



Florida Housing

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Office of Inspector General

Investigative Report

170222-01

June 28, 2017

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

**Office of Inspector General
Investigative Report
Case Number 170222-01**

INTRODUCTION

On February 22, 2017, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) received an email from Lynn Brady, Hardest Hit Fund (HHF) Analyst, regarding Faustin Cileus, HHF Program applicant. Specifically, Ms. Brady expressed concerns about the authenticity of a “no-fault letter¹” Mr. Cileus provided as part of his HHF Program loan application. The letter dated February 7, 2017 (Exhibit 1), had the business name, “OF LAKES SHERBROOKE HOMEOWNERS ASSOCIATION, INC.” and stated the following, “Please be advised Faustin Cileus wasn’t terminated, he has been Lay-off since March 11th, 2013 and is no longer employed by Lakes of Sherbrooke Homeowner’s Associate, Inc.” In the email, Ms. Brady stated:

This is the one I faxed the letter to the previous employer (part time job) because to verify it came from him. The employer called and said the letter was a complete forgery. Said the original letter he did 2/1/17 just said the applicant was no longer employed. The applicant came back and said he needed more and the employer said the only thing he could put was he was terminated which he did in a new letter. . .

The OIG initiated an investigation based on the information provided.

ALLEGATIONS

It is alleged Mr. Cileus provided falsified documents and made false statements/certifications on his HHF Program application about circumstances surrounding his termination of employment with the Lakes of Sherbrooke Homeowners’ Association, Inc. (Lakes of Sherbrooke HOA) in order to be found eligible to receive payments from HHF Program funds. If supported, these allegations would constitute a violation of federal and/or state laws, including:

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

EXECUTIVE SUMMARY

From February 22, 2017 to May 10, 2017, OIG staff conducted interviews and reviewed significant documentation/records related to the allegations. As a result of the investigation, OIG staff determined that the allegation of Mr. Cileus providing falsified documents and making false statements/certifications on his HHF Program application about circumstances surrounding his termination of employment with the Lakes of Sherbrooke HOA in order to be found eligible to receive payments from HHF Program funds was **Supported**.

¹ One of the HHF Program eligibility requirements for applicants is for them to provide proof of having a qualifying hardship (unemployment or underemployment) through no fault of their own.

COMPLAINANT INTERVIEW

In her original complaint, Ms. Brady provided details of her knowledge of the issues related to the employment letter provided by Mr. Cileus as part of his HHF Program application. When OIG staff contacted Ms. Brady, she said she did not have any additional information to provide. Therefore, OIG staff did not conduct a recorded interview with Ms. Brady.

DOCUMENTATION/RECORDS ANALYSIS

HHF Program Application

A review of Mr. Cileus' HHF Program application documents (Exhibit 2), shows he signed the application on January 27, 2017. The results of the review are listed below by related documents, which are listed in bold:

- On his **HHF Intake Form**, Mr. Cileus reported:
 - His hardship as "unemployment";
 - He signed, certifying the following statement:

By signing below, I/We certify that the information and documentation provided is true and correct to the best of my/our knowledge.

- In his **Hardship Letter** dated January 27, 2017, Mr. Cileus stated:
 - He was still employed by his primary employer; but his explanation of how the hardship occurred was, "I was laid off from my second job due to cut in the company"; and
 - When asked about having "significant loss of business income" he said, "I lost big part of my income when I lost my second job."

Counselor Direct Database

A review of the **Member Notes** (Exhibit 3) on Mr. Cileus' HHF Program files on the Counselor Direct (CD) database, provided details about the processing of his HHF Program application by HHF Advisors Enith Jaimes Guarin (Guarin) and Eartha James, which are listed below by date (paraphrased):

- January 9, 2017, Mr. Cileus initiated his HHF Program application when he went to the Debt Management Credit Counseling Corporation (DMCC), Lighthouse Point, FL, and met with Ms. Guarin.
- January 10, 2017, Ms. Guarin reported he was to have returned to their office with the required documents.
- January 16, 2017, Ms. Guarin sent an email to Mr. Cileus asking for additional documents needed for his HHF Program application.
- January 19, 2017, Mr. Cileus met with Ms. Guarin, but she said he became upset when she asked him for his self-employment income information:
 - He said he did not have any other income, but had "just put that on his taxes to get more money"; and
 - When Ms. Guarin said she told him he would have a problem due to the lender and HHF underwriter questioning that income, Mr. Cileus said he wanted his documents back and did not need the HHF Advisor's help.
 - When Mr. Cileus was asked to write a letter withdrawing from the HHF Program, he "refused."
- On January 24, 2017, Ms. Guarin sent Mr. Cileus an email in which she explained:
 - Florida Housing received a message from him indicating that the HHF Advising agency had not communicated with him;
 - Their records showed he was in their office on January 19, 2017, but he ended the counseling by stating he was withdrawing from the HHF Program; and

- If he wished to continue with his HHF Program application, then he needed to contact her.
- On January 25, 2017, Ms. James called Mr. Cileus notifying him that his file had been reassigned to her and she would review the documents on file.
- On January 27, 2017, Ms. James said she met with Mr. Cileus, who:
 - Signed an “updated HHF [HHF Intake Form/application],” and provided his P&L [profit and loss]”;
 - Was advised “he would need to send 2014 W2”; and
 - Indicated he would forward it “ASAP”.
- On February 13, 2017, Ms. James said she spoke to Mr. Cileus, who:
 - Advised IRS is stating they do not have his 2012 and 2014 wage and income transcript;
 - Said his previous employer would not provide a new letter;
 - Was advised without the information he would be deemed ineligible; and
 - Said he would “try to forward what he can.”
- On February 14 and 15, 2017, Ms. James said she left voicemail messages, “following up on required documents” and requested a call back.
- On February 20, 2017, Ms. James said she called and spoke to Mr. Cileus about the status of his HHF Program application and she told him:
 - HHF Program staff contacted his former employer, Mr. Jackson [Lakes of Sherbrooke HOA] to verify employment history; and
 - He still owned them a mortgage note, documentation regarding his homestead exemption, and he said he would forward the documents ASAP.
- On March 7, 2017, Ms. James contacted Mr. Cileus, who:
 - Said he was making other arrangements;
 - Would contact her if he still needed assistance; and
 - Was requested to provide a cancellation letter, but he did not.
- On April 24, 2017:
 - Mr. Cileus was deemed ineligible to receive HHF Program funds due to no activity on his application for a period of 30 days or more (Exhibit 4); and
 - Ms. James requested to have his HHF Program application cancelled due to not being able to reach Mr. Cileus since March 7, 2017 (Exhibit 5).

HHF Advisor Manual

As of December 2016, the **HHF Advisor Manual** provides the details listed below regarding an applicant and the requirements of a qualifying hardship, with pertinent parts listed below:

7. Has the client experienced a qualifying hardship (unemployment, underemployment, death, divorce or disability)?
 - a. Borrower/co-borrowers will only be eligible for the program if they are unemployed or substantially underemployed, through no fault of their own or has had a financial hardship due to Death, Divorce or Disability.
 - i.2. Borrower/co-borrower in all instances will need to certify the qualifying hardship via the Hardship Letter and the Hardship Affidavit.
 - i. Borrowers/co-borrowers who have voluntarily left work without good cause attributable to his or her employing unit or has been discharged by the employing unit for misconduct connected with his or her work, based on a finding by the Department of Economic Opportunity are not eligible for assistance.

WITNESS INTERVIEWS

Former employer, the Lakes of Sherbrooke HOA

On May 8, 2017, OIG staff sent an email to Siromik Jackson, Property Manager, the Lakes of Sherbrooke HOA, with an attachment of the employment letter Mr. Cileus had provided as part of his HHF Program application (see Exhibit 1). Mr. Jackson called OIG staff and stated the following in a recorded interview (paraphrased):

- The letter provided by Mr. Cileus is a “forgery” and he explained:
 - Mr. Cileus requested and was provided with a letter on January 10, 2017, stating that he was no longer employed with the Lakes of Sherbrooke HOA;
 - Mr. Cileus returned and asked for another letter with more details:
 - Mr. Jackson said he told Mr. Cileus he could only say that he was “terminated” in the letter, but he could not say “he was temporary laid off or anything like that . . . and that the only thing he could state is the truth”;
 - On February 1, 2017, he provided Mr. Cileus with a second letter, which stated that he had been terminated on March 11, 2013; and
 - Mr. Jackson had signed the letter.
- He said the next contact he had was from Ms. Brady, who questioned the letter and sent it to him for his review:
 - He said he told her it was “absolutely a forgery”; and
 - He pointed out to her that his name and the name of the homeowner’s association were misspelled.
- He said he would email OIG staff copies of the two letters he provided to Mr. Cileus.

Note: On May 10, 2017, OIG staff sent an additional email to Mr. Jackson requesting he provide the two letters. To date, he has not provided the letters.

HHF Advisors, DMCC

Details of the activities related to the HHF Advisors, Ms. Guarin and Ms. James, processing Mr. Cileus’ HHF Program application were listed above in the Documentation/Records Analysis section under the review of the **Member Notes** (see Exhibit 3). On May 9, 2017, OIG staff sent an email to the HHF Advisors asking whether they had any additional information regarding the Lakes of Sherbrooke HOA employment letter or had concerns about the authenticity of any information Mr. Cileus provided to them. Ms. Jessica Francese, Education and Housing, DMCC, provided the following response on May 9, 2017:

Enith Guarin forwarded me your email and I discussed this with both, Eartha James and Enith. They stated they have no reason to think that Mr. Cileus's [sic] paperwork was inauthentic. Please let us know if there is anything else we can assist with or if you have any further questions.

SUBJECT INTERVIEWS

In an email dated May 9, 2017, OIG staff requested to speak with Mr. Cileus and explained that if he did not respond by May 16, 2017, then it would indicate he did not wish to speak with OIG staff about his HHF Program application. To date, he has not responded.

FINDINGS/CONCLUSIONS

It is alleged Mr. Cileus provided falsified documents and made false statements/certifications on his HHF Program application about circumstances surrounding his termination of employment with the Lakes of Sherbrooke HOA in order to be found eligible to receive payments from HHF Program funds. This allegation was **Supported** by Mr. Jackson, who confirmed the letter was not authentic because he did not author or sign the document.

In accordance with Section 20.055(7)(c), F.S., on May 22, 2017, this investigation was coordinated with the Florida Department of Law Enforcement (FDLE) for a possible violation of federal and/or state laws, including:

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

On June 23, 2017, FDLE advised that:

Based upon the facts as presented by OIG in this matter coupled with the fact that Cileus did not provide a statement to FDLE, it was determined that FDLE would not be pursuing criminal charges.

INSPECTOR GENERAL COMMENTS

The OIG does not have any additional comments or recommendations.

CERTIFICATIONS

This investigation was completed in accordance with accreditation standards established by The Commission for Florida Law Enforcement Accreditation and has been conducted in compliance with the "Quality Standards for Investigations" found within the *Principles and Standards for the Office of Inspector General*.



Name, Title, Office of Inspector General

APPROVALS



Melanie Yopp
Investigator



Date



Chris Hirst
Inspector General



Date