

Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

Thursday, February 14, 2019

Ex-Fannie Mae Employee Found Guilty in Multi-Million Dollar Scheme Involving Property Listings and Approval of Below-Market Sales

SANTA ANA, California – A former employee of Fannie Mae in Irvine has been found guilty of federal fraud charges related to bribes and kickbacks she took from brokers in exchange for Fannie Mae real estate listings and her approval of discounted sales of Fannie Mae-owned properties.

Shirene Hernandez, 46, of Corona, was found guilty on Tuesday of two wire fraud counts that involved the deprivation of honest services. Following the guilty verdicts on Tuesday, a federal jury on Wednesday found that Hernandez must forfeit a piece of property she derived from her criminal conduct.

According to the evidence presented at a five-day trial, Hernandez was a sales representative at the Federal National Mortgage Association (Fannie Mae), a government-sponsored entity under the conservatorship of the Federal Housing Finance Agency (FHFA). As part of its operations, Fannie Mae acquires properties through foreclosures and other methods, and then manages and sells those properties for Fannie Mae's benefit. Since at least 2012, Fannie Mae's profits have gone to the United States Treasury Department for the benefit of the U.S. taxpayer.

As a sales representative, a position she held from 2010 until 2015, Hernandez assigned Fannie Mae-owned properties to real estate brokers and approved sales of the properties based on offers the brokers submitted. In violation of Fannie Mae rules and federal law, Hernandez approved sales of Fannie Mae-owned properties at discounted prices to herself and to the brokers who paid her kickbacks. She also received bribes – mostly in cash payments – in return for listings and commissions that brokers earned on real estate sales.

Hernandez also assigned listings to family members who received nearly \$2 million in commissions in less than three years. For her part in the scheme, Hernandez received more than \$1 million in benefits, including the cash kickbacks and equity in a property she obtained with kickback money.

As part of the scheme, Hernandez purchased a Fannie Mae-owned property in Sonoma that she was responsible for selling, after she rejected higher, market-priced offers in favor of her own below-market price. Hernandez purchased the Sonoma property through intermediaries and affiliates that she controlled, selling it first to a company affiliated with a broker who was bribing her, then directing the broker to transfer the property to her sister-in-law, who paid for the property with

a duffel bag filled with \$286,450 in cash she received from Hernandez – far below the market price. The Sonoma property was rented out and Hernandez received the rent proceeds. The jury on Wednesday found this property – which now is worth hundreds of thousands of dollars more than the purchase price – should be forfeited to the U.S. government.

United States District Judge Andrew J. Guilford has scheduled a May 13 sentencing hearing for Hernandez, who faces a statutory maximum of 20 years in federal prison on each of the two felony offenses.

The case was investigated by the Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG).

The prosecution is being handled by Assistant United States Attorney Kerry L. Quinn of the Major Frauds Section and Assistant United States Attorney Ian V. Yanniello of the General Crimes Section.

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