

Bernard "Barney" Smith, Chairman  
Brian Katz, Chair of the Audit Committee  
Steve Auger, Executive Director

Chris Hirst, Inspector General

OFFICE OF INSPECTOR GENERAL  
MEMORANDUM OF INVESTIGATIVE REPORT

**DATE:** August 20, 2014

**TO:** Barney Smith, Chairman, Board of Directors  
Brain Katz, Audit Committee Chair  
Steve Auger, Executive Director

**FROM:** Christopher T. Hirst, Inspector General 

**SUBJECT:** Investigative Report # 130529-01

In accordance with section 20.055(6), Florida Statutes, which charges the Office of Inspector General to conduct investigations of allegations of fraud, waste, mismanagement, misconduct and other abuses, we respectfully submit the following investigation.

If you have questions or comments concerning the report, please contact Inspector General Chris Hirst at (850) 488-4197.

Attachment

Distribution:

Barney Smith, Chairman, Board of Directors (report via PDF)  
Steve Auger, Executive Director (report via PDF)  
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Wellington Meffert, General Counsel (report via PDF)  
David Westcott, Director of Homeownership Programs (report via PDF)



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## **Office of Inspector General**

Investigative Report

130529-01

August 20, 2014

**Chris Hirst, Inspector General**

Enhancing Public Trust in Florida's Affordable Housing

**Barney Smith, Chairman**  
**Brian Katz, Audit Committee Chairman**  
**Steve Auger, Executive Director**

**Chris Hirst, Inspector General**

August 20, 2014

***Office of Inspector General***  
***Investigative Report***  
***Mr. Robert Bruist***  
**Case Number: 130529-01**

**PREDICATE**

On May 29, 2013, the Department of Financial Services notified the Florida Housing Finance Corporation (Florida Housing), Office of the Inspector General (OIG), that Hardest Hit Fund (HHF) applicant, Robert Bruist, was under investigation for embezzling funds from the now-defunct Center for Independent Living of Southwest Florida. Mr. Bruist was the Executive Director of the non-profit which provided services to persons with disabilities in Charlotte, Collier, Glades, Hendry and Lee counties. He was arrested on July 20, 2012 and his home was subsequently foreclosed upon on September 25, 2013. The OIG initiated an investigation to determine if the file had been properly reviewed for fraud, in accordance with HHF program requirements, and to monitor the outcome of the external investigation and subsequent criminal trial.

**PURPOSE SCOPE AND METHODOLOGY**

The OIG reviewed files and cases notes in Counselor Direct and made inquiries to the Department of Financial Services regarding the status of their investigation concerning Mr. Bruist. In addition, website information was reviewed relating to Mr. Bruist's criminal history and property records.

**EVIDENCE GATHERED**

Mr. Bruist originally applied for the Unemployment Mortgage Assistance Program (UMAP) HHF funds on 9/24/2012 and his application indicated that he was unemployed. His hardship letter stated his health had declined and that he was on disability. He provided unemployment records that supported his claim of hardship eligibility. However, he did not report that his prior employer was



the Center for Independent Living of Southwest Florida. On October 2, 2012, he reported to the advisor that he had actually lost his job and the organization he worked for had closed.

Mr. Bruist's file was cleared from underwriting on November 12, 2012. The review of his file by the lender was delayed for several months because Mr. Bruist indicated on the Authorization for Release of Information (ATRI) that his servicer was Wells Fargo; however, it was actually Rushmore. A revised ATRI was completed and sent to Rushmore for lender review on March 27, 2013.

On March 27, 2013, the lender review began and on October 15, 2013, it concluded with the lender declining the file and declaring Mr. Bruist ineligible. However, his residence had already been foreclosed upon on September 25, 2013.

Mr. Bruist did not disclose to advisor and/or agency underwriter staff that he was being investigated by the Department of Financial Services or of his subsequent arrest. The OIG notified HHF staff of the criminal investigation and arrest on May 29, 2013. To prevent further eligibility decisions from being made, HHF program management put his case on hold pending the outcome of the OIG Investigation.

## CONCLUSION AND RECOMMENDATIONS

Florida Housing does not perform criminal background checks on HHF applicants. However, had a background check of the Lee County Public Records been performed, it would have only shown an arrest and not a conviction for felony charges. HHF UMAP eligibility is based upon prior mortgage or real estate related convictions, not embezzlement of funds like the allegations against Mr. Bruist.

On April 3, 2014, Mr. Bruist was found guilty on all charges, including the fraud and embezzlement charges. On May 13, 2014, he was sentenced to 39 years in prison — 17 years each for the grand theft and white collar crime charges and an additional five years for a communications fraud charge, each to be served consecutively.

The OIG determined that the Florida Housing advisor agency and underwriting staff adequately reviewed the file consistent with HHF requirements. Also, HHF management appropriately put Mr. Bruist's eligibility determination on hold pending the outcome of the OIG Investigation.

Since Florida Housing and the lender did not approve Mr. Bruist's HHF funding application, there are no moneys required to be returned.

The OIG has no recommendations regarding the processing of this file. Going forward though, Florida Housing's HHF program management may want to consider adding a "hold status" in Counselor Direct to ensure that payments are not made to applicants who have subsequently been found to be under investigation or arrested for acts related to their prior employment.

The OIG will forward this report to the U.S. Treasury in accordance with HHF procedures.

*This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations. Under the authority of Section 20.055 (6)(d), Florida Statutes*