



Florida Housing

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Office of Inspector General

Investigative Report

170321-01

April 24, 2018

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

**Office of Inspector General
Investigative Report
Case Number 170321-01**

INTRODUCTION

On March 21, 2017, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) received an email from Katria Watkins, Hardest Hit Fund (HHF) Advisor, Corporation to Develop Communities of Tampa, Inc. (CDC), regarding Margaret Stewart, HHF Program applicant. Specifically, Ms. Watkins stated:

I wanted to reach out just as an FYI- we have a client who appears to have created a fraudulent no fault letter.¹ The former employer has confirmed via email reply that she did not write or sign the statement. Applicant has not received any HHF funding; however, we wanted to just inform you of the situation. The file is for UMAP/MLRP [Unemployment Mortgage Assistance Program/Mortgage Loan Reinstatement Payment Program] applicant, Margaret Stewart- File # 140944. The documents have been uploaded and exported into Counselor Direct. Please let me know if you have any questions.

According to Ms. Watkins, after she confirmed that the employment letter was a fraudulent document, Ms. Stewart was deemed ineligible to receive HHF Program funds due to not having an eligible hardship and was sent an ineligibility letter on March 21, 2017.

The OIG initiated an investigation based on the information provided.

ALLEGATIONS

It is alleged Ms. Stewart provided a falsified document and made false statements/certifications on her HHF Program application about circumstances surrounding her termination of employment with Suarez Home and Finance Corp 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 March 21, 2017 to June 16, 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 Ms. Stewart providing a falsified document and making false statements/certifications on her HHF Program application about circumstances surrounding her termination of employment with Suarez Home and Finance Corp 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

On March 24, 2017, OIG staff conducted a recorded telephone interview of Ms. Watkins, who was the HHF Advisor working with Ms. Stewart during her HHF Program application process. Ms. Watkins stated the following (paraphrased):

- Ms. Stewart started to apply for the HHF Program benefits on December 3, 2016.
- The CDC corresponded with Ms. Stewart “for quite some time” informing her of the documents needed to process her application.
- The most recent activity was in March 2017:
 - Ms. Stewart had indicated that she had been “out sick” from work, was asked to provide paystubs, but then said, “I am no longer working”;
 - Ms. Stewart was asked via email to explain why she was no longer working as the most recent hardship and to provide a no fault letter from her employer;
 - On March 16, 2017, Ms. Stewart responded via email stating that she could provide a letter from her employer;
 - On March 21, 2017, Ms. Stewart provided a no fault letter via email to Ms. Watkins;
 - According to Ms. Watkins, she had the following concerns about this letter:
 - It did not appear to be printed on official letter head;
 - “There were somethings that kind of stood out about it”;
 - She located the contact information for the employer from the Internet;
 - She contacted the employer, Chris Suarez, who said she was not aware of the letter and asked for a copy; and
 - She faxed a copy of the letter to Ms. Suarez, who reviewed it and stated:
 - She did not write the letter; and
 - That Ms. Stewart had actually been let go due to attendance reasons.
 - Ms. Watkins said the last contact she had with Ms. Stewart was on March 21, 2017, when she sent her an ineligibility letter due to not having a qualifying hardship.

DOCUMENTATION/RECORDS ANALYSIS

A review of the HHF Program files on the Counselor Direct (CD) database, provided the: HHF Program Application; no fault letter and relevant documentation; and the Member Notes, which consists of the email correspondence between Ms. Stewart and Ms. Watkins. The results of the review are summarized below by related documents, which are listed in bold:

HHF Program Application

A review of Ms. Stewart’s HHF Program application (Exhibit 1), shows she signed the application on December 15, 2016:

- On her **HHF Intake Form**, she reported her hardship as “Other Involuntary Loss or Reduction in Income”; and
- She 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 her **Hardship Letter** dated December 15, 2016, Ms. Stewart stated:
 - She had been on a repayment plan, but the mortgage company said she missed the payment in July;
 - Then she “lost” her job; but
 - She did not provide any additional details about her employment with Suarez Home and Finance Corp.

No Fault Letter and Relevant Documentation

A review of the no fault letter provided by Ms. Stewart and the additional relevant documentation from Ms. Watkins (Exhibit 2), confirmed the following:

- On March 16, 2017, Ms. Watkins stated the following in an email to Ms. Stewart:

Before proceeding with submission we need to know why your employment ended. You will need to provide proof that you are no longer working through no fault of your own via a letter on company letterhead. Please let me know if you will be requesting this item from your most recent employer.
- On March 16, 2017, Ms. Stewart responded via email stating, “yes..I’ll have to get this to you tomorrow.”
- On March 21, 2017:
 - Ms. Stewart sent the no fault letter via email to Ms. Watkins; and
 - Ms. Watkins faxed the letter to the employer, Ms. Suarez, who confirmed she did not write the letter.

Member Notes

Pages six through eight of the Member Notes (Exhibit 3) confirmed the information provided by Ms. Watkins about the process she went through to determine that the letter was not an authentic document.

Ineligibility Letter

As reported above, Ms. Stewart was sent an ineligibility letter on March 21, 2017 (Exhibit 4), for “not having a qualifying hardship (unemployment or underemployment) through no fault” of her own.

Note: The HHF Program files also show that she had previously applied for HHF Program funds, but was deemed ineligible on December 20, 2011 (Exhibit 5), due to: her loan to value ratio; and not having a qualifying hardship related to employment.

HHF Advisor Manual

As of February 2015, the **HHF Advisor Manual** provides the details listed below regarding an applicant and the requirements of a qualifying hardship:

7. Has the client experienced a qualifying hardship (unemployment, underemployment, death, divorce or disability)?
 - a. Homeowners 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. Unemployment / Underemployment Hardship
 2. a.i. Applicants 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

In an email dated June 2, 2017, OIG staff provided a copy of the letter to Ms. Suarez, Suarez Home and Finance Corp and requested she call to discuss the matter. On June 5, 2017, Ms. Suarez called OIG staff and stated the following in a recorded interview (paraphrased):

- She spoke with Ms. Watkins, who contacted her and provided her with a copy of the letter;
- She said several items on the letter are incorrect, which are listed below:

- The company name is wrong; it is Corp not Corporation;
- The street address is wrong; it is 3087 not 3067;
- The wording is “absolutely incorrect”;
- The signature is not my signature; and
- It does not have a phone number listed on the letter, “which is required by licensing.”
- She explained that Ms. Stewart asked her via an email to provide a no fault employment letter.
- Ms. Suarez said she did not respond to Ms. Stewart’s email, “due to the type of request,” and “that’s why I was flabbergasted” when she was contacted by Ms. Watkins and OIG staff about the fraudulent letter.
- Ms. Suarez said, “Yeah, no, I can’t lie. That’s why my whole job. That’s my license. Yeah, I don’t think so.”
- She said Ms. Stewart’s dates of employment were October 2016 to March 2017, and she was let go due to absentee issues, which included, “not showing-up to work, calling in sick all the time.”

Note: After the interview, Ms. Suarez sent an email to OIG staff stating Ms. Stewart’s dates of employment were from October 27, 2016 to March 2, 2017. She also forwarded Ms. Stewart’s email dated March 18, 2017 (Exhibit 6), which is listed below:

From: ms [<mailto:joansey21@gmail.com>]
 Sent: Saturday, March 18, 2017 4:16 PM
 To: Suarez Home & Finance Corp. <SuarezHomeFinance@bellsouth.net>
 Subject: Question

Hello Chris. It appears as if I can still get some help from the Florida Hardest Hit fund.

I had to send in the revised P&L statement, and now they want a letter from me stating (on company letterhead) stating what my last day of work was, and the reason I am no longer employed there.

This letter needs to state something like it (wasn't my fault) that I lost the job, which we know is not the case, but I'm desperate to try and stay in my home, so I figured I would as you.

I was thinking that perhaps a slight (spin) like I am no longer employed there due to a slow down in business, which is why I was let go could be said, etc.

I know it's a lot to ask, and I completely understand if you won't do it, but I had to ask as I am in desperate need to do all I can to keep the house, etc.

If you can let me know before Monday at 8:00am, that would be great.

Thanks again, and I am truly sorry I messed things up. I do like you, and I did enjoy working for you.

Either way, I thank you for all that you have done.

Regards,
 Margaret

As reported above, Ms. Suarez said she did not respond to this email or provide the no fault letter to Ms. Stewart.

SUBJECT INTERVIEWS

On June 16, 2017, OIG staff conducted a recorded interview via telephone of Ms. Stewart, who stated the following (paraphrased):

- When asked to explain her hardship, Ms. Stewart said:
 - She previously made more money when she worked for a law firm from approximately February 2014 until September 2016; and
 - She took a position of “less monetary value” with Suarez Home and Finance Corp, where she worked from October 2016 until March 2017.

- When asked for the reason she separated from Suarez Home and Finance Corp, Ms. Stewart stated, "Attendance, to be honest with you. I was having some personal issues and so she let me go."
- During the interview, OIG staff read the no fault letter to Ms. Stewart, which stated she was "let go" due to a decrease in the volume of work and when asked to explain, she said, "Well, I was let go due to attendance reasons for the most part because I was having personal problems and was not showing up."
- When asked whether someone from Suarez Home and Finance Corp provided the letter to her, Ms. Stewart said, "Yes, ma'am."
- Ms. Stewart also stated she:
 - Picked up the letter from the Suarez Home and Finance Corp office, "the day she turned in her keys";
 - Was "not certain" who authored the letter; and
 - Ms. Suarez did not give her the letter, but she received it from "somebody sitting at the desk that I have never seen before."

Note: Ms. Stewart's statements are contrary to those made by Ms. Suarez, who said she did not author or sign the no fault letter for Ms. Stewart. Furthermore, in Ms. Stewart's email to Ms. Suarez on March 18, 2017, Ms. Stewart:

- Requested Ms. Suarez provide a no fault letter; and
- Provided details about what the letter needed to state, specifically ". . .something like it (wasn't my fault) that I lost the job, which we know is not the case, but I desperate to try and stay in my home, so I figured I would as [sic] you."

FINDINGS/CONCLUSIONS

It is alleged Ms. Stewart provided a falsified document and made false statements/certifications on her HHF Program application about circumstances surrounding her termination of employment with Suarez Home and Finance Corp in order to be found eligible to receive payments from HHF Program funds. This allegation was **Supported** by Ms. Watkins and Ms. Suarez, who both confirmed the letter was not authentic. In addition, Ms. Suarez provided a copy of Ms. Stewart's email dated March 18, 2017, in which Ms. Stewart requested Ms. Suarez provide a no fault letter, but acknowledged it was her fault she was terminated. According to Ms. Suarez, she did not respond to this email or provide a no fault letter to Ms. Stewart.

In accordance with Section 20.055(7)(c), F.S., on June 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 April 16, 2018, Edie Neal, Resident Agent in Charge, of the Brooksville Field Office for FDLE advised that:

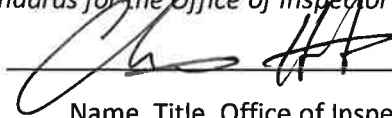
They met w/ the Public Integrity Prosecutor Mark Simpson and he said "no" for prosecuting this one due to her not receiving any HHF Program funds. So, they closed their file on 3/27/18.

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


Chris Hirst
Inspector General


Date


Date