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Office of Inspector General

Investigative Report

160122-02

January 20, 2017

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

**Office of Inspector General
Investigative Report
Case Number 160122-02**

INTRODUCTION

On January 22, 2016, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) received a call from Marta Abreu, a private citizen alleging fraud on the part of John Dovi, a Hardest Hit Funds (HHF) Program recipient. According to Ms. Abreu, Mr. Dovi was reported to be a recipient of HHF Program funds, but she said he has not lived in his home for approximately the past two years.

The OIG initiated an investigation based on the information provided.

ALLEGATIONS

It is alleged that John Dovi committed fraud because he did not occupy his residence during the required time period of HHF Program funding. The 2013 HHF Advisor Guide and the HHF Program loan documents require applicants to occupy the property indicated on their HHF application as their primary residence. If supported, the allegation would constitute a violation of federal and/or state laws, including:

- Title 18, United States Code, §1001, False Statements;
- Section 817.034, Florida Statutes (F.S.), Making false statement to obtain property or credit;
- Section 817.545, F.S., Mortgage Fraud; and/or
- Section 837.06, F.S., False Official Statements.

EXECUTIVE SUMMARY

From January 22, 2016 to June 10, 2016, the Office of Inspector General staff conducted interviews and reviewed significant documentation/records as it relates to the allegations.

As a result of the investigation, OIG staff determined that the allegation of fraud against Mr. Dovi, who did not occupy his residence during the time period of HHF Program funding, was **Supported**. The finding of support was based on the utility information provided by the Sarasota County Property Appraiser (SCPA) for 3963 Vana Dr., which shows that Mr. Dovi did not have a utility account during the HHF Program funding time period, but Larry Arevalo maintained a utility account at 3963 Vana Dr. during four months of the HHF Program funding. In addition, the records provided by the Sarasota County Sheriff's Office (SCSO) show that the agency responded to two incidents at 3963 Vana Dr. involving an "Alex Arevalo" and Mr. Arevalo during the HHF Program funding time period.

COMPLAINANT INTERVIEW

On January 22, 2016, OIG staff conducted an unrecorded telephone interview of Marta Abreu, who stated the following (paraphrased):

- Mr. Dovi has not lived in the home located at 3963 Vana Dr. for approximately two years;

- She was calling because the neighbors are concerned due to issues with the tenants at the home, who she said are involved in illegal activity such as use of illegal drugs;
- The police have responded to the home on numerous occasions;
- There has been a trailer on the property with people living in it;
- She believed Mr. Dovi bought a property with his wife and their current address is 4607 Maraldo Ave., North Port, FL 34287; and
- She said she reviewed the available information about the home, determined it was pending foreclosure and saw that Mr. Dovi had received HHF Program funding.

Ms. Abreu was instructed to contact OIG staff if she had any additional information and to report any illegal activity to local law enforcement.

DOCUMENTATION/RECORDS ANALYSIS

Reviews were conducted by OIG staff of the HHF Program files on the Counselor Direct (CD) database associated with Mr. Dovi's HHF Program funding. These files included: the HHF Program loan eligibility determination documents, his email correspondence with his HHF advisor, the HHF Program Subordinate Mortgage document (Loan No. 16225), and the CD Communication Log. The results of the reviews are listed below, with the related documents in bold:

HHF Program Loan Documents

On February 12, 2013, Mr. Dovi signed the HHF Program loan eligibility determination documents (Exhibit 1), and made the following certifications:

- That he occupied 3963 Vana Dr. as a single adult and as his primary residence (**HHF Intake Form**);
- To always provide honest and complete information to his HHF Advisor, whether verbally or in writing (Page 1, **Homeowner/Advisement Contract**);
- To contact the HHF Advisor about any changes in his situation immediately (Page 1, **Homeowner/Advisement Contract**);
- That his property was owner-occupied and his primary residence was not vacant, condemned or rented (Page 2, **Hardship Affidavit**); and
- He understood and acknowledged that Florida Housing and HHF Advisor and/or its agents may investigate the accuracy of their statements, may require them to provide supporting documentation, and that knowingly submitting false information may violate Federal and/or state law (Page 2, **Hardship Affidavit**).

Email Correspondence

- In an email to his HHF Program advisor dated April 26, 2013, Mr. Dovi reported his mailing address as 4608 Maraldo Ave., Northport, FL 34287:

From: john dovi [john@sunshinesandy.com]
 Sent: Friday, April 26, 2013 1:14 PM
 To: Vicki White
 Subject: RE: your HHF application

Hello Vicki,
 Would you mind mailing me the form.. I still cant open it even though its just in pdf format..? Anyway my address is 4608 Maraldo Ave Northport FL 34287- my mailing address that is.. Is there any update or do you know how far along the underwriters are? I know you explained they were behind before.. any update? Please let me know and thanks in advance for the mail out. Have a great day!

- In an email to his HHF Program advisor dated June 7, 2013, Mr. Dovi stated, ". . . It is correct that the property on Vana Drive is my homestead and is the only real estate I've ever owned. . ."
- In an email to his HHF Program advisor dated November 26, 2013, Mr. Dovi reported he has been receiving mail at his mother's address:

Fwd: jdovi8182@gmail.com has shared the Quarterly Touch Checklist with you

John Dovi [jdovi8182@gmail.com]
Sent: Tuesday, November 26, 2013 10:55 PM
To: Vicki White
Attachments: Hardship Letter 11-2013.docx (18 KB)

Hello Vicki,
Attached you will find the most current and updated hardship letter. I would appreciate if you could use the mortgage statements you have because I've not received anything from BB&T recently. I also called to try to get some kind of proof for the account closing, but they gave me 888-765-1808 to call as that is the "charge off" office and my account has been closed for a few months now it's been charged off. I can check at my Mother's where I had been getting mail for an old statement. I'll make sure these are all sent on time and sorry for any inconveniences. Thank you!

Subordinate Mortgage Document

On August 7, 2013, Mr. Dovi signed the **Subordinate Mortgage** (Exhibit 2), the property address was listed as 3963 Vana Dr., and Mr. Dovi acknowledged the following (emphasis added):

- **PROVIDED ALWAYS that if Borrower shall pay to Lender, all sums due or to become due under the Note or this Mortgage and shall perform, comply with, and abide by each and every stipulation, agreement, condition, and covenant of the Note and of this Mortgage. . .**
- **Item 15. Acceleration; Remedies. Upon the Borrower's breach of any covenant or agreement of the Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, or in the event that the Borrower shall have made a material misrepresentation or material omission in Borrower's application for the loan evidenced by the Note, Lender, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. . .and**
- **Item 20. Special Provisions:**
- **Default.** In addition to any other event of default under this Mortgage, the Borrower will be in default if any of the following occur: . . . (ii) **if Borrower violates any terms and conditions of the Note, the terms and conditions of which are incorporated herein by reference, or any other loan document governing the Loan. . . (iii) if Borrower fails to provide to the Lender on a timely basis any information required by the Lender in order for the Lender to monitor Borrower's continuing compliance with the terms and conditions of the Loan.**

CD Communication Log

On May 30, 2014, Mr. Dovi's HHF Program funding was terminated, with details listed below:

Communication Log:
----- Lisa Walker - Friday 30 May 2014 9:21:22 ----- Payments terminated, no QT, borrower is responsible for the July 2014 payment. -----
Vicki White - Tuesday 20 May 2014 8:30:16 ----- Mr. Dovi failed to submit his final quarterly touch. I emailed him, sent him a reminder letter, and called him, but his voicemail was full so I was unable to leave a message.

In order to determine whether Mr. Dovi lived at 3963 Vana Dr. during the HHF Program funding time period of August 16, 2013 until June 1, 2014, OIG staff conducted the searches listed below:

Consolidated Lead Evaluation and Reporting¹ (CLEAR) Database

Reviews of reports from the CLEAR database revealed the following addresses for Mr. Dovi:

Date(s) Reported	Address	Source
8/10/05 & 8/16/05-9/21/12	3963 Vana Dr., Sarasota, FL	SCPA and utility account info
11/7/14	4608 Maraldo Ave., Northport, FL 34287	Experian
5/8/15	4607 Maraldo Ave., Northport, FL 34287	Florida Driver's License

Sarasota County Property Appraiser (SCPA)

Searches of the SCPA's websites show that Mr. Dovi:

- Purchased the home on August 10, 2005 (Exhibit 3); and
- Homestead exemption status was removed in 2015, but he was still listed as the owner as of January 28, 2016 (Exhibit 4).

OIG staff contacted the SCPA, and a representative provided the following information regarding the reason for the removal of Mr. Dovi's Homestead exemption (Exhibit 5):

- His Homestead Renewal Card was returned as "Not Deliverable as Addressed";
- Their research showed Mr. Dovi's mailing address was updated to 4607 Maraldo Drive, North Port, and then his residence was updated to the same address on May 1, 2015; and
- On July 1, 2015, SCPA notified Mr. Dovi that his homestead exemption was denied due to, "Owner did not in good faith maintain home as Permanent Residence."
- The utility information provided by the SCPA is listed below:

DOVI, JOHN	92117	.00 W	8/16/05	9/21/12
3963 VANA DR			180040	0026
AREVALO, LARRY	289457	.00 W	2/14/14	8/05/14
3963 VANA DR			180040	0026
GREEN, BRITTANY S	379547	.00 F	6/02/15	1/04/16
3963 VANA DR			180040	0026

Additional searches of the SCPA website provided the following details about these other addresses listed as associated with Mr. Dovi:

- 4608 Maraldo Avenue, North Port, FL 34287, is owed by Karen Panecki; and
- 4607 Maraldo Avenue, North Port, FL 34287, is owned by Blair and Renee McVety.

CLEAR Database

An additional search of the reports from the CLEAR database confirms Larry Arevalo was associated with the address 3963 Vana Dr. as listed below:

Date(s) Range	Name / Address	Source
1/1/99-5/31/14 and 6/7/13	Larry Arevalo, 3963 Vana Dr., Sarasota, FL 34241	Household and utility
4/23/09, 6/24/10, 4/28/12	Larry Arevalo, 3960 Vana Dr., Sarasota, FL 34241	FL Driver's License

Sarasota County Sheriff's Office (SCSO)

OIG staff contacted the Records Section of the SCSO and a representative provided copies of the calls for service to 3963 Vana Dr. during the HHF Program Funding time period (Exhibit 6).

¹ Consolidated Lead Evaluation and Reporting (CLEAR) is a public records search platform, designed specifically for government and law enforcement use.

The records did not list Mr. Dovi's name as associated with any of the incidents. However, the records contained the following information about Mr. Arevalo:

- On December 5, 2013, a 11 year old male, "Alex Arevalo," was reported as missing from 3963 Vana Dr., but he was "located at friend's house was sleeping over and grandma forgot to tell father"; and
- On December 11, 2013, Mr. Arevalo was listed as the owner of a car that was repossessed from 3963 Vana Dr.

Sarasota County Clerk of the Court

Searches of the Sarasota County Clerk of the Court's website shows that Branch Banking and Trust (BB&T) Company:

- Was granted a Uniform Judgment of Mortgage Foreclosure (Exhibit 7) on April 7, 2016;
- Ordered the property to be sold on May 23, 2016, if \$305,005.26 was not paid; and
- A Certificate of Title (Exhibit 8) was issued to BB&T for the purchase of the property on May 23, 2016.

Timeline of Activity

Based upon the information reviewed, a timeline of Mr. Dovi's activity related to 3963 Vana Dr. (Exhibit 8) was created. A summary of the timeline during the HHF Program funding period of September 1, 2013 – June 1, 2014, is listed below:

- On September 21, 2012, Mr. Dovi's utilities were turned off;
- On February 12, 2013, Mr. Dovi signed his application and related documents for his HHF Program funding;
- Between August 16, 2013 and June 1, 2014, Mr. Dovi received HHF Program funding totaling \$31,389.02²;
- On December 5, 2013, SCSO was dispatched to the home about "Alex Arevalo";
- On December 11, 2013, SCSO was dispatched to repossess a car owned by Mr. Arevalo;
- On February 14, 2014, Mr. Arevalo established a utility account at 3963 Vana Dr., which was during a portion of the time period of Mr. Dovi's HHF Program funding;
- On May 20, 2014, Mr. Dovi's HHF Program funding was terminated due to his failure to submit the documents required as part of the Quarterly Touch (QT) for the HHF Program funding; and
- On August 5, 2014, the utilities for Mr. Arevalo were disconnected.

FLORIDA HOUSING MANAGEMENT REVIEW

On June 9, 2016, the OIG contacted a Florida Housing Loan Servicing Senior Analyst, who explained that if a lender forecloses on a HHF recipient's home, then the HHF Program mortgage is written off after a Certificate of Title (COT) is received by Florida Housing, which shows that the lender has purchased the home. As of June 23, 2016, the Loan Servicing Senior Analyst stated they have not received a COT yet on this property.

On August 18, 2016, a status update was requested from the Loan Servicing Senior Analyst who stated:

We have not yet received a copy of a COT from legal, so we have not yet written this off. However, in searching the Sarasota County Clerk of Court site, I did find where a COT was recorded on 6/3/2016 for a 5/23/2016 sale to 'Branch Banking & Trust'. Therefore, in whatever month we do write this off, the effective date of the property transfer will be 5/26/2016.

² Mr. Dovi received a Mortgage Loan Reinstatement Payment (MLRP) of \$18,000, and 10 months of Unemployment Mortgage Assistance Program (UMAP) payments totaling \$13,389.02.

On January 9, 2017 a status update was requested from the Loan Servicing Senior Analyst who stated:

We did finally received a copy of the COT via CoreLogic and we wrote this loan off. Note that even though we wrote this off, if something is 'wrong' with the loan or loan write off, we are able to (and have) reversed foreclosure write offs.

WITNESS INTERVIEWS

On June 10, 2016, OIG staff conducted an unrecorded telephone interview of Ms. Panecki, who is the owner of 4608 Maraldo Avenue. According to Ms. Panecki:

- John Dovi, Jr. is her son;
- She cannot remember details about his activities after his power was turned off at 3963 Vana Dr.;
- She does not know where he currently lives; and
- She was just released from the hospital, where she was on lift support and she said she did not feel well enough to answer additional questions.

On June 1, 2016, OIG staff conducted an unrecorded telephone interview of Ms. McVety, who is one of the owners of 4607 Maraldo Avenue. According to Ms. McVety, she has paid the utilities at the residence until February 2, 2015, and Mr. Dovi has paid the utilities since March 2015.

Note: This time period was after the HHF Program funding; therefore, Ms. McVety was not requested to provide any additional information.

In June 2016, OIG staff made several attempts to contact Mr. Arevalo via an email address and on four phone numbers listed on a CLEAR report as associated with him. However, OIG staff were unable to reach him because the email was returned as undeliverable, one phone number was disconnected, another number had a full voicemail, and he has not responded to messages left for him on the other two numbers.

SUBJECT INTERVIEWS

On May 16, 2016, OIG staff called and left a voicemail message for Mr. Dovi; however, to date he has not returned the call.

FINDINGS/CONCLUSIONS

The allegation of fraud against Mr. Dovi, who allegedly did not occupy his residence during the time period of HHF Program funding, was **Supported**. The finding of supported was based on the utility information provided by the SCPA for 3963 Vana Dr., which shows that Mr. Dovi did not have a utility account during the HHF Program funding time period; however, Mr. Arevalo maintained a utility account at the residence during four months of the HHF Program funding. In addition, the records provided by the SCSO show that the agency responded to two incidents at 3963 Vana Dr. involving an "Alex Arevalo" and Mr. Arevalo during the HHF Program funding time period.

In accordance with §20.055(7)(c), F.S., on June 27, 2016, this investigation was coordinated with the Florida Department of Law Enforcement (FDLE) for a possible violation of:

- Title 18, United States Code, §1001, False Statements;
- Section 817.034, Florida Statutes (F.S.), Making false statement to obtain property or credit;
- Section 817.545, F.S., Mortgage Fraud; and/or

- Section 837.06, F.S., False Official Statements.

On December 16, 2016, FDLE advised the OIG that they would not initiate a criminal investigation based on the following:

On October 27, 2016, SA Sarney and Resident Agent in Charge Greg Monk reviewed the case and determined that no further leads exist, and that there is insufficient evidence or testimony to present the case to a prosecutor. No further investigative action will be taken, and the case is closed.

INSPECTOR GENERAL COMMENTS

The OIG recommends that HHF Program management require Mr. Dovi to return the HHF Program funds his lender received on his behalf totaling \$31,389.02. However, as reported above, the lender has foreclosed on Mr. Dovi's home; and his HHF Program mortgage will be written off after the Certificate of Title (COT) is received by Florida Housing.

CERTIFICATIONS

This investigation has been conducted in compliance with the "Quality Standards for Investigations" found within the *Principles and Standards for the Office of Inspector General*.



Name, Title, Office of Inspector General

APPROVALS

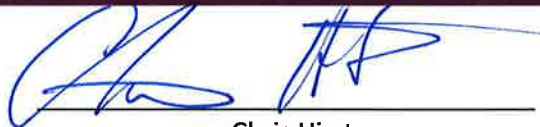


Melanie Yopp

HHF Internal Investigator/Auditor

1/20/17

Date



Chris Hirst

Inspector General

1-23-17

Date