effectiveness and internal operations of FSOC.

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Additionally, in accordance with the Act, CIGFO issues an annual report to FSOC and to Congress that includes (1) a section by each member IG that highlights the concerns and recommendations of the IG based on ongoing and completed work, with a focus on issues that may apply to the broader financial sector; and (2) a summary of the general observations by the Council with a focus on measures that should be taken to improve financial oversight.

CIGFO’s annual report for 2024, issued in July 2024, is available on its [website](#) and [Oversight.gov](#).

Additionally, OIG leadership and staff serve in various significant public and private professional organizations supporting CIGIE, CIGFO, and the federal community.

Law Enforcement Outreach

Federal Bureau of Investigation Cybercrimes Task Force

The FBI’s Washington, D.C., field office spearheads a multiagency cybercrimes task force, and OIG assigns special agents to assist with task force law enforcement activities. OIG makes these assignments to help combat cybercrimes and to work in partnership with multiple federal agencies. This concerted effort helps prosecute cybercriminals and stop cyberattacks made against institutions maintaining personally identifiable information, trade secrets, and financial data.

Public Awareness of OIG’s Law Enforcement Mission

During this reporting period, OIG delivered 19 fraud awareness briefings to diverse audiences to raise awareness of its law enforcement mission and fraud schemes targeting FHFA programs.

Public-Private Partnerships

Housing finance professionals are on the frontlines and often have a real-time understanding of emerging threats and misconduct. OIG speaks with officials at the Enterprises and the FHLBanks regularly to benefit from their insights. OIG also makes presentations to academic and industry groups.

Coordination Among Law Enforcement Agencies

OIG has developed ongoing and close working relationships with other law enforcement agencies, including: Department of Justice and U.S. Attorneys’ offices; FBI; Department of Housing and Urban Development OIG; Federal Deposit Insurance Corporation OIG; Internal Revenue Service—Criminal Investigation; the U.S. Postal Inspection Service; Small Business Administration OIG; the U.S. Trustee Program (nationwide); Financial Crimes Enforcement Network; state attorneys general; and other federal, state, and local law enforcement agencies nationwide.

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Other Inspector General Act Reporting Requirements

FHFA’s Refusal to Provide Information and Attempts to Interfere with OIG Independence

OIG has no instances to report for this period, therefore, we also have no related reports to the Agency head.

Federal Financial Management Improvement Act of 1996

For the semiannual reporting period ending March 31, 2025, Section 5(a)(7) of the IG Act did not apply to the Agency or OIG.⁷

Review of Legislation and Regulations

OIG, through its Office of Counsel, stays up to date on all applicable proposed legislation that is publicly available or disseminated by the CIGIE Legislation Committee. When appropriate, OIG comments on enacted law or proposed legislative matters relating to FHFA’s programs and operations. OIG’s Office of Counsel also reviews all proposed regulations pertaining to FHFA and provides recommendations when appropriate.

Index of Information Required by the Inspector General Act

The IG Act provides that OIG shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing our activities during the immediately preceding six-month periods ending March 31 and September 30.

Below is a table directing the reader to the pages of this report on which various information required by the IG Act is provided.

⁷ This paragraph reflects the IG Act Section 5 semiannual report requirement as amended by Pub. L. No. 117-263, § 5273(2) (Dec. 23, 2022).

Source/Requirement ⁸	Pages
Section 404(a)(2) – Review of legislation and regulations.	59
Section 5(a)(1) – A description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of FHFA and associated reports and recommendations for corrective action made by OIG.	4-23
Section 5(a)(2) – An identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential costs savings associated with the recommendation.	11-31
Section 5(a)(3) – A summary of significant investigations closed.	33-34
Section 5(a)(4) – An identification of the total number of convictions resulting from investigations.	3, 53
Section 5(a)(5) – Information regarding each audit, inspection, or evaluation report issued, including a listing of each audit, inspection, or evaluation, and if applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made.	7-10
Section 5(a)(6) – Information regarding any management decision made this period with respect to any audit, inspection, or evaluation issued during a previous reporting period.	10
Section 5(a)(7) – The information described under section 804(b) of the Federal Financial Management Improvement Act of 1996.	59
Section 5(a)(8) – An appendix containing the results of any peer review conducted by another IG; or the date of the last peer review if no peer review was conducted during the reporting period.	55
Section 5(a)(9) – A list of any outstanding recommendations from any peer review conducted by another IG that have not been fully implemented.	56
Section 5(a)(10) – A list of any peer reviews of another IG during the reporting period, including a list of any outstanding recommendations made from any previous peer review that remain outstanding or have not been fully implemented.	56

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⁸ This table shows the IG Act Section 5 semiannual report requirements as amended by Pub. L. No. 117-263, § 5273(2) (Dec. 23, 2022).

Source/Requirement ⁸	Pages
Section 5(a)(11) – Statistical tables showing, for the reporting period, the total number of: investigative reports issued; persons referred to the Department of Justice for criminal prosecution; persons referred to State and local prosecuting authorities for criminal prosecution; and indictments and criminal informations that resulted from any prior referral to prosecuting authorities.	53
Section 5(a)(12) – A description of the metrics used for developing the data for the statistical tables under the prior paragraph.	53
Section 5(a)(13) – A report on each investigation conducted by OIG where allegations of misconduct were substantiated involving a senior Government employee or senior official, including the name of the senior Government employee, if already made public by OIG, a detailed description of the facts and circumstances of the investigation, and the status and disposition of the matter.	53-54
Section 5(a)(14) – A detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any, consequences FHFA imposed to hold that official accountable.	54
Section 5(a)(15) – A detailed description of any attempt by FHFA to interfere with the independence of OIG, including with budget constraints designed to limit OIG’s capabilities, and incidents where FHFA has resisted or objected to OIG oversight activities or restricted or significantly delayed access to information; and a summary of each report made to the FHFA head under section 6(c)(2).	59
Section 5(a)(16) – Detailed descriptions of the particular circumstances of each inspection, evaluation, and audit conducted by OIG that is closed and was not disclosed to the public; and each investigation conducted by OIG involving a senior Government employee that is closed and was not disclosed to the public.	10, 54

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FEDERAL HOUSING FINANCE AGENCY OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2024, through March 31, 2025

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