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Office of Inspector General

Investigative Report

140923-01

November 20, 2015

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

**Office of Inspector General
Investigative Report
Case Number 140923-01**

INTRODUCTION

On September 23, 2014, the Florida Housing Finance Corporation's (Florida Housing) Office of Inspector General (OIG) received an email from Hardest Hit Fund (HHF) program management requesting an OIG review of a questionable employment verification letter submitted by HHF applicant Jose Hernandez. Amerinational Community Services, Inc., the HHF underwriter for Mr. Hernandez's application, originally requested the employment verification letter.

The OIG initiated an investigation based on the information provided.

ALLEGATIONS

Mr. Hernandez allegedly committed fraud by providing a false document relating to his HHF Unemployment Mortgage Assistance Program/Mortgage Loan Reinstatement Program (UMAP/MLRP) application, which would have verified his previous employment. The HHF Advisor manual, as of June 2012, requires applicants to have a qualifying hardship (unemployment/underemployment) that is no fault of their own. Unemployed applicants can certify a qualifying hardship by providing proof of unemployment, or in cases where unemployment was not received or applied for, by providing an employment verification letter from their prior employer.

If supported, the allegation would constitute a violation of federal and/or state laws, including:

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

EXECUTIVE SUMMARY

The Office of Inspector General conducted interviews and reviewed significant documentation/records relating to the allegation. As a result of the investigation, the Office of Inspector General determined that the allegation of fraud by Mr. Hernandez's submission of a false document was **Supported**.

COMPLAINANT INTERVIEW

On January 14, 2015, the Office of Inspector General conducted a telephone interview of Meta Johnson, Underwriting Manager, Amerinational Corporation. The following represents actual and paraphrased statements made by Ms. Johnson:

Ms. Johnson stated that the letter in Mr. Hernandez's HHF application file was first questioned when it was reviewed by one of her staff as a part of the underwriting process. The staff underwriter notified Ms. Johnson that the letter was questionable due to grammatical errors and it did not appear to be on appropriate letterhead. Ms. Johnson reviewed the employment verification letter and on

September 22, 2014, emailed the HHF Program Management to report her concerns with the letter. These concerns included an invalid letterhead, the format, and grammatical issues.

DOCUMENTATION/RECORDS ANALYSIS

A review was done of the employment verification letter provided by Mr. Hernandez to his HHF Advisor agency (Exhibit 1). The letter in question, dated July 7, 2014, was reviewed and several issues were noted including that it contained spelling and grammatical errors. For example, the phrase "due to slow business" was spelled "dew to Slow buissnes". Additionally, the letter was signed by Samuel Soto, Executive Chef, Doubletree Corporation and indicated that Mr. Hernandez was "laid off" on October 15, 2013.

A review of Mr. Hernandez's HHF application, dated August 12, 2014, was completed (Exhibit 2). The application shows that Mr. Hernandez had applied for UMAP/MLRP funds and certified to provide accurate, true and correct to the best of his knowledge information, and documentation. In addition to the issues relating to his employment letter, the social security number used on Mr. Hernandez's application did not match the background information obtained by the OIG.

A review of the "Income" file letter dated July 22, 2014, from Mr. Hernandez was performed (Exhibit 3). The letter indicated that Mr. Hernandez had two jobs (one at the Doubletree and the second at Nemours) and then lost his job at Doubletree on October 15, 2013. Mr. Hernandez indicated that he maintained his other job at Nemours after leaving Doubletree. Note: This statement and the statement in his employment letter conflict with Barbara Grant, Human Resources Assistant, Columbia Sussex (Doubletree) Inc.'s testimony.

WITNESS INTERVIEWS

On October 2, 2014, the Office of Inspector General conducted a telephone interview of Barbara Grant, Human Resources Assistant, Columbia Sussex (Doubletree) Inc. The following represents actual and paraphrased statements made by Ms. Grant:

Ms. Grant was asked to explain any knowledge or records that she had relating to both Samuel Soto, the signatory for Mr. Hernandez's employment letter and Mr. Hernandez. Ms. Grant stated that her records showed that Mr. Soto was a Chef at the Doubletree and had terminated on August 23, 2013. Ms. Grant stated that Mr. Hernandez worked at the Doubletree from March 29, 2010 until June 09, 2013, and that Mr. Hernandez voluntarily quit his job to take another job. Ms. Grant did not know where the employment letter originated from or why the Doubletree letterhead was used since Mr. Soto was not employed on the date of the letter, July 7, 2014.

On January 9, 2015, the Office of Inspector General conducted a telephone interview of Maria Bandon, HHF Advisor, H.E.L.P. CDC. The following represents actual and paraphrased statements made by Ms. Bandon:

Ms. Bandon stated that she was the assigned advisor for Mr. Hernandez. She explained that Mr. Hernandez generally faxed in his supporting eligibility documents and that they would discuss his case over the phone. She recalled meeting Mr. Hernandez at one of the HHF marketing outreach events. She did not recall any particular issues or have any concerns regarding Mr. Hernandez's file. The OIG did inquire as to how Mr. Hernandez's residency/citizenship was verified. Ms. Bandon stated that she verified Mr. Hernandez's driver's license and did not recall any issues related to his social security number.

The Office of Inspector General contacted Samuel Soto's previous employer, Doubletree, in an attempt to obtain Mr. Soto's contact information. The OIG discovered Mr. Soto was employed with Green Spring Village. Subsequently, the OIG contacted the Green Spring Village personnel office who stated that Mr. Soto had recently left his position; however, the company would not disclose any further information without a subpoena.

SUBJECT INTERVIEWS

At first, the OIG was unable to reach Mr. Hernandez in order to obtain his testimony. Subsequently, on January 30, 2015, the OIG emailed Mr. Hernandez to schedule an interview. Mr. Hernandez requested a translation of the questions into Spanish since he did not feel comfortable responding to questions of this nature in English. On February 17, 2015, with the assistance of Florida Housing's Office of Communications, the OIG emailed the interview questions to Mr. Hernandez in Spanish and requested a written response that could be provided in Spanish. Mr. Hernandez did not initially respond to the questions.

On May 27, 2015, Mr. Hernandez did discuss his case through his sister, Roxanna Hernandez. Mr. Hernandez confirmed that the social security number used on his HHF application was incorrect with the sixth digit being off by one digit. Mr. Hernandez did not know the reason for this error, but he stated that it could have been a typographical error. Regarding his employment at the Doubletree, Mr. Hernandez stated that he did work for Mr. Soto for five years and that he left the job since the Doubletree was cutting his hours.

FINDINGS/CONCLUSIONS

The allegation of fraud against Jose Hernandez was **Supported**. Mr. Hernandez committed fraud by providing a falsified document relating to his HHF application, which would have supported his claim of prior employment. Testimony and Counselor Direct (CD) notes confirm that Mr. Hernandez sent the employment verification letter to his HHF Advisor as proof of prior employment and hardship. The OIG verified that Mr. Soto was not authorized to prepare the employment letter since he was not employed by Doubletree when the letter was dated. The OIG found no evidence to support that Mr. Hernandez requested Mr. Soto to prepare the letter or that Mr. Hernandez forged Mr. Soto's letter. However, the OIG did find that Mr. Hernandez's employment letter contained inaccurate information. The employment letter is inaccurate since it indicates that Mr. Hernandez was laid off while the testimony of both the Doubletree personnel staff and Mr. Hernandez indicate that he voluntarily left his job. It should be noted that the OIG did confirm that Mr. Hernandez previously worked at the Doubletree as supported by W-2 records.

In addition, the social security number that Mr. Hernandez provided on his application did not match with background information that the OIG obtained. The OIG was unable to determine if Mr. Hernandez provided the fictitious social security number in an attempt to defraud the Florida Housing HHF program.

In accordance with §20.055(6)(c), F.S., on August 24, 2015, 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 817.03, Florida Statutes (F.S.), Making false statements to obtain property or credit; Section 817.545, F.S., Mortgage Fraud; and/or Section 837.06, F.S., False Official Statements. On September 28, 2015, FDLE advised that they would not initiate a criminal investigation and stated the following:

The review of the complaint and consultation with FDLE legal counsel resulted in the decision to not open an investigation. The suspect in the complaint, Jose Hernandez, could have only been charged with misdemeanor counts of Making False Statements to Obtain Property or Credit (FSS 817.03) or

False Official Statements (FSS 837.06). The fact that the application for assistance from the FHFC was denied played into the decision and the IG should be commended for their attention to detail.

INSPECTOR GENERAL COMMENTS

The OIG determined that HHF Program management and the HHF Underwriter (Amerinational) took the appropriate actions to prevent the funding of Jose Hernandez's HHF application, since it contained potentially fraudulent or inaccurate information.

CERTIFICATIONS

This investigation was completed 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

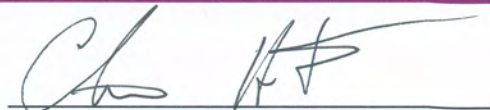
APPROVALS

Investigator Separated from Corporation

Name
Investigator

11-20-15

Date



Chris Hirst
Inspector General

11-20-15

Date