NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	6/4/2010	FDIC	Yes	
	6/16/2010	HUD	Yes	
	5/10/2010	FDIC	Yes	
	8/27/2009	HUD	Yes	
	8/6/2009	FBI	Yes	
	9/9/2009	FBI	Yes	
	9/25/2009	HUD	Yes	
	8/3/2009	FBI	Yes	
	10/28/2009	FBI	Yes	
	11/3/2009	FBI	Yes	
	11/13/2009	FBI	Yes	
	12/16/2010	FBI	Yes	
	7/27/2010	HUD	Yes	
	9/9/2010	SIGTARP	Yes	
	9/23/2010	SIGTARP	Yes	
	10/21/2009	FBI	Yes	
	7/28/2010	SIGTARP	Yes	
	1/21/2010	FBI	Yes	
	5/12/2010	FBI	Yes	
	1/6/2010	FDIC	Yes	
	5/12/2010	FDIC	Ready to go to CACI	
	1/21/2010	SIGTARP	Yes	
	1/21/2010	FBI	Ready to go to CACI	
	12/13/2010	SIGTARP	Yes	
	10/27/2009	SIGTARP	Yes	
	6/16/2010	HUD	Yes	
	5/18/2010	FBI	Yes	
	7/1/2010	SIGTARP	Yes	
	10/7/2009	FBI	Yes	
	7/27/2010	HUD	Yes	
	4/16/2010	FDIC	Yes	
	8/3/2009	FBI	Yes	
	9/7/2009	FDIC	Ready to go to CACI	
	9/3/2010	HUD	Yes	
	10/9/2009	FBI	Yes	
(b) (7)(E)	7/24/2009	FBI	Yes	
	7/24/2009	FBI	Yes	
	7/27/2009	FBI	Yes	
(b) (7)(C)	9/2/2009	FBI	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	9/4/2009	FBI	Yes	
	9/15/2009	FBI	Yes	
	9/1/2009	HUD	Yes	
	4/21/2009	FBI	Yes	
	8/27/2009	HUD	Yes	
	9/25/2009	HUD	Yes	
	8/27/2010	HUD	Completed, waiting for copy	
Bowman, Raymond	8/10/2009	FBI	Yes	
Bowman, Raymond	10/6/2010	FBI	Yes	
Bowman, Raymond	10/28/2010	FBI	Yes	
(b) (7)(C)	8/3/2009	FBI	Yes	
	5/21/2010	HUD	Yes	
	6/18/2010	SIGTARP	Yes	
	9/28/2010	SIGTARP	Ready to go to CACI	
	8/27/2009	HUD	Yes	
Brown, Desiree	8/28/2009	FBI	Yes	
Brown, Desiree	10/8/2009	FBI	Yes	
Brown, Desiree	8/3/2009	SIGTARP	Yes-4 pages	
Brown, Desiree	8/3/2009	SIGTARP	Yes-1 page	
Brown, Desiree	8/4/2009	SIGTARP	Yes	
Brown, Desiree	8/5/2009	SIGTARP	Yes	
Brown, Desiree	9/3/2009	SIGTARP	Yes	
Brown, Desiree	10/27/2009	SIGTARP	Yes	
Brown, Desiree	5/5/2010	SIGTARP	Yes	
Brown, Desiree	1/20/2011 and 1/21/2011	SIGTARP	Not completed	
Brown, Desiree (phone call)	8/3/2009	SIGTARP	Yes	
(b) (7)(C)	10/27/2009	SIGTARP	Yes	
	8/3/2009	FBI	Yes	
	2/17/2010	SIGTARP	Yes	
	10/9/2009	FBI	Yes	
	8/15/2009	FDIC	Yes	
	8/15/2009	FDIC	Yes	
	3/30/2010	FBI	Yes	
	6/3/2010	SIGTARP	Yes	
	8/3/2009	FBI	Yes	
	12/10/2009	FBI	Yes	
	1/9/2010	FBI	Yes	
	1/11/2010	FBI	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	2/15/2010	FBI	Yes	
	3/4/2010	FBI	Yes	
	3/19/2010	FBI	Yes	
	5/10/2010	FBI	Yes	
	5/13/2010	FBI	Yes	
	6/2/2010	FBI	Yes	
	5/6/2010	FBI	Yes	
	7/16/2010	FBI	Yes	
	11/9/2010	FBI	Yes	
	5/28/2010	HUD	Yes	
	8/27/2010	HUD	Yes	
	9/27/2010	HUD	Yes	
	9/15/2009	FDIC	Ready to go to CACI	
	6/18/2010	HUD	Yes	
	6/15/2010	HUD	Completed, waiting for copy	
	12/13/2010	SIGTARP	Yes	
	3/3/2010	FBI	Yes	
	10/9/2009	FBI	Yes	
	6/1/2010	HUD	Yes	
	7/27/2010	HUD	Pending approval	
	6/15/2010	HUD	Yes	
	9/18/2009	FBI	Yes	
	10/23/2009	FBI	Yes	
	5/24/2010	FBI	Yes	
	3/19/2010	FBI	Yes	
	5/25/2010	HUD	Yes	
	8/12/2009	HUD	Yes	
	2/22/2010	SIGTARP	Yes	
	9/22/2009	FBI	Yes	
	8/11/2010	FDIC	Ready to go to CACI	
	3/16/2010	HUD	Completed, waiting for copy	
	5/18/2009	FBI	Yes	
	8/5/2009	FBI	Yes	
	3/30/2010	FBI	Yes	
	10/13/2009	FBI	Yes	
	5/21/2010	SIGTARP	Yes	
	1/8/2010	FBI	Yes	
	7/28/2010	HUD	Pending approval	
	4/2/2010	FBI	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
DeArmas, Delton	8/3/2009	FBI	Yes	
DeArmas, Delton	12/17/2009	FBI	Yes	
DeArmas, Delton	6/4/2010	FBI	Yes	
DeArmas, Delton	6/4/2010	HUD	Yes	
(b) (7)(C)	8/26/2009	SIGTARP	Ready to go to CACI	
	9/23/2009	FBI	Yes	
	6/16/2010	HUD	Yes	
	6/11/2010	FDIC	Yes	
(b) (7)(E)	8/3/2009	FBI	Yes	
	8/10/2009	FBI	Yes	
	8/10/2009	FBI	Yes	
	8/3/2009	FBI	Yes	
	8/3/2009	FBI	Yes	
	8/10/2009	FBI	Yes	
	8/10/2009	FBI	Yes	
	1/12/2010	FBI	Yes	
(b) (7)(C)	9/7/2009	FDIC	Ready to go to CACI	
	3/10/2010	SIGTARP	Yes	
	12/7/2009	SIGTARP	Yes	
	10/7/2009	FBI	Yes	
	6/16/2010	HUD	Yes	
	10/9/2009	FBI	Yes	
	6/16/2010	HUD	Yes	
	6/8/2010	HUD	Yes	
	4/8/2010	FBI	Yes	
	2/5/2010	FBI	Yes	
	8/11/2009	SIGTARP	Yes	
	10/15/2009	FBI	Yes	
	10/7/2010	FBI	Yes	
	8/17/2010	FBI	Yes	
	8/18/2010	FBI	Yes	
Farkas Arrest	6/15/2010	FBI	Yes	
Farkas Arrest	6/15/2010	FDIC	Yes	
Farkas Arrest	6/15/2010	HUD	Yes	
Farkas, Lee	8/3/2009	FBI	Yes	
Farkas, Lee (b) (7)(E)	6/1/2010	FDIC	Yes	
Farkas, Lee	5/28/2010	FDIC	Yes	
Farkas, Lee	5/24/2010	FDIC	Yes	
(b) (7)(C)	6/15/2010	HUD	Completed, waiting for copy	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	5/26/2010	HUD	Yes	
	7/29/2010	SIGTARP	Yes	
	8/17/2009	SIGTARP	Ready to go to CACI	
	9/6/2009	FDIC	Ready to go to CACI	
	8/3/2009	FBI	Yes	
	8/3/2009	FBI	Yes	
	9/9/2009	SIGTARP	Yes	
	9/8/2009	FBI	Yes	
	9/16/2010	FBI	Yes	
	5/21/2010	SIGTARP	Yes	
	10/9/2009	FBI	Yes	
	1/12/2010	FBI	Yes	
	5/18/2009	FDIC	Yes	
	10/20/2009	FBI	Yes	
	10/27/2010	HUD	Pending approval	
	8/11/2009	SIGTARP	Yes	
	7/29/2010	FBI	Yes	
	9/7/2009	FDIC	Ready to go to CACI	
	8/27/2009	FBI	Yes	
	10/26/2009	SIGTARP	Yes	
	5/28/2010	SIGTARP	Yes	
	10/13/2009	FBI	Yes	
	10/5/2010	HUD	Completed, waiting for copy	
	9/30/2010	FBI	Yes	
	7/28/2010	FBI	Yes	
	5/13/2010	FBI	Yes	
	6/22/2010	HUD	Yes	
	9/23/2009	FBI	Yes	
	11/29/2010	FBI	Yes	
	9/4/2009	FDIC	Ready to go to CACI	
	10/9/2009	FBI	Yes	
	5/21/2010	SIGTARP	Yes	
	10/27/2010	HUD	Pending approval	
	8/15/2009	FDIC	Yes	
	8/15/2009	FDIC	Yes	
	6/15/2010	FBI	Yes	
	4/20/2009	FBI	Yes	
	5/11/2009	FBI	Yes	
	11/4/2009	FBI	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	7/22/2010	FBI	Yes	
	3/19/2010	FBI	Yes	
	10/1/2009	FBI	Yes	
	8/16/2009	FDIC	Yes	
	10/9/2009	FBI	Yes	
	10/9/2009	FBI	Yes	
	8/19/2010	FBI	Yes	
Kelly, Teresa	8/3/2009	FBI	Yes	
Kelly, Teresa	1/17/2011 and 1/18/2011	FBI	Not completed	
Kelly, Teresa	10/8/2009	FBI	Ready to go to CACI	
Kelly, Teresa	4/5/2010	FBI	Ready to go to CACI	
Kelly, Teresa	5/17/2010	FBI	Ready to go to CACI	
Kelly, Teresa	5/21/2010	FBI	Ready to go to CACI	
Kelly, Teresa	3/11/2010	FBI	Ready to go to CACI	
Kelly, Teresa	7/25/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/25/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/11/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/11/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/7/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/6/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/5/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/4/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/1/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/31/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/30/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/29/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/28/2009	FBI	Ready to go to CACI	
Kelly, Teresa	8/3/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/27/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/26/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/24/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/22/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/23/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/21/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/20/2009	FBI	Ready to go to CACI	
Kelly, Teresa	7/15/2090	FBI	Ready to go to CACI	
Kelly, Teresa (b) (7)(E)	7/31/2009	SIGTARP	Yes	
(b) (7)(C)	4/21/2009	FBI	Yes	
	8/17/2009	SIGTARP	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	8/18/2009	SIGTARP	Yes	
	9/16/2009	HUD	Yes	
	10/1/2009	FDIC	Yes	
	9/16/2009	FDIC	Ready to go to CACI	
	6/3/2010	HUD	Yes	
Kissick, Cathie	7/31/2009	FBI	Yes	
Kissick, Cathie	8/1/2009	FBI	Yes	
Kissick, Cathie	8/2/2009	FBI	Yes	
Kissick, Cathie	8/3/2009	FBI	Yes	
Kissick, Cathie	8/5/2009	FBI	Yes	
Kissick, Cathie	8/5/2009	FBI	Yes	
Kissick, Cathie	8/7/2009	FBI	Yes	
Kissick, Cathie	8/10/2009	FBI	Yes	
Kissick, Cathie	8/26/2009	FBI	Yes	
Kissick, Cathie	9/22/2009	FBI	Yes	
Kissick, Cathie	11/24/2009	FBI	Yes	
Kissick, Cathie	5/9/2010	FBI	Yes	
Kissick, Cathie	5/25/2010	FBI	Yes	
Kissick, Cathie	1/18/2011 and 1/19/2011	FBI	Not completed	
Kissick, Cathie	7/31/2009	SIGTARP	Yes	
(b) (7)(C)	10/7/2009	FBI	Yes	
	5/11/2010	FBI	Yes	
	11/3/2009	FBI	Yes	
	12/2/2009	FBI	Yes	
	6/16/2010	HUD	Yes	
	7/13/2010	SIGTARP	Yes	
	10/9/2009	FBI	Yes	
	10/1/2009	FDIC	Yes	
	4/8/2009	FBI	Yes	
	9/8/2009	FDIC	Ready to go to CACI	
	10/9/2009	SIGTARP	Yes	
	6/25/2010	FBI	Yes	
	9/24/2009	FBI	Yes	
	9/4/2009	FDIC	Ready to go to CACI	
	5/25/2010	SIGTARP	Yes	
	6/10/2010	HUD	Yes	
	6/3/2010	HUD	Yes	
	5/11/2010	HUD	Completed, waiting for copy	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	9/2/2009	SIGTARP	Yes	
	12/7/2009	SIGTARP	Yes	
	12/9/2009	SIGTARP	Yes	
	9/22/2009	FBI	Ready to go to CACI	
	6/22/2009	FBI	Ready to go to CACI	
	6/25/2009	FBI	Ready to go to CACI	
	6/25/2009	FBI	Ready to go to CACI	
	9/1/2009	FBI	Yes	
	9/22/2009	FBI	Yes	
	9/6/2009	FDIC	Ready to go to CACI	
	10/27/2009	FBI	Yes	
	1/7/2011	HUD	Pending approval	
	10/7/2009	FBI	Yes	
	12/7/2009	FBI	Yes	
	6/15/2010	HUD	Completed, waiting for copy	
	9/29/2010	SIGTARP	Yes	
	6/16/2009	FDIC	Yes	
	6/14/2010	HUD	Yes	
	3/19/2010	FBI	Yes	
	6/2/2010	HUD	Yes	
	4/2/2009	FBI	Yes	
Meeting with FDIC-DRR Investigations	10/5/2009	FDIC	Yes	
(b) (7)(C)	5/28/2010	FBI	Yes	
	6/23/2009	FBI	Yes	
	9/24/2009	SIGTARP	Yes	
	11/11/2009	SIGTARP	Yes	
	6/15/2010	IRS	Yes	
	7/28/2010	FBI	Yes	
	10/9/2009	FBI	Yes	
	6/22/2009	FDIC	Yes	
	6/21/2009	FDIC	Yes	
	6/16/2009	FDIC	Yes	
	12/29/2010	FDIC	Ready to go to CACI	
	5/28/2010	SIGTARP	Yes	
	10/9/2009	FBI	Yes	
OTS	4/9/2009	FBI	Yes	
(b) (7)(C)	8/13/2009	HUD	Yes	
	6/16/2010	HUD	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	7/13/2010	HUD	Yes	
	9/27/2010	FBI	Yes	
	8/5/2010	FBI	Yes	
(b) (7)(E)	9/9/2009	FDIC	Yes	
	10/5/2009	FDIC	Yes	
(b) (7)(C)	6/15/2009	FDIC	Yes	
	10/9/2009	FBI	Yes	
	6/15/2010	HUD	Yes	
	10/9/2009	FBI	Yes	
	5/21/2010	SIGTARP	Yes	
	10/13/2009	FBI	Yes	
	4/3/2009	FBI	Yes	
	11/4/2009	FBI	Yes	
Ragland, Sean	8/3/2009	FBI	Yes	
Ragland, Sean	5/7/2010	FBI	Yes	
Ragland, Sean	2/19/2010	HUD	Yes	
Ragland, Sean	10/28/2009	SIGTARP	Yes	
Ragland, Sean	2/19/2010	SIGTARP	Yes	
(b) (7)(C)	6/22/2010	HUD	Yes	
	3/22/2010	FBI	Yes	
	1/11/2011	HUD	Pending approval	
	6/22/2010	HUD	Yes	
(b) (7)(E)	3/18/2010	FDIC	Yes	
(b) (7)(C)	5/18/2009	FBI	Yes	
	10/21/2010	FBI	Yes	
	2/11/2010	HUD	Yes	
	9/3/2010	SIGTARP	Yes	
	9/15/2009	SIGTARP	Yes	
	9/16/2009	SIGTARP	Yes	
	4/15/2010	FBI	Yes	
	4/15/2010	FBI	Yes	
	9/4/2009	FDIC	Ready to go to CACI	
	6/21/2010	FBI	Yes	
(b) (7)(C) Kissick)	9/22/2009	FBI	Yes	
	10/19/2010	HUD	Completed, waiting for copy	
(b) (7)(C)	10/7/2009	FBI	Yes	
	11/2/2009	FBI	Yes	
	9/24/2009	FBI	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(E)	8/3/2009	FBI	Yes	
	6/15/2010	FBI	Yes	
	8/3/2009	FBI	Yes	
	8/3/2009	FBI	Yes	
	8/3/2009	FDIC	Yes	
(b) (7)(C)	6/15/2010	FBI	Yes	
	5/7/2010 and 5/14/2010	FBI	Yes	
	12/1/2010	FBI	Yes	
	8/3/2010	FBI	Yes	
	8/26/2009	HUD	Yes	
	9/1/2009	HUD	Yes	
	8/3/2009	FBI	Yes	
	10/14/2009	FBI	Yes	
	12/14/2009	FBI	Yes	
	3/24/2010	FBI	Yes	
	5/19/2010	SIGTARP	Yes	
	8/3/2009	FBI	Yes	
	3/4/3010	FDIC	Yes	
(b) (7)(C) (b) (7)(E)	3/11/2010	FDIC	Yes	
(b) (7)(C) and Delton DeArmas and Lee Farkas	8/3/2009	FBI	Yes	
(b) (7)(C)	9/3/2009	FBI	Yes	
	4/15/2010	FDIC	Yes	
	8/3/2009	HUD	Yes	
	4/1/2009	FBI	Yes	
	11/1/2010	FDIC	Ready to go to CACI	
	8/3/2010	SIGTARP	Yes	
	9/24/2009	SIGTARP	Yes	
	7/28/2010	SIGTARP	Yes	
	8/17/2009	FDIC	Yes	
	2/10/2010	FBI	Yes	
	6/17/2010	FBI	Yes	
	1/24/2011	FDIC	Drafting	
	1/25/2011	HUD	Pending approval	
(b) (7)(E)	4/15/2010	FBI	Yes	
	6/14/2010	FBI	Yes	
	8/17/2010	FBI	Yes	
	5/27/2010	FBI	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(E)	7/27/2010	FBI	Yes	
	3/10/2010	FBI	Yes	
	7/31/2009	SIGTARP	Yes	
	7/31/2009	SIGTARP	Yes	
(b) (7)(C))	6/24/2009	FBI	Yes	
(b) (7)(C)	10/7/2009	FBI	Yes	
	10/20/2009	FBI	Yes	
TBW Electronic Data	11/3/2009	SIGTARP	Yes	
TBW Electronic Data	11/10/2009	SIGTARP	Yes	
TBW Electronic Data	11/10/2009-11/16/2009	SIGTARP	Yes	
TBW Electronic Data	11/15/2009	SIGTARP	Yes	
TBW Electronic Data	12/2/2009	SIGTARP	Yes	
TBW Electronic Data	12/2/2009	SIGTARP	Yes	
TBW Electronic Data	12/10/2009	SIGTARP	Yes	
TBW Electronic Data	12/10/2009	SIGTARP	Yes	
TBW Electronic Data	12/29/2009	SIGTARP	Yes	
TBW Electronic Data	1/5/2010	SIGTARP	Yes	
TBW Electronic Data	2/17/2010	SIGTARP	Yes	
TBW Electronic Data	4/9/2010	SIGTARP	Yes	
(b) (7)(C)	6/21/2010	SIGTARP	Yes	
	4/1/2010	FBI	Yes	
	6/9/2010	FBI	Yes	
	6/9/2010	FBI	Yes	
	10/9/2009	FBI	Yes	
	4/1/2009	FBI	Yes	
	6/8/2009	FBI	Yes	
	7/2/2009	FBI	Yes	
	3/17/2010	FDIC	Yes	
	8/14/2009	FDIC	Yes	
(b) (7)(E) for (b) (7)(C)	6/21/2010	FBI	Yes	
United Funding Corp(b) (7)(E)	6/2/2010	FDIC	Yes	
USPS	4/15/2010	FBI	Yes	
USPS	4/23/2010	FBI	Yes	
Various	6/16/2010	FBI	Yes	
Various	6/16/2010	FBI	Yes	
Various Addresses	6/7/2010	FDIC	Yes	
Visit to TBW	12/2/2009	FBI	Yes	
Visit to TBW	11/3/2009	FBI	Yes	
(b) (7)(C)	10/26/2009	SIGTARP	Yes	

NAME	DATE	AGENCY	COMPELTE AND GIVEN TO CACI?	Production Tranche
(b) (7)(C)	8/27/2009	HUD	Yes	
	9/11/2009	SIGTARP	Yes	
	12/16/2009	SIGTARP	Yes	
	5/21/2010	SIGTARP	Yes	
	8/3/2009	FBI	Yes	
	10/16/2009 and	HUD	Yes	
	12/9/2010	FBI	Yes	
	10/9/2009	FBI	Yes	
	8/3/2009	FBI	Yes	
	12/16/2009	FBI	Yes	
	3/3/2010	FBI	Yes	
	3/3/2010	FBI	Yes	
	5/13/2010	FBI	Yes	
	5/19/2010	FBI	Yes	
	1/27/2010	HUD	Yes	
	5/11/2010	HUD	Yes	
	5/28/2010	HUD	Yes	
	1/12/2011	HUD	Drafting	
	12/6/2010	FBI	Yes	
	5/26/2009	FDIC	Yes	
	8/11/2009	HUD	Yes	
	9/14/2009	SIGTARP	Ready to go to CACI	
	9/2/2009	SIGTARP	Ready to go to CACI	
	9/3/2009	FBI	Yes	
	7/27/2010	FBI	Yes	
	8/13/2009	HUD	Yes	
	4/20/2009	FBI	Yes	
	5/11/2009	FBI	Yes	
	4/1/2009	FBI	Yes	
	7/30/2009	FDIC	Yes	
	10/13/2009	FDIC	Yes	
	10/29/2010	FDIC	Ready to go to CACI	

FEDERAL HOUSING FINANCE AGENCY
OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM OF ACTIVITY

On March 29, 2011, Paul ALLEN was interviewed at the U.S. Attorney's Office, Alexandria, Virginia by Assistant United States Attorney (AUSA) Charles Connolly, U. S. Department of Justice; Special Agent Peter C. Emerzian, Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG); and Special Agent (b) (7)(C), Federal Bureau of Investigation (FBI). Also present were Attorneys (b) (7)(C) ALLEN was advised of the identities of the interviewing attorney and agents and the purpose of the interview. The information set forth below supplements information previously provided by ALLEN during interviews conducted on March 14, 16, & 20, 2011. Prior to the interview, AUSA Connolly informed ALLEN that his testimony must be truthful. ALLEN then provided the following information:

ALLEN was shown an email dated April 17, 2007 (identified as DOJ-ABE-049A-00018329 and attached as Exhibit 1) between ALLEN and Delton DE ARMAS, former Taylor Bean, & Whitaker Mortgage Company (TBW) Chief Financial Officer (CEO). TBW always had issues adhering to the covenants because they were always at the maximum amount and had to manipulate the amounts to be in compliance. ALLEN did not know the size or the details of the due from/due to shareholders accounts. Lee FARKAS, former TBW Chairman, had a loan with Colonial Bank ("Colonial") collateralized by FARKAS' stock. FARKAS had several businesses, which ALLEN identified as Compass Gym, Empanada Restaurant, Sky Asian Restaurant, Dee Dee's Dogs, Nada Airlines, 2130 Partnership and a car wash. FARKAS' businesses had separate agreements with TBW, which ALLEN assumed FARKAS used to fund the businesses. The amount of the funds was in the millions and ALLEN does not believe the funds were paid back. (b) (7)(C) FARKAS, was involved in some of the businesses.

In July 2007, FARKAS and ALLEN had a meeting with Plainfield Asset Management ("Plainfield") in New York and FARKAS obtained a $30 million loan from Plainfield collateralized by FARKAS TBW stock. The price of the stock was set by a third party. ALLEN may have documents related to the transaction. FARKAS paid off the Colonial loan with some of the Plainfield loan proceeds. ALLEN did not know where the funds had originally come from at Colonial. ALLEN advised it would have been inappropriate for FARKAS to have received a loan from a Colonial warehouse line.

FARKAS had a car collection. Although ALLEN did not see this car collection, he believes FARKAS had 40 to 50 cars, based on a comment made by one of the associates at Plainfield, who said she wanted to come to Ocala to see all of FARKAS' cars. FARKAS

owned a red Porsche, which he gave to DE ARMAS. FARKAS also gave (b) (7)(C) an older Mustang.

FARKAS owned several houses including houses in Key West, Florida; Maine, at least one house in Atlanta, and his residence in Ocala. FARKAS never told ALLEN how he could afford all the property he owned. ALLEN described FARKAS as having a "high overhead life style".

One of FARKAS' company, Nada Airlines, owned an airplane hangar that was decorated very nicely. ALLEN recalled the hangar had a mosaic of the TBW logo embedded on the floor. The reception area appeared to be expensively decorated in antique, aviation-type furniture. FARKAS had a jet but wanted a newer one and in 2007 he leased a new French- made jet from G. E. that seated 12 passengers. FARKAS also had a pontoon plane that he used in Maine, but kept the plane at the Ocala hangar in the winter. FARKAS also had three pilots. FARKAS kept Nada Airlines separate from TBW because he was concerned about the liabilities.

FARKAS paid his household staff as TBW employees, including gardeners and maintenance men. ALLEN recalled he was discussing how FARKAS household staff was paid with (b) (7)(C) and (b) (7)(C) said "you don't know the half of it, Lee pays his ex-boyfriends who don't work here".

ALLEN did not know if FARKAS gave real estate property to anyone, but ALLEN was aware DEARMAS, Desire BROWN, and (b) (7)(C) purchased Real Estate Owned (REO) foreclosed properties from TBW. ALLEN believed they purchased the properties as investments.

The décor of the new office space for TBW and Platinum Bank was "over the top". ALLEN believed the cost of the building was approximately $18 million. When ALLEN questioned FARKAS about the building, FARKAS told ALLEN the land had been donated by the city or federal government and construction was cheap in Ocala. The office building and bank were elaborately decorated by a woman hired by FARKAS, whose name he could not recall. The huge board room doors were imported from a country in Europe.

ALLEN was shown various pictures, which he identified as the TBW Office space, Platinum Bank, and airplanes and a hangar owned by FARKAS. FARKAS had the airplane registration number changed to N30LF, the "LF" indicating "LEE FARKAS".

ALLEN did not recall discussing hiding money with FARKAS. FARKAS did tell ALLEN that he did not draw a salary from TBW, but ALLEN felt FARKAS had to derive some income from TBW.

When ALLEN first started working at TBW, he asked DE ARMAS for a cash forecasting report, which DE ARMAS could not produce. ALLEN had numerous conversations with DE ARMAS about the "hole" in Ocala Funding (OF). DE ARMAS knew the "AR" was the

'plug". Sean RAGLAND spoke to DE ARMAS about the "hole" in OF. DEARMAS told ALLEN that the OF funds were used legitimately and the funds were still at TBW. DEARMAS handled TBW's annual audit conducted by auditors from Deloitte, but instead of dealing with the auditors throughout the year, he would wait until the audit had started. ALLEN recalled FARKAS telling the Deloitte auditor (b) (7)(C) in July 2009 that (b) (7)(C) was "going to put TBW out of business" because of the audit. ALLEN did not recall talking with DE ARMAS after TBW closed in August 2009. Due to the time constraints of the FARKAS trial preparation, it was agreed that additional information relating to DE ARMAS will be obtained at another time.

ALLEN was shown an email from ALLEN to (b) (7)(C) and DE ARMAS, dated March 11, 2009 (Identified as DOJ-BGM-052-00077933 and attached as Exhibit 2). The email indicated "Lee is fine with moving REO off-b/s (at least the stuff that is on AOT). Go ahead and send him a draft package when you want". The email subject line was "Jan" and the email was in March around the time the January financials go out. ALLEN wanted to make sure the financials were right and to move the REO "off balance sheet" at least the properties financed on AOT. ALLEN estimated that there was approximately $50 million of REO on AOT. REO came to TBW through two scenarios. The first scenario was if there were problems with the underwriting; TBW would have to buy the loan back, known as "make wholes". The second scenario was if there were no problems with the underwriting, but the borrower failed to make the mortgage payment, TBW would advance the monthly payment usually 4 to 6 months, until the property was foreclosed. After foreclosure, TBW would be reimbursed for the monthly payments that were advanced and these loans were not on recorded on TBW's books.

ALLEN had concerns about the loans TBW was required to repurchase due to faulty underwriting. He did not know how the repurchased loans were financed, because TBW did not have cash available for the repurchased loans. ALLEN provided the following example:

TBW is required to repurchase a $200,000 loan. TBW would have to finance the loan at $200,000 to repurchase the loan, but the loan was not worth $200,000; usually it was 30% less. The property would then be sold, and the loss to TBW would be the difference between the $200,000 and the sales price of the property.

FARKAS had told ALLEN the repurchase financing was coming from the AOT facility at Colonial Bank. The AOT facility was an "off balance sheet" account for TBW, and ALLEN felt if the financing was off balance, the REO should also be recorded as an off balance sheet transaction. REO securities do not exist and REO should not have been on AOT, because AOT was the facility used to fund pools of loans already sold. If the REO financing came back on balance sheet for TBW, "TBW gets crushed".

In July 2009, ALLEN heard from FARKAS, DE ARMAS or BROWN that the REO properties financed in AOT were loans that had fallen out of trades and never sold. ALLEN advised, since they were financed by Colonial Bank, Colonial would own the REO.

ALLEN did not know if Colonial was aware there were REO properties in AOT. ALLEN did not recall ever seeing reports from Colonial Bank requesting the repurchase of loans from AOT, although he saw Freddie Mac and private label reports requesting loan repurchases. ALLEN also indirectly saw reports from BNP Paribas (BNP) requesting loans be removed from Ocala Funding when BNP did their due diligence review.

ALLEN had discussions with DE ARMAS concerning REO, and he told DE ARMAS to do whatever the auditors were comfortable with. ALLEN advised DE ARMAS would refer to D.A.A.P. (Delton Approved Accounting Practices) a play on G.A.A.P. (Generally Accepted Accounting Practices).

In June 2009, FARKAS invited ALLEN to come to Ocala to help resolve a problem with the Deloitte audit. (b) (7)(C) had learned that (b) (7)(C) had told (b) (7)(C) at Colonial Bank that TBW was moving the REO "off balance sheet" and (b) (7)(C) told (b) (7)(C) not to put REO on Colonial's balance sheet.

In July 2009, ALLEN was aware FARKAS, DE ARMAS and (b) (7)(C) had meetings concerning the audit but ALLEN was not invited to participate.

ALLEN's role with the Mortgage Service Rights (MSR) was to insure they were valued correctly and to oversee the hedging of the MSRs by (b) (7)(C). An MSR is established when a loan is sold; loans not sold have no MSR. The MSR on a loan is usually valued at 25 basis points (BPS) times 4 equaling 100 BPS or 1%; on $200,000 the MSR would be $2,000.

TBW used three different contractors to do third party estimates for MSR values, which he identified as Mountainview Servicing Group ("Mountainview"), Mortgage Industry Advisory Corporation (MIAC) and Interactive Mortgage Advisors (IMA). At least one third party evaluator was needed to value the MSRs, but you could use as many as you wanted. TBW would send a tape of all the loans in their portfolio to the third party evaluator to determine the MSR value. ALLEN identified "FICS" as the servicing system used by TBW.

TBW started to use Natixis, (b) (7)(C) for MSRs advances for Freddie Mac loans in 2005. Natixis did the third party evaluation, advanced the funds, and could issue a margin call if the value of the MSRs dropped, which made (b) (7)(C) like "God". The amount of the MSR advances on Natixis was approximately $200 million. ALLEN advised Natixis did daily analysis of the value of the MSRs.

The MSR advances on the Colonial line were shared with six other banks and were established before ALLEN started at TBW. They included MSR advances on Ginnie Mae, private label, Freddie Mac and warehouse loans. The MSRs were usually advanced at 50% to 60%, but that amount was shrinking as the financial crisis grew and Natixis was getting out of the business. The MSRs value on the Colonial line was initially determined every 90 days but was later changed to 30 days.

(b) (7)(C) would send the amount of the Unpaid Principle Balance (UPB) to Ray BOWMAN, who would forward it to the third party evaluators. The UPB at TBW was $80 billion and approximately $40 to $45 billion was on the Colonial line. Approximately 90% or higher of the MSRs were on the capitalized portfolio where the loans were sold and TBW was servicing for another company. Only the Colonial line had non-capitalized loans.

BOWMAN and FARKAS knew what the amount the UPB had to be to prevent a margin call, which was important since there was no cash available to pay the margin call. ALLEN is aware of at least one instance where TBW changed the UPB numbers to prevent a margin call. TBW first tried to increase the UPB by adding non-committed loans, "locked but not closed" loans. When that did not get them to the UPB amount they needed, they removed loans that were 90 to 120 days delinquent. Although this decreased the UPB, it increased the average value. ALLEN advised you could possibly rationalize including the non-committed loans in UPB, but they should not have dropped the delinquent loans. ALLEN did not believe the third party evaluators were told about the non-committed or delinquent loans.

ALLEN learned about the removal of the delinquent loans when (b) (7)(C) from MIAC called and congratulated TBW on reducing their delinquent loans. ALLEN knew this could not be possible because the majority of their loans were in the high default states, including Nevada and Florida.

ALLEN confronted BOWMAN and FARKAS and told them they can't do this anymore. FARKAS did not deny anything or agree to stop, but said "I understand how you feel". BOWMAN was very loyal to FARKAS and would not have added non-committed loans or removed delinquent loans without telling FARKAS.

ALLEN was shown a letter from Mountainview to BOWMAN dated July 15, 2009 (Attached as Exhibit 3). ALLEN identified this as an analysis of the MSRs on the Colonial line. The letter reflected the UPB was over $48 billion as of June 30, 2009 with MSR valued at $554 million, which was advanced at 50%. The $554 million is the fair market value not the liquidation value. In reality, if the MSRs had to be sold, they would have to be broken into pieces and would take time to sell, making them less valuable.

When TBW closed, Freddie Mac and Ginnie Mae took their portfolios and Colonial and Natixis lost the funds they had advanced against the MSRs. Ginnie Mae assigned their TBW portfolio to Bank of America and Freddie Mac divided their portfolio between three servicers. Freddie Mac and Ginnie Mae have the right to take portfolio, which ALLEN opined was why the MSRs are only advanced at 50%.

At this point the interview concluded and ALLEN agreed to provide additional information at a later date.

From: Allen, Paul
Sent: Wednesday, March 11, 2009 12:42 PM
To: (b) (7)(C) ; de Armas, Delton
Subject: jan

Lee is fine with moving REO off-b/s (at least the stuff that is on AOT). Go ahead and send him a draft package when you want.

Paul R. Allen
Chief Executive Officer
Taylor, Bean & Whitaker Mortgage Corp.
352.671.0012 (office)
352.690.0512 (fax)

Exhibit 2
GX 1-242

From: Allen, Paul
To: de Armas, Delton
CC:
BCC:
Subject: RE: Incoming $15 million wire
SentOn: 4/17/2007 12:48:51 PM
ReplyTo:
Body: I forgot to tell you that he and I discussed this before I left Ocala last week. Sorry.

-----Original Message-----
From: de Armas, Delton
Sent: Tuesday, April 17, 2007 12:48 PM
To: Allen, Paul
Subject: Re: Incoming $15 million wire

Yes.

----- Original Message -----
From: Allen, Paul
To: de Armas, Delton
Sent: Tue Apr 17 12:47:48 2007
Subject: RE: Incoming $15 million wire

Is this what Lee wanted to talk with you about last week?

-----Original Message-----
From: de Armas, Delton
Sent: Tuesday, April 17, 2007 12:43 PM
To: (b) (7)(C) [redacted]; Allen, Paul; (b) (7)(C) [redacted]
Subject: Fw: Incoming $15 million wire

Good news--I think this will resolve any potential leverage covenant issues we may have otherwise been facing.

----- Original Message -----
From: de Armas, Delton
To: (b) (7)(C) [redacted]
Cc: Brown, Desiree; (b) (7)(C) [redacted]
Sent: Tue Apr 17 12:24:56 2007
Subject: Incoming $15 million wire

We should be getting $15 million into Operating. Please code this to Due From Shareholder, and (b) (7)(C) and I will reclass as appropriate.

Thanks.
Delton

Exhibit 1
DOJ

OFFICE OF INSPECTOR GENERAL
Federal Housing Finance Agency
1625 Eye Street, NW, Washington DC 20006
Tel: (202) 408-2544 Fax: (202) 408-2972
March 22, 2011

MEMORANDUM

FOR: Craig T. Clemmenson, Director, Department Enforcement Center, U.S. Department of Housing and Urban Development

FROM: (b) (7)(C) Deputy Inspector General for Investigations, Federal Housing Finance Agency's Office of Inspector General

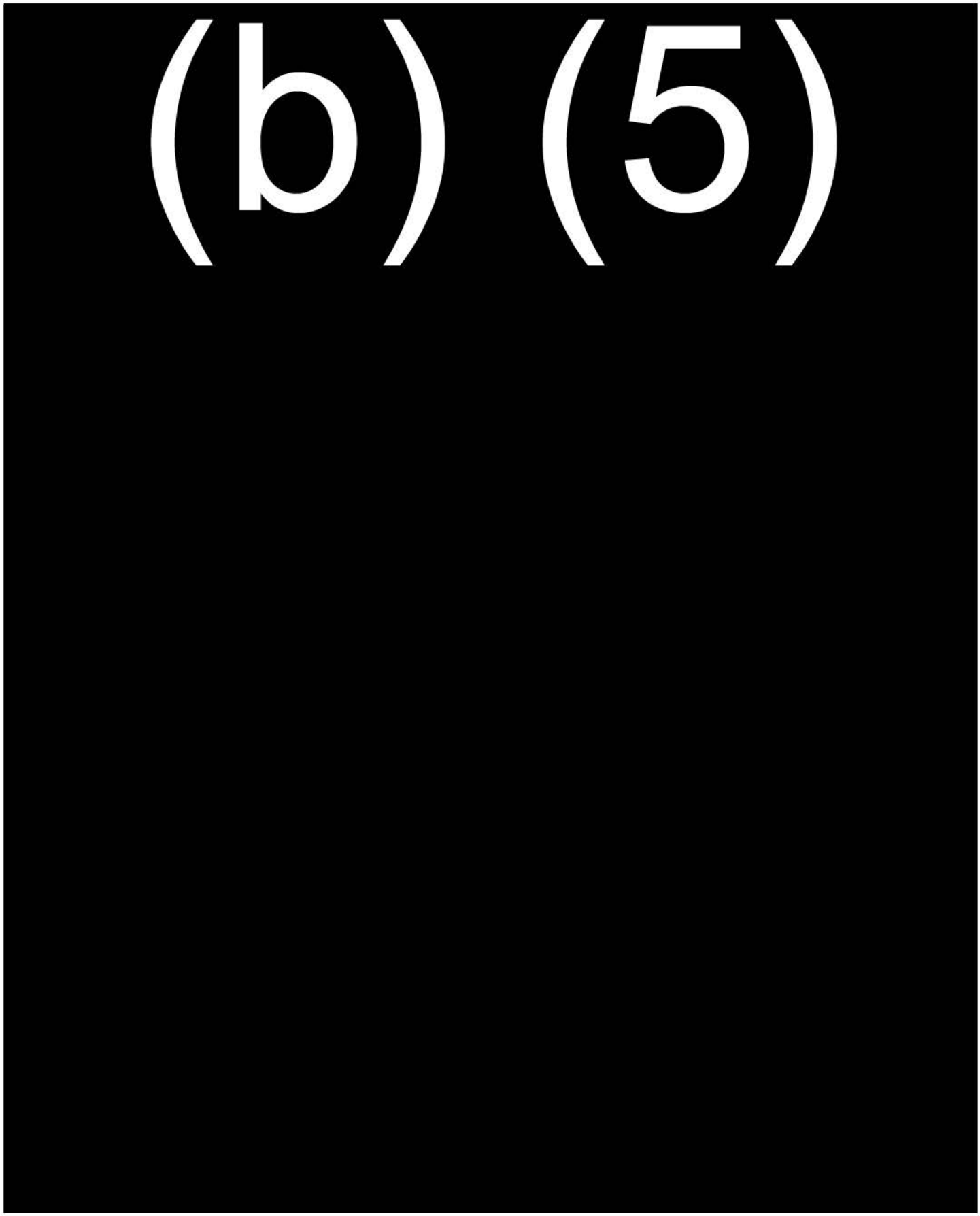
SUBJECT: (b) (5) Raymond Bowman

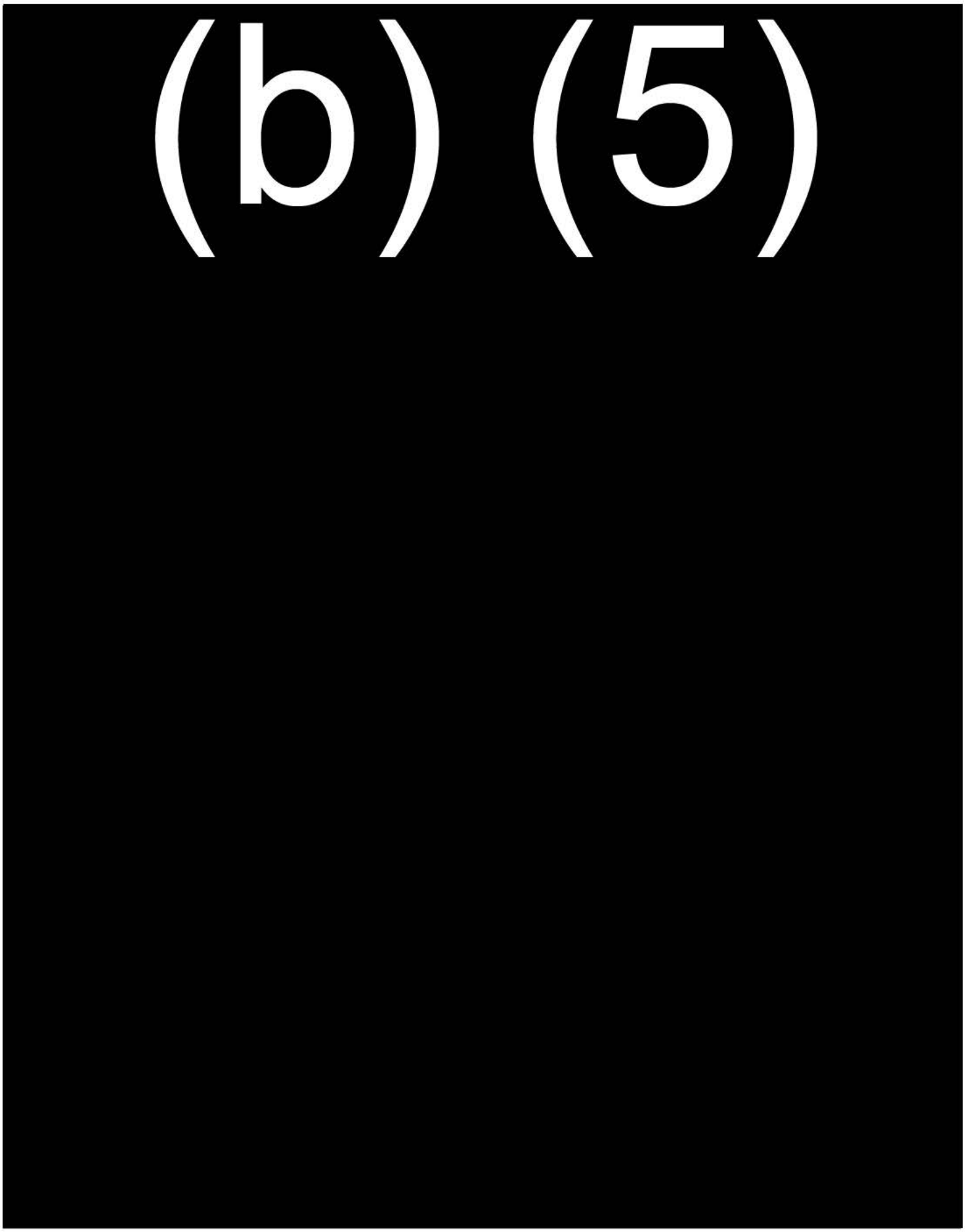
(b) (5)

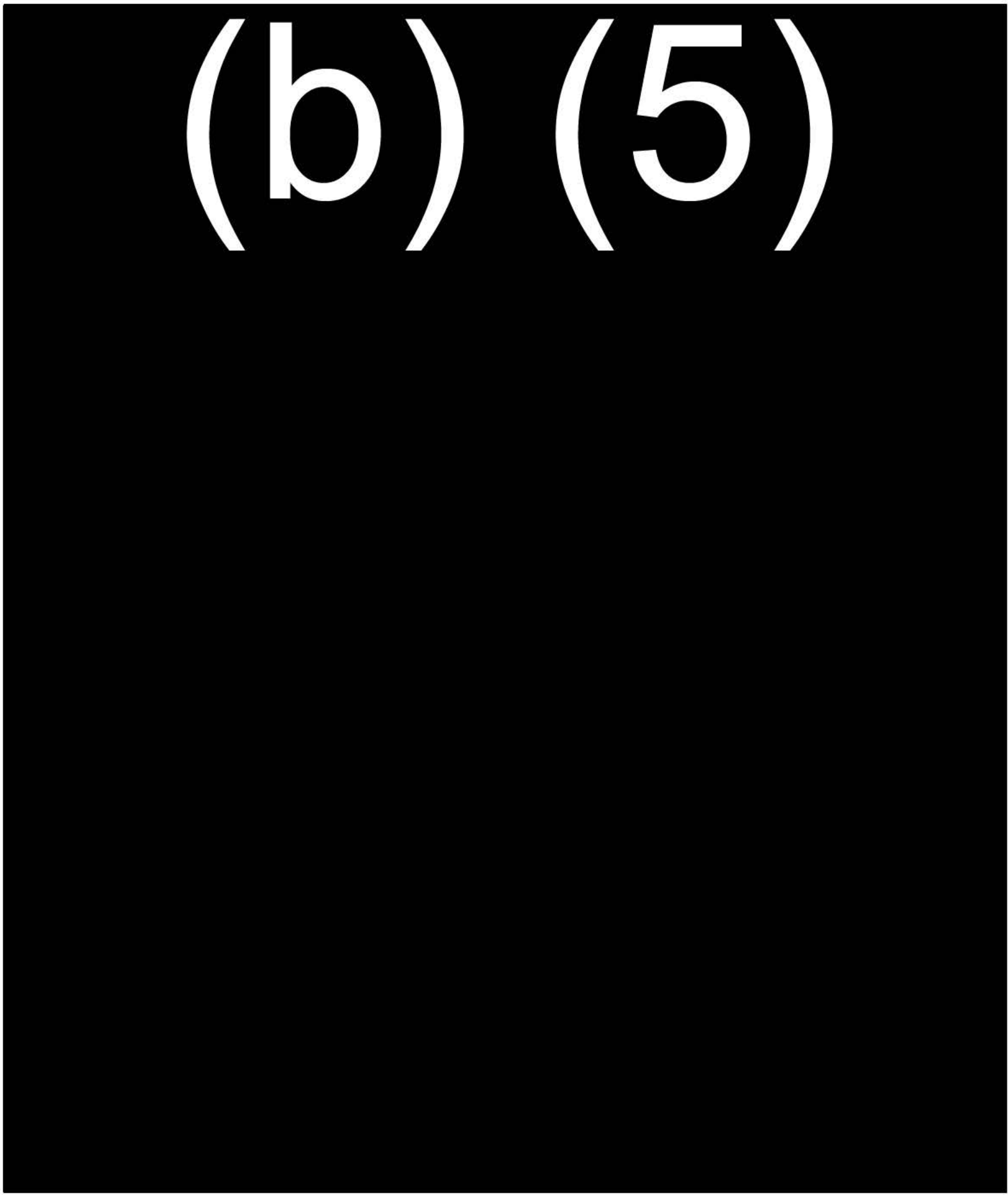
I. Subject Information

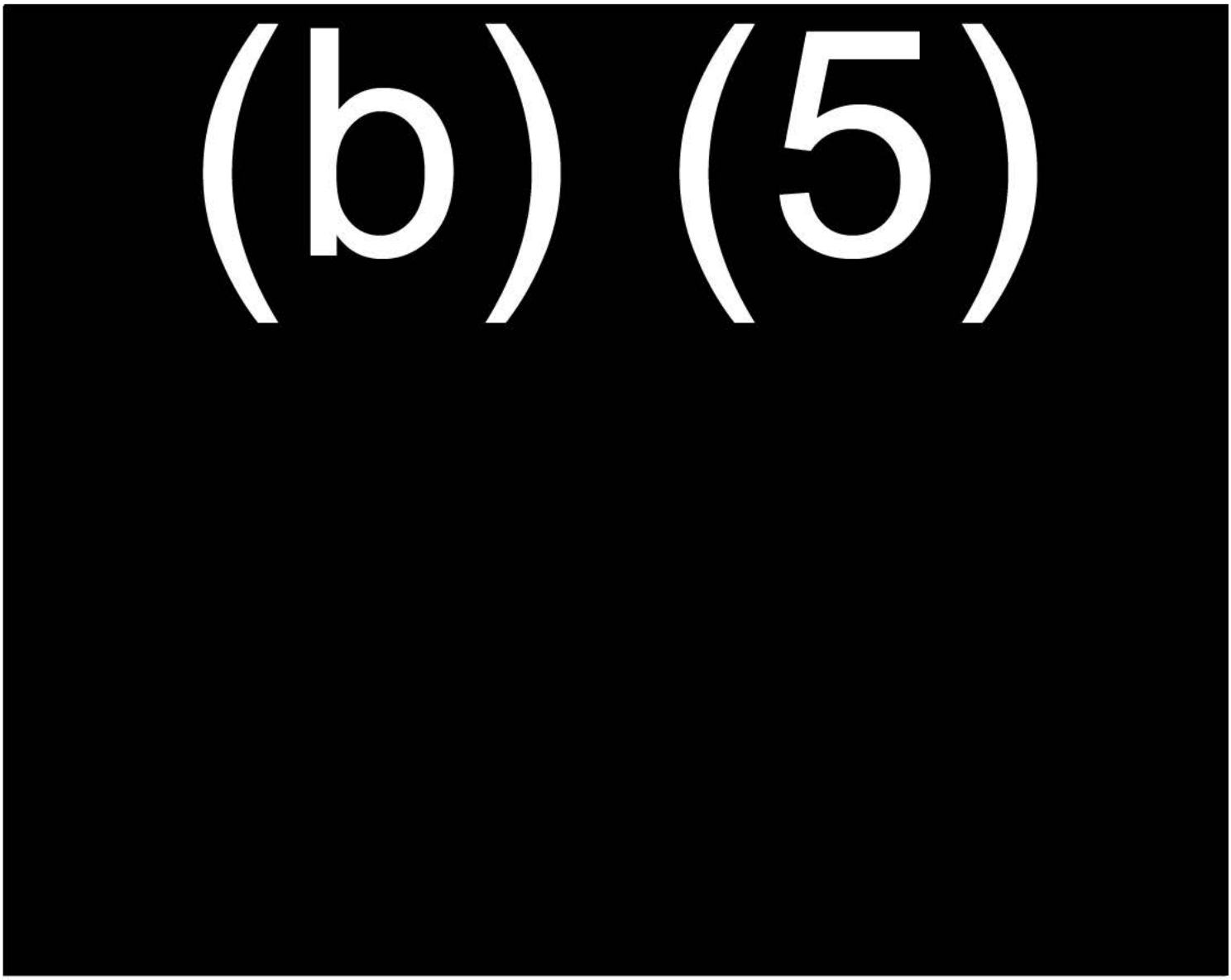
Name: Raymond Bowman
DOB: (b) (7)(C)
SS#:
Address:

(b) (5)


(b) (5)

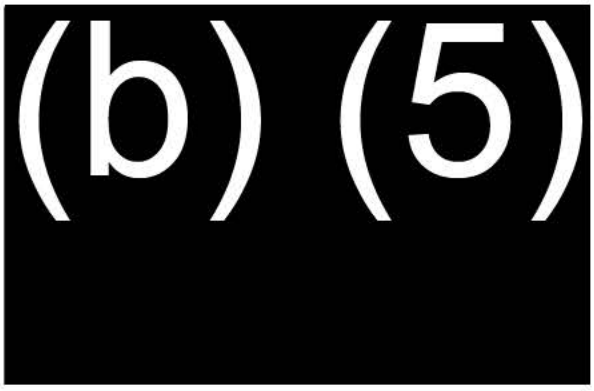

(b) (5)


(b) (5)



V. Contact Information

For questions concerning this matter's facts, or if you require additional information, please contact me at (202) 408-2555 or FHFA-OIG's Special Agent in Charge Peter Emerzian at (202) 445-2098.



For questions of a legal nature, please contact FHFA-OIG's Chief Counsel Bryan Saddler at (202) 408-2577 or Deputy Chief Counsel Brian W. Baker at (202) 408-2878.

(b) (5)

CC: Dane M. Narode, Associate General Counsel for Program Enforcement, HUD
James M. Beaudette, Deputy Director, Department Enforcement Center, HUD
Peter Emerzian, Special Agent in Charge, FHFA-OIG
Bryan Saddler, Chief Counsel, FHFA-OIG
Brian W. Baker, Deputy Chief Counsel, FHFA-OIG

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	Case No. 1:11 cr 84
v.	)	
	)	18 U.S.C. § 1349 (Conspiracy)
DESIREE BROWN,	)	
	)	
Defendant.	)	

CRIMINAL INFORMATION

THE UNITED STATES CHARGES THAT:

Count 1
(Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud)

1. From in or about late 2003 through in or about August 2009, in the Eastern District of Virginia and elsewhere, the defendant

DESIREE BROWN

did knowingly and intentionally combine, conspire, confederate, and agree with others known and unknown to commit certain offenses against the United States, namely:

a. bank fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud a financial institution, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, a financial institution, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, § 1344;

b. wire fraud, that is, having intentionally devised and intending to devise a scheme and artifice to defraud a financial institution, and for obtaining money and

property by means of materially false and fraudulent pretenses, representations, and promises, to knowingly transmit and cause to be transmitted, by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, § 1343; and,

c. securities fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud any person in connection with any security of an issuer with a class of securities registered under § 12 of the Securities Exchange Act of 1934 (Title 15, United States Code, § 78l), in violation of Title 18, United States Code, § 1348.

2. Among the manner and means by which defendant BROWN and others would and did carry out the conspiracy included, but were not limited to, the following:

a. Co-conspirators caused the transfer of funds between Taylor, Bean & Whitaker Mortgage Corp. (TBW) bank accounts at Colonial Bank in an effort to hide TBW overdrafts.

b. BROWN and co-conspirators caused TBW to sell to Colonial Bank mortgage loan assets, via the COLB facility, that included loans that did not exist or that had been committed or sold to third parties.

c. BROWN and co-conspirators caused TBW to sell to Colonial Bank, via the AOT facility, fictitious Trades that had no mortgage loans collateralizing them and that had fabricated agreements reflecting commitments by investors to purchase them in the near future.

d. BROWN and co-conspirators caused TBW to sell to Colonial Bank, via the AOT facility, Trades backed by impaired-value loans and real estate owned that had

fabricated agreements reflecting commitments by investors to purchase them in the near future.

e. BROWN and co-conspirators periodically "recycled" fraudulent loans, identified as Plan B loans, on the COLB facility and the fictitious and impaired Trades on the AOT facility to give the false appearance that old loans and Trades had been sold and replaced by new loans and Trades.

f. BROWN and co-conspirators covered up their misappropriations of funds from the COLB and AOT facilities by providing false documents and information to Colonial Bank.

g. BROWN and TBW co-conspirators misappropriated funds from Ocala Funding bank accounts.

h. BROWN and TBW co-conspirators covered up shortfalls in collateral held by Ocala Funding to back commercial paper by sending investors and others documents containing material misrepresentations.

i. BROWN and TBW co-conspirators caused mortgage loans held by Ocala Funding to be sold to both Colonial Bank and Freddie Mac.

j. BROWN and co-conspirators caused Colonial BancGroup to file with the Securities and Exchange Commission (SEC) materially false annual reports contained in Forms 10-K and quarterly reports contained in Forms 10-Q that misstated the value and nature of assets held by Colonial BancGroup.

k. BROWN and co-conspirators caused TBW to submit materially false information to Ginnie Mae and Freddie Mac to obtain an extension of authority to issue Ginnie Mae and Freddie Mac mortgage-backed securities.

l. BROWN and co-conspirators caused Colonial BancGroup to submit materially false information to the FDIC and to the SEC in furtherance of its application for Troubled Asset Relief Program funds.

(All in violation of Title 18, United States Code, § 1349.)

DENIS J. MCINERNEY
Chief, Fraud Section
Criminal Division
United States Department of Justice

By: _____
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

NEIL H. MACBRIDE
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	CRIMINAL NO. 1:11CR84
	)	
DESIREE BROWN,	)	
	)	
Defendant.	)	

PLEA AGREEMENT

Denis J. McInerney, Chief, Fraud Section of the Criminal Division of the United States Department of Justice, Patrick F. Stokes, Deputy Chief, and Robert A. Zink, Trial Attorney, and Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Charles F. Connolly and Paul J. Nathanson, Assistant United States Attorneys, and the defendant, DESIREE BROWN, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

1. Offenses and Maximum Penalties

The defendant agrees to waive indictment and plead guilty to a one-count criminal information charging the defendant with conspiracy (in violation of Title 18, United States Code, Section 1349) to commit bank fraud (in violation of Title 18, United States Code, Section 1344), securities fraud (in violation of Title 18, United States Code, Section 1348), and wire fraud (in violation of Title 18, United States Code, Section 1343). The maximum penalties for conspiracy are a maximum term of thirty (30) years of imprisonment; a fine of $250,000, or alternatively, a fine of not more than the greater of twice the gross gain or twice the gross loss; full restitution; a special

assessment; and five (5) years of supervised release. The defendant understands that this supervised release term is in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. Factual Basis for the Plea

The defendant will plead guilty because the defendant is in fact guilty of the charged offense. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offenses charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Section 1B1.2(a) of the Sentencing Guidelines.

3. Assistance and Advice of Counsel

The defendant is satisfied that the defendant's attorneys have rendered effective assistance. The defendant understands that by entering into this agreement, the defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel – and if necessary have the court appoint counsel – at trial and at every other stage of the proceedings; and

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. Role of the Court and the Probation Office

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with 18 U.S.C. § 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker*, 543 U.S. 220, 125 S. Ct. 738 (2005), the Court, after considering the factors set forth in 18 U.S.C. § 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence.

5. Waiver of Appeal, FOIA and Privacy Act Rights

The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the statutory maximum described above (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also

hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. Recommended Sentencing Factors

In accordance with Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the United States and the defendant will recommend to the Court that the following provisions of the Sentencing Guidelines apply:

a. pursuant to USSG § 2B1.1(a)(1), the base offense level for the conduct charged in Count One is 7;

b. pursuant to USSG § 2B1.1(b)(1)(P), the conduct charged in Count One resulted in a loss of more than $400,000,000.00 and qualifies for a 30-level upward adjustment;

c. pursuant to USSG § 2B1.1(b)(2)(C), the conduct charged in Count One involved 250 or more victims and qualifies for a 6-level upward adjustment, and pursuant to USSG § 2B1.1(b)(14)(B), the conduct charged in Count One substantially jeopardized the safety and soundness of a financial institution; accordingly, the defendant qualifies for an 8-level upward adjustment pursuant to USSG § 2B1.1(b)(14)(C);

d. pursuant to USSG § 2B1.1(b)(9), the conduct charged in Count One involved sophisticated means and qualifies for a 2-level upward adjustment;

e. pursuant to USSG § 3B1.1(b), the defendant's role in the offense charged in Count One was one of a manager or supervisor in a criminal activity that involved five or more participants or was otherwise extensive and qualifies for a 3-level upward adjustment; and

f. pursuant to U.S.S.G. § 3E1.1(b), the defendant has assisted the government in the investigation and prosecution of the defendant's own misconduct by timely notifying authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a 2-level decrease in offense level pursuant to U.S.S.G. § 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. § 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional 1-level decrease in the defendant's offense level.

The United States and the defendant may argue at sentencing that additional provisions of the Sentencing Guidelines apply.

7. Special Assessment

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars ($100.00) per count of conviction.

8. Payment of Monetary Penalties

The defendant understands and agrees that whatever monetary penalties are imposed by the Court pursuant to Title 18, United States Code, Section 3613, will be due and payable immediately

and subject to immediate enforcement by the United States. Furthermore, the defendant agrees to provide all of her financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

9. Restitution for Offenses of Conviction

The defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses. At this time, the Government is aware that the following victims have suffered the following losses: To Be Determined

10. Limited Immunity from Further Prosecution

The Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia will not further criminally prosecute the defendant for the specific conduct described in the information or statement of facts. The defendant understands that this agreement is binding only upon the Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia. This agreement does not bind the Civil Division of the United States Department of Justice or the United States Attorney's Office for the Eastern District of Virginia or any other United States Attorney's Office, nor does it bind any other Section of the Department of Justice, nor does it bind any other state, local,

or federal prosecutor. It also does not bar or compromise any civil, tax, or administrative claim pending or that might be made against the defendant.

11. Defendant's Cooperation

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the United States. In that regard:

a. The defendant agrees to testify truthfully and completely as a witness before any grand jury or in any other judicial or administrative proceeding when called upon to do so by the United States.

b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.

c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation by the United States or at the request of the United States.

d. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

e. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in

evaluating whether to file a motion for a downward departure or reduction of sentence.

f. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

12. Use of Information Provided by the Defendant Under This Agreement

Pursuant to Section 1B1.8 of the Sentencing Guidelines, no truthful information that the defendant provides pursuant to this agreement will be used to enhance the defendant's guidelines range. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested. Nothing in this plea agreement, however, restricts the Court's or Probation Office's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant provide false, untruthful, or perjurious information or testimony or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial.

13. Prosecution in Other Jurisdictions

The Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia will not contact any other state or federal prosecuting jurisdiction and voluntarily turn over truthful information that the defendant provides under this agreement to aid a prosecution of the defendant in that jurisdiction. Should any other prosecuting jurisdiction attempt to use truthful information the defendant provides pursuant to this agreement against the defendant, the Fraud Section of the

Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree, upon request, to contact that jurisdiction and ask that jurisdiction to abide by the immunity provisions of this plea agreement. The parties understand that the prosecuting jurisdiction retains the discretion over whether to use such information.

14. Defendant Must Provide Full, Complete and Truthful Cooperation

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

15. Motion for a Downward Departure

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

16. Order of Prohibition

The defendant agrees that she will consent to an Order of Prohibition From Further Participation pursuant to section 8(e) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(e), by

entering into a Stipulation and Consent to the Issuance of an Order of Prohibition From Further Participation. The defendant also agrees that she will consent to an Order of Prohibition by entering into a Stipulation and Consent to the Issuance of an Order of Prohibition with the Office of Thrift Supervision.

17. The Defendant's Obligations Regarding Assets Subject to Forfeiture

The defendant agrees to identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past seven years, or in which the defendant has or had during that time any financial interest. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous six years. Defendant agrees to forfeit to the United States all of the defendant's interests in any asset of a value of more than $1000 that, within the last eight years, the defendant owned, or in which the defendant maintained an interest, the ownership of which the defendant fails to disclose to the United States in accordance with this agreement.

18. Forfeiture Agreement

The defendant agrees to forfeit all interests in any asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of her offense, including any existing property purchased with funds improperly obtained from TBW or the proceeds of the sale of such property. The defendant further agrees to waive all interest in the

asset(s) in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. The defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. The defendant understands that the forfeiture of assets is part of the sentence that may be imposed in this case. The Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree to recommend to the Department of Justice, Criminal Division, Asset Forfeiture and Money Laundering Section that any monies obtained from the defendant through forfeiture be transferred to the Clerk to distribute to the victims of the offense in accordance with any restitution order entered in this case.

19. Waiver of Further Review of Forfeiture

The defendant further agrees to waive all constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule 11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant understands and agrees that all property covered by this agreement is subject to forfeiture as proceeds of illegal conduct, property facilitating illegal conduct, property involved in illegal conduct giving rise to forfeiture, and substitute assets for property otherwise subject to

forfeiture.

20. Breach of the Plea Agreement and Remedies

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution the defendant agrees to waive any statute-of-limitations defense; and

c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads

derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

21. Nature of the Agreement and Modifications

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and her attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

Denis J. McInerney
Chief
Criminal Division, Fraud Section
United States Department of Justice

By: _____
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to 18 U.S.C. § 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

Date: 2/24/11

Desiree Brown
Defendant

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed 18 U.S.C. § 3553 and the Sentencing Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: 2/24/11

Jack Maro, Esq.
Thomas D. Hughes, Esq.
Counsel for the Defendant

Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 24, 2011
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(202) 514-2007
TDD (202) 514-1888

FORMER TREASURER OF TAYLOR, BEAN & WHITAKER PLEADS GUILTY TO $1.9 BILLION FRAUD SCHEME THAT CONTRIBUTED TO THE FAILURE OF COLONIAL BANK

WASHINGTON – Desiree Brown, the former treasurer of a private mortgage lending company, Taylor, Bean & Whitaker (TBW), pleaded guilty today to conspiring to commit bank, wire and securities fraud for her role in a more than $1.9 billion fraud scheme that contributed to the failures of Colonial Bank and TBW.

The guilty plea was announced today by Assistant Attorney General Lanny A. Breuer of the Criminal Division; U.S. Attorney Neil H. MacBride for the Eastern District of Virginia; Special Inspector General Neil Barofsky for the Troubled Asset Relief Program (SIGTARP); Assistant Director in Charge James W. McJunkin of the FBI's Washington Field Office; Michael P. Stephens, Inspector General of the Department of Housing and Urban Development (HUD OIG); Jon T. Rymer, Inspector General of the Federal Deposit Insurance Corporation (FDIC OIG); Steve A. Linick, Inspector General of the Federal Housing Finance Agency (FHFA OIG); and Victor F. O. Song, Chief of the Internal Revenue Service (IRS) Criminal Investigation.

Brown, 45, of Hernando, Fla., pleaded guilty before U.S. District Judge Leonie M. Brinkema in the Eastern District of Virginia. Brown faces a maximum penalty of 30 years in prison when she is sentenced on June 10, 2011. In a related action, the U.S. Securities and Exchange Commission (SEC) today filed an enforcement action against Brown in the Eastern District of Virginia.

According to court documents, Brown admitted that from late 2003 through August 2009, she and her co-conspirators, including former TBW chairman Lee Farkas engaged in a scheme to defraud various entities and individuals, including Colonial Bank, a federally-insured bank; Colonial BancGroup Inc.; shareholders of Colonial BancGroup; investors in Ocala Funding LLC, including Deutsche Bank and BNP Paribas; the Troubled Asset Relief Program (TARP); and the investing public. One of the goals of the scheme to defraud was to obtain funding for TBW to assist it in covering expenses related to operations and servicing payments owed to third-party purchasers of loans and/or mortgage-backed securities.

According to court documents, Brown and her co-conspirators referred to one aspect of the fraud scheme as "Plan B." "Plan B" generated money for TBW through the fictitious "sales" of mortgage loans to Colonial Bank. The conspirators accomplished this by sending

mortgage data to Colonial Bank for loans that did not exist or that TBW had already committed or sold to other third-party investors. As a result, the Plan B loan data was recorded in Colonial Bank's books and records, and gave the false appearance that Colonial Bank had purchased legitimate interests in mortgage loans from TBW. Brown admitted that she and her co-conspirators caused Colonial Bank to pay TBW for assets that were worthless to Colonial Bank.

Brown admitted that, as part of the fraud scheme, she and her co-conspirators also caused TBW to sell fictitious trades, which had no pools of loans collateralizing them, to Colonial Bank. Brown and her co-conspirators caused false information about the trades to be entered on Colonial Bank's books and records, giving the appearance that the bank owned interests in legitimate trades, when in fact the trades had no value and could not be sold.

Court documents indicate that the conspirators caused Colonial Bank to pay TBW more than $400 million for assets that in fact had no value, and caused Colonial Bank and Colonial BancGroup to hold these assets on their books as if they had actual value. Additionally, the conspirators caused TBW to misappropriate more than $1 billion in collateral from Ocala Funding LLC, a mortgage lending facility owned by TBW.

According to court documents, the fraud scheme also included an effort by the conspirators in the fall of 2008 to obtain $570 million in taxpayer funding through the Capital Purchase Program (CPP), a sub-program of the U.S. Treasury Department's TARP program. In connection with the application, Colonial BancGroup submitted financial data and filings that included materially false information related to mortgage loan and securities assets held by Colonial Bank as a result of the fraudulent scheme admitted to by Brown. Colonial BancGroup never received the TARP funding.

In August 2009, the Alabama State Banking Department, Colonial Bank's regulator, seized the bank and appointed the FDIC as receiver. Colonial BancGroup also filed for bankruptcy in August 2009.

In June 2010, Farkas was arrested and charged in a 16-count indictment for his role in the fraud scheme. His trial is scheduled to begin in April 2011. An indictment is merely a charge and a defendant is presumed innocent until proven guilty.

The case is being prosecuted by Deputy Chief Patrick Stokes and Trial Attorney Robert Zink of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Charles Connolly and Paul Nathanson of the Eastern District of Virginia. This case was investigated by SIGTARP, FBI's Washington Field Office, FDIC OIG, HUD OIG, FHFA OIG and the IRS Criminal Investigation. The Financial Crimes Enforcement Network (FinCEN) of the Department of the Treasury also provided support in the investigation.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement

who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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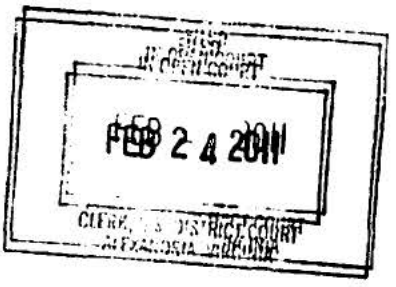
11-236



IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	CRIMINAL NO. 1:11 cr 84
	)	
DESIREE BROWN,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

The United States and the defendant, DESIREE BROWN, agree that had this matter proceeded to trial the United States would have proven the facts set forth in this Statement of Facts beyond a reasonable doubt. Unless otherwise stated, the time periods for the facts set forth herein are at all times relevant to the charges in the Information.

I. Overview

1. From in or about October 2002 through in or about 2004, the defendant was a vice president of special projects at Taylor, Bean & Whitaker Mortgage Corp. (TBW) in Ocala, Florida. In or about 2004, the defendant took over the responsibilities of the controller of TBW, and she was later given the title of treasurer.

2. From in or about late 2003 through in or about August 2009, co-conspirators, including the defendant, engaged in a scheme to defraud various entities and individuals, including Colonial Bank, a federally insured bank; Colonial BancGroup, Inc.; shareholders of Colonial BancGroup; investors in Ocala Funding, LLC; the Troubled Asset Relief Program (TARP); and the investing public. One of the goals of the scheme to defraud was to obtain funding for TBW to assist it in covering expenses related to operations and servicing payments

owed to third-party purchasers of loans and/or mortgage-backed securities. By participating in the fraud scheme described below, the defendant knowingly and intentionally placed Colonial Bank and Colonial BancGroup at significant risk of incurring losses as a result of the scheme and, in fact, caused Colonial Bank to purchase purported assets from TBW of substantially more than $400 million that in fact had no value and were held on Colonial Bank's and Colonial BancGroup's books as if they had actual value. Additionally, the defendant, along with other co-conspirators, caused TBW to misappropriate over $1 billion in collateral from Ocala Funding, LLC, and to cover up this aspect of the fraud scheme.

II. Colonial Bank's Purchase of Worthless Assets from TBW

3. In or about December 2003, the defendant learned of and intentionally joined co-conspirators, including Lee Farkas, the chairman of TBW; a senior vice president and the head of the Mortgage Warehouse Lending Division (MWLD) of Colonial Bank; an operations supervisor at Colonial Bank; and other co-conspirators in carrying out a fraudulent scheme, known as "Plan B," to help TBW obtain funds through fictitious "sales" of mortgage loans to Colonial Bank.

4. Plan B involved "COLB"—a mortgage loan purchase facility at MWLD through which Colonial Bank purchased interests in individual residential mortgage loans from TBW pending resale of the loans to third-party investors. The purpose of the COLB facility was to provide mortgage companies, like TBW, with liquidity to generate new mortgage loans pending the resale of the existing mortgage loans to investors. The COLB facility was designed such that Colonial Bank would recoup its outlay only after TBW resold a mortgage loan to a third-party investor, which generally was supposed to take place within 90 days after being placed on the COLB facility.

5. Under "Plan B," the defendant, Farkas, and other co-conspirators sought to disguise the misappropriations of tens of millions of dollars of Colonial Bank funds to cover up TBW shortfalls and overdrafts of TBW's accounts at Colonial Bank as payments related to Colonial Bank's purchase through the COLB facility of legitimate TBW mortgage loans. The defendant, Farkas, and co-conspirators accomplished this by causing TBW to provide false mortgage loan data to Colonial Bank under the pretense that it was selling the bank interests in mortgage loans. As the defendant, Farkas, and co-conspirators knew, however, the Plan B data included data for loans that TBW had already committed or sold to other third-party investors or that did not exist. As a result, these loans were not, in fact, available for sale to Colonial Bank. Whether a particular Plan B loan was fictitious or owned by a third party, the defendant knew and understood that she and her co-conspirators had caused Colonial Bank to pay TBW for an asset that was worthless to Colonial Bank.

6. BROWN, Farkas, and other co-conspirators at TBW caused the Plan B loan data to be delivered to co-conspirators at Colonial Bank. As the defendant knew, Colonial Bank co-conspirators caused the Plan B loan data to be recorded in Colonial Bank's books and records to give the false appearance that Colonial Bank had purchased legitimate interests in mortgage loans from TBW through COLB.

7. To avoid scrutiny from regulators, auditors, and Colonial Bank management of Plan B loans sold to Colonial Bank, the defendant, Farkas, and other co-conspirators devised and implemented a plan that gave the false appearance that TBW was periodically selling the Plan B loans off of the COLB facility. In fact, Plan B loans were unable to be sold off of the COLB facility, and the conspirators instead created a document trail that disguised the existence of the Plan B loans.

8. In or about mid-2005, the defendant and co-conspirators caused the deficit created by Plan B to be moved from the COLB facility to MWLD's Assignment of Trade (AOT) facility. The AOT facility was designed for the purchase of interests in pools of loans, which were referred to as "Trades," that were in the process of being securitized and/or sold to third-party investors. The conspirators moved the deficit to the AOT facility in part because, unlike the COLB facility, Colonial Bank generally did not track in its accounting records loan-level data for the Trades held on the AOT facility, thus making detection of the scheme by regulators, auditors, Colonial Bank management, and others less likely.

9. In an effort to transfer the deficit caused by the Plan B loans on the COLB facility to the AOT facility, the defendant, Farkas, and other co-conspirators caused TBW to engage in sales to Colonial Bank of fictitious Trades purportedly backed by pools of Plan B loans. In fact, the Trades had no collateral backing them. As the defendant and other co-conspirators knew, Colonial Bank held these fictitious Trades in its accounting records at the amount Colonial Bank paid for them.

10. After moving the Plan B deficit from the COLB facility to the AOT facility, TBW continued to experience significant operating losses. From in or about mid-2005 through in or about 2009, the defendant, Farkas, and other co-conspirators continued to cause TBW to sell additional fictitious Trades to Colonial Bank through the AOT facility. These Trades had no pools of loans collateralizing them. Moreover, the defendant and other co-conspirators caused the creation of false documents to reflect agreements, as required under the AOT facility, for third-party investors to purchase the Trades within a short period of time. This fraudulent AOT funding was typically provided in an ad hoc fashion based on requests from the defendant,

Farkas, or other co-conspirators at TBW for, among other reasons, servicing obligations, operational expenses, and covering overdrafts.

11. To obtain funding, the defendant, Farkas, or other co-conspirators would contact a co-conspirator(s) at Colonial Bank to request an advance from AOT. Once an advance had been agreed to, the defendant and/or other co-conspirators at TBW caused a wire request to be generated for the funds and provided Colonial Bank co-conspirators with false documentation purporting to represent the sale of pools to Colonial Bank to support the release of the funds. Colonial Bank co-conspirators caused the false information to be entered on Colonial Bank's books and records, giving the appearance that Colonial Bank owned interests in legitimate Trades on AOT in exchange for the advances, when in fact those Trades had no value and could not be sold.

12. In addition to causing Colonial Bank to hold in its accounting records fictitious AOT Trades with no collateral backing them, the defendant, Farkas, and other co-conspirators caused Colonial Bank to hold in its accounting records AOT Trades backed by assets that TBW was unable to sell, including but not limited to impaired-value loans, charged-off loans, previously sold loans, loans in foreclosure, and real-estate owned (REO) property. The defendant, Farkas, and other co-conspirators also caused the creation of false documents to reflect agreements, as required under the AOT facility, for third-party investors to purchase these impaired Trades within a short period of time.

13. As with the Plan B loans, the defendant, Farkas, and other co-conspirators took steps to cover up the fictitious and impaired Trades on AOT by giving the false appearance that, periodically, the fictitious and impaired Trades were sold to third parties. The conspirators did this by, among other things, engaging in sham sales to hide the fact that the vast majority of

assets backing the AOT Trades could not be resold because the assets were either wholly fictitious or consisted of, among other things, impaired-value loans and REO and, in either case, had no corresponding, legitimate commitment to be purchased by third parties. The defendant, Farkas, and other co-conspirators engaged in these sham sales to deceive others, including regulators, auditors, and certain Colonial Bank management.

14. The size of the deficit created by providing fraudulent advances to TBW through Plan B loans and the fictitious AOT Trades fluctuated during the conspiracy, and it reached into the hundreds of millions of dollars. During the course of the conspiracy, the defendant and other co-conspirators negotiated the transfer of funds to Colonial Bank from TBW bank accounts or lending facilities and obtained other collateral from TBW and Farkas in order to reduce the deficit caused by the Plan B loans and the fictitious AOT Trades. Despite these efforts, the government would prove at a trial that during the course of the conspiracy charged in count one of the Information the defendant and co-conspirators caused Colonial Bank to pay TBW more than $400 million for Plan B loans and fictitious AOT Trades, i.e., loans and Trades that had no value to Colonial Bank. Moreover, the government would prove that numerous wire transfers between Colonial Bank and TBW involved transfers to LaSalle Bank, which had been purchased by Bank of America. Some of these wires were processed from Chicago, Illinois, through a Bank of America server located in Richmond, Virginia.

III. False Financial Statements

15. BROWN knew that Colonial BancGroup was a public company that filed with the United States Securities and Exchange Commission (SEC) public reports, including annual reports on Form 10-K and quarterly reports on Form 10-Q. As the government would prove, Colonial BancGroup's Forms 10-K and Forms 10-Q were filed electronically with the SEC's

EDGAR Management Office of Information and Technology, in Alexandria, Virginia, during the period set forth in the Information. The defendant and her co-conspirators took steps to hide the fraud scheme described in this statement of facts from Colonial Bank's and Colonial BancGroup's senior management, auditors, and regulators, and Colonial BancGroup's shareholders, including by providing materially false information that significantly overstated assets held on COLB and AOT. The defendant knew that these actions caused materially false financial data to be reported to Colonial BancGroup and incorporated in its publicly filed statements.

16. For example, in its Form 10-K for the year ending December 31, 2008, which was filed on or about March 2, 2009, Colonial BancGroup reported that MWLD had total assets under management of approximately $4.3 billion, of which approximately $1.55 billion, or 36%, were held as AOT Trades reported as Securities Purchased under Agreements to Resell. In its last Form 10-Q filed with the SEC, for the period ended March 31, 2009, which was filed on or about May 8, 2009, Colonial BancGroup reported that MWLD managed assets valued at approximately $4.9 billion, with approximately $1.6 billion, or approximately 33%, held as AOT Trades reported as Securities Purchased under Agreements to Resell. As the defendant knew, the vast majority of the Trades held on AOT at that time were fictitious or impaired and were not under legitimate agreements to be resold to third-party investors.

17. The defendant also knew that the fraudulent scheme described in the statement of facts caused TBW to materially misstate its assets in its financial statements. The defendant knew that TBW provided annually the materially false financial statements to Ginnie Mae for purposes of renewing TBW's authority to issue and service Ginnie Mae securities.

IV. TARP Funding

18. In or about October 2008, Colonial BancGroup submitted an application to the FDIC seeking approximately $570 million in TARP funding under the Capital Purchase Program. In connection with the application, regulators and the United States Treasury Department (Treasury) reviewed Colonial BancGroup's financial data and filings, including the materially false information related to mortgage loan and securities assets held by Colonial Bank's MWLD resulting from the fraudulent conduct of the defendant and co-conspirators. In or about December 2008, Treasury conditionally approved $553 million of TARP funding to Colonial BancGroup if, among other things, Colonial BancGroup could first raise $300 million in private capital.

19. The TARP application submitted by Colonial BancGroup relied on financial statements that included the false financial information described above that was a direct result of the fraud scheme perpetrated by the defendant and co-conspirators. The defendant learned that Colonial BancGroup had submitted a TARP application and understood that the application contained financial information based, in part, on the materially false information described above. The defendant also understood that the United States government considered the financial statements of Colonial BancGroup in determining whether to approve TARP funding. The defendant and co-conspirators assisted Colonial BancGroup in a capital raise to meet TARP's outside funding condition in order to obtain a significant cash infusion into Colonial BancGroup from the United States government, despite knowing that the Colonial BancGroup's application was based on materially false information. Colonial BancGroup never received TARP funding.

V. Ocala Funding LLC

20. In or about January 2005, TBW established a wholly-owned special purpose entity called Ocala Funding, LLC, as a financing vehicle to provide it additional funding for mortgage loans. Ocala Funding was managed by TBW and had no employees of its own. The defendant was one of the employees of TBW that managed Ocala Funding. The facility obtained funds for mortgage lending from the sale of asset-backed commercial paper to financial institutions.

21. The defendant, Farkas, and other co-conspirators at TBW caused the diversion of hundreds of millions of dollars from Ocala Funding bank accounts, located at LaSalle Bank, to pay TBW operating expenses, such as mortgage loan servicing payments owed to investors in Freddie Mac and Ginnie Mae securities, payroll, and other unrelated obligations. As a result of these diversions, Ocala Funding experienced significant shortfalls in the amount of collateral it possessed to back the outstanding commercial paper owned by its financial institution investors, including Deutsche Bank and BNP Paribas. In addition, the defendant and co-conspirators caused Ocala Funding to sell loans owned by Colonial Bank to Freddie Mac without paying Colonial Bank for the loans. As a result, the defendant and co-conspirators caused at least Freddie Mac and Colonial Bank to each believe it had an undivided ownership interest in thousands of the same loans.

22. To cover up the collateral shortfalls, the defendant, Farkas, and co-conspirators caused false information to be sent to the financial institution investors, including Deutsche Bank and BNP Paribas, in documents that inaccurately and intentionally inflated figures representing the aggregate value of the loans held in the Ocala Funding facility or under-reported the amount of outstanding commercial paper. By doing so, the defendant, Farkas, and co-

conspirators sought to mislead investors into believing that there was sufficient cash and mortgage loan collateral to back the outstanding commercial paper owned by the investors. The conspirators also sent LaSalle Bank falsified collateral lists that misrepresented the ownership status of mortgage loans held by Ocala Funding. As the government would prove at a trial, in total the misappropriated funds and double-sold mortgage loans amounted to more than $1 billion.

VI. Conclusion

23. The defendant admits that this statement of facts does not represent and is not intended to represent an exhaustive factual recitation of all the facts about which she has knowledge relating to the scheme to defraud as described herein.

24. The defendant admits that her actions, as recounted herein, were in all respects intentional and deliberate, reflecting an intention to do something the law forbids, and were not in any way the product of any accident or mistake of law or fact.

Respectfully submitted,

Denis J. McInerney
United States Department of Justice
Chief
Criminal Division, Fraud Section

By: _____
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, DESIREE BROWN, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate to the best of my knowledge, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

_____
Desiree Brown
Defendant

I am DESIREE BROWN's attorney. I have carefully reviewed the above Statement of Facts with her. To my knowledge, her decision to stipulate to these facts is an informed and voluntary one.

Jack Maro, Esq.
Attorney for Defendant

Thomas D. Hughes, Esq.
Attorney for Defendant

From: Dickerson, Chris
Sent: Monday, June 23, 2008 10:52 AM
To: Lockhart, James; Mullin, Stefanie; DeMarco, Edward; Brereton, Peter; Russell, Corinne; Pollard, Alfred; Spohn, Jeffrey; Lawler, Patrick; Hanley, Joanne
Cc: Eldarrat, Christine
Subject: RE: Blog inquiry-FRE tip

we are.

From: Lockhart, James
Sent: Monday, June 23, 2008 10:50 AM
To: Mullin, Stefanie; DeMarco, Edward; Brereton, Peter; Russell, Corinne; Dickerson, Chris; Pollard, Alfred; Spohn, Jeffrey; Lawler, Patrick; Hanley, Joanne
Subject: RE: Blog inquiry-FRE tip

No, but we should look into it.

Jim

From: Mullin, Stefanie
Sent: Monday, June 23, 2008 10:00 AM
To: Lockhart, James; DeMarco, Edward; Brereton, Peter; Russell, Corinne; Dickerson, Chris; Pollard, Alfred; Spohn, Jeffrey; Lawler, Patrick; Hanley, Joanne
Subject: Blog inquiry-FRE tip

Received a call from Robin Medecke, who described herself as an investigative reporter with Mortgage Lender Implode-o-meter. She said she was referred to us by Ed Andrews of the NYTimes. 3 links and background info below.

She said she received a call from an ex-employee of Taylor, Bean and Whittaker (http://www.taylorbean.com/taylorbeanweb/FAQ.aspx)

who said "with or without Freddie Mac's knowledge, the company has been for years, selling portfolios of loans at Freddie Mac's cash window that they have not yet purchased and use that to pay back aging warehouse advances that they've already funded."

Is this something we can discuss?

Mortgage Lender

http://ml-implode.com/

Mortgage Lender **Implode-O-Meter** Gets Sued | Truthful **Lending** dot Com

Feb 7, 2008 ... The **Mortgage** Lender **Implode-O-Meter**, a site that tracks failing lenders from 2006 on, got sued for libel by one of those lenders and ended ...
truthful**lending**.com/implode-o-meter-sued/ - 23k - Cached - Similar pages - Note this

Libel suit against **Mortgage** '**Implode-O-Meter**' to proceed | Inman News

"The **Mortgage** Lender **Implode-O-Meter**" serves as a collection point for "very specific, whistleblower e-mails" and general tips on the **mortgage lending** ...
www.inman.com/news/2007/07/1/libel-suit-against-**mortgage**-implode-o-meter-proceed - 32k - Cached - Similar pages - Note this

OFFICE OF INSPECTOR GENERAL
Federal Housing Finance Agency
1625 Eye Street, NW, Washington DC 20006
Tel: (202) 408-2544 Fax: (202) 408-2972
March 22, 2011

MEMORANDUM

FOR: Craig T. Clemmenson, Director, Department Enforcement Center, U.S. Department of Housing and Urban Development

FROM: (b) (7)(C) Christopher R. Sharpley, Deputy Inspector General for Investigations, Federal Housing Finance Agency's Office of Inspector General

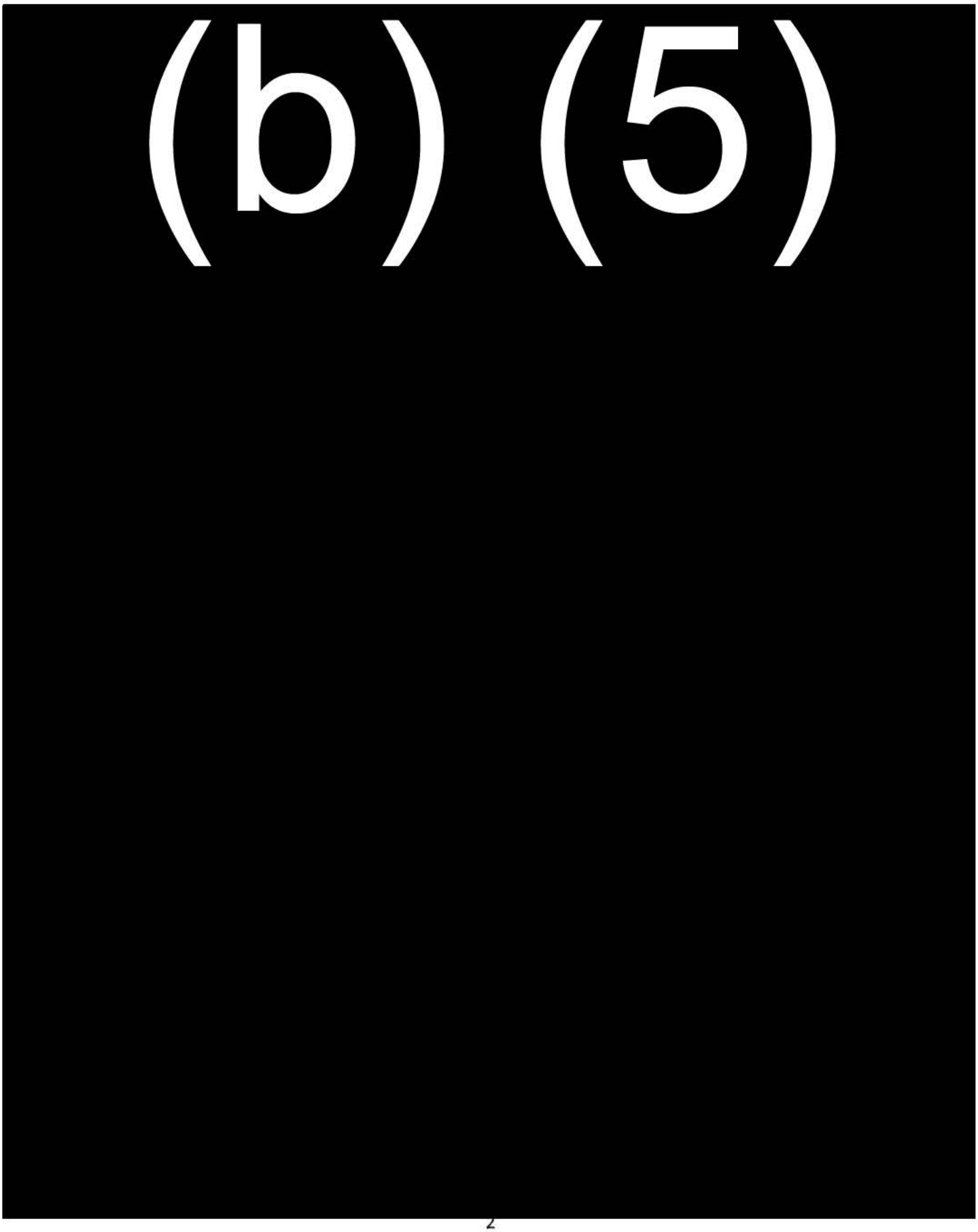
SUBJECT: (b) (5) Teresa Kelly

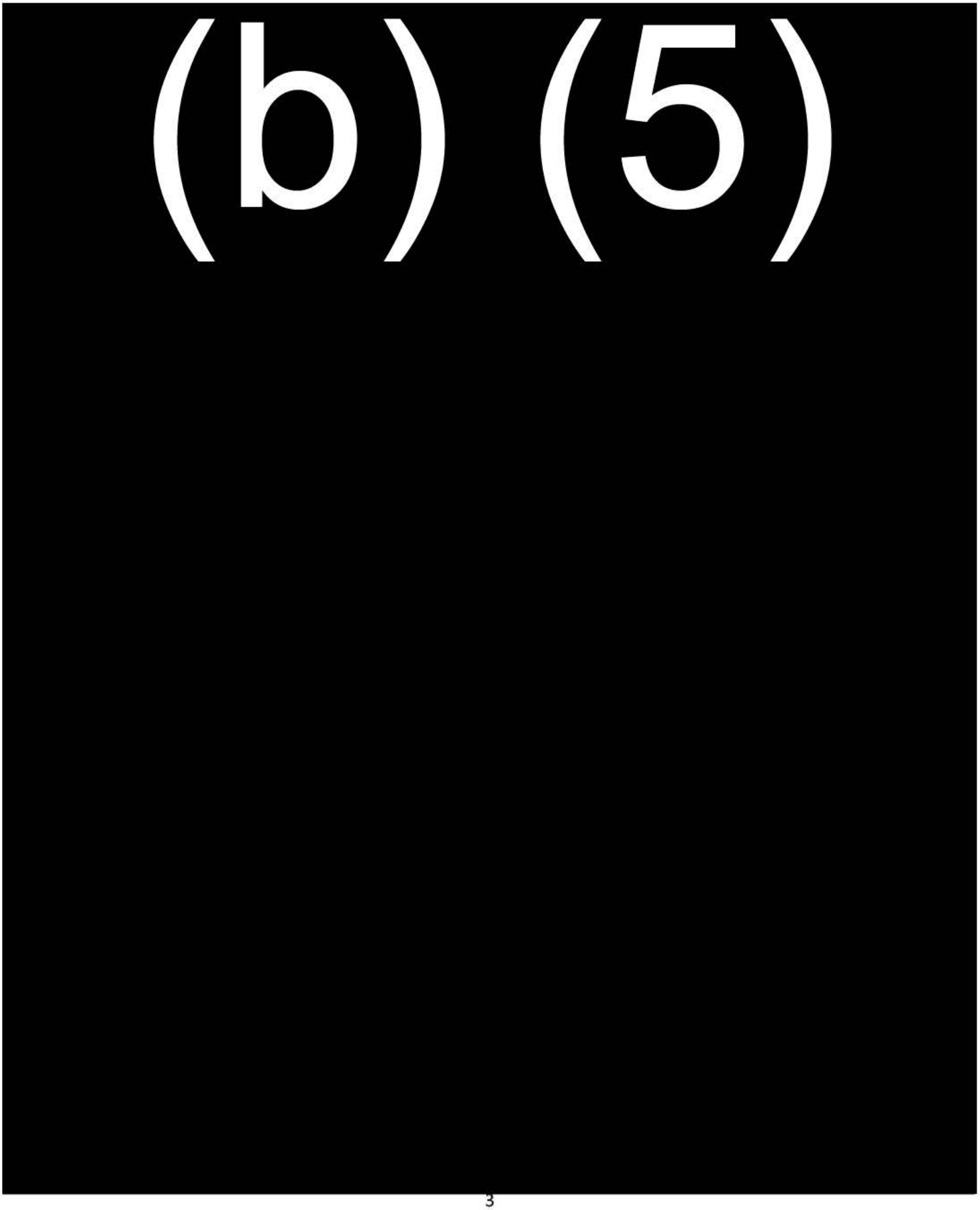
(b) (5)

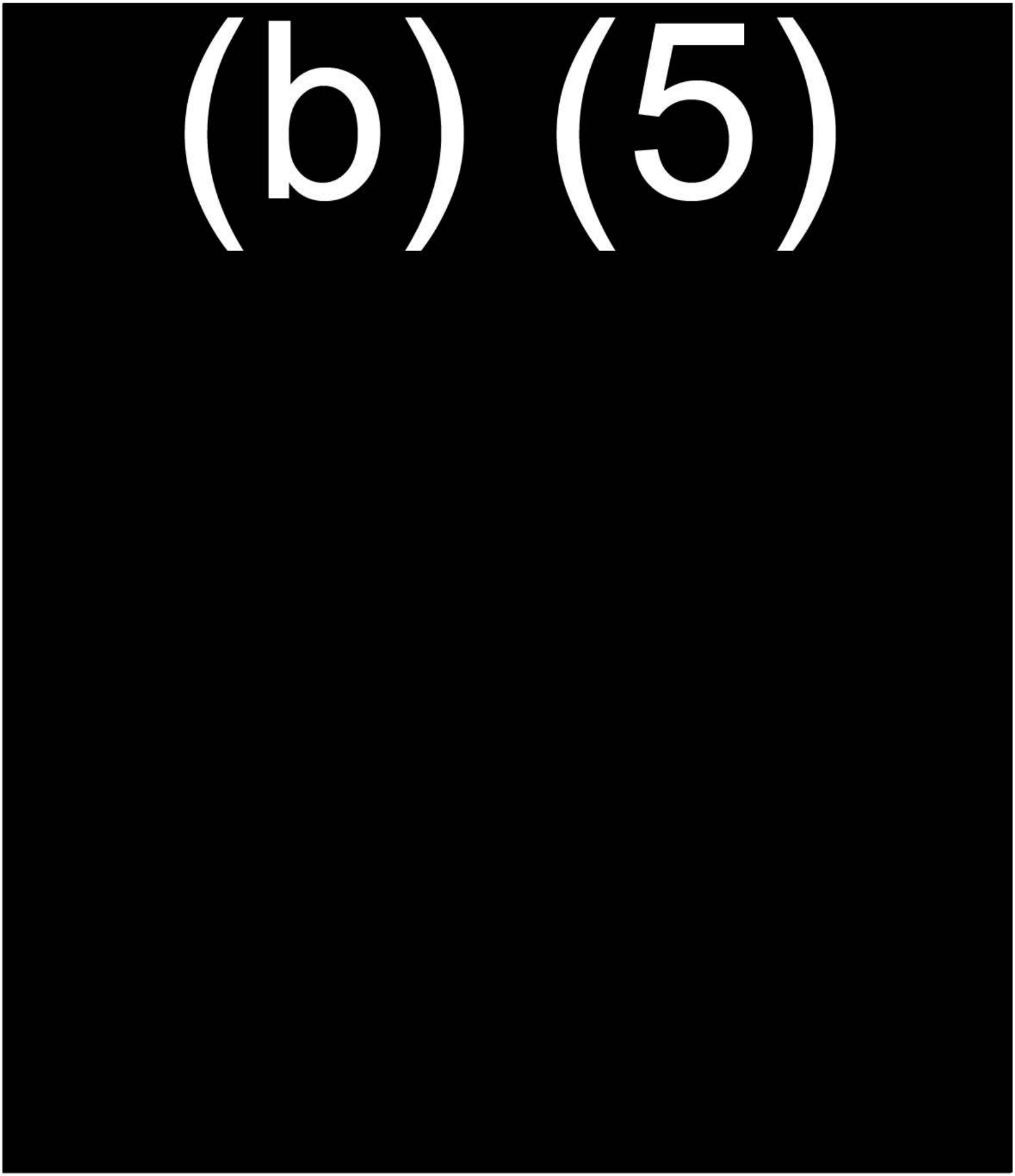
I. Subject Information

Name: Teresa Kelly
DOB:
SS#:
Address: (b) (7)(C)

(b) (5)


(b) (5)


(b) (5)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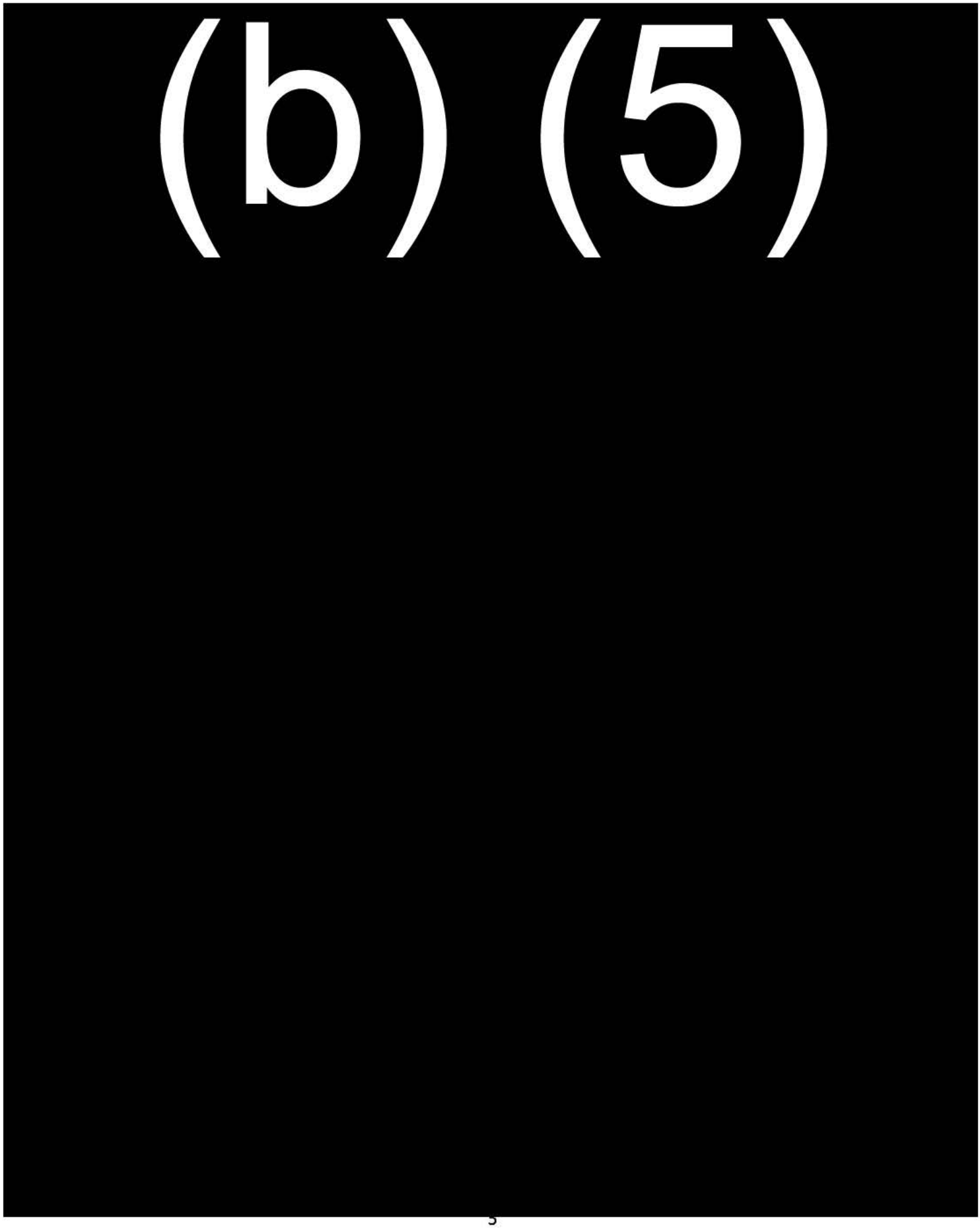
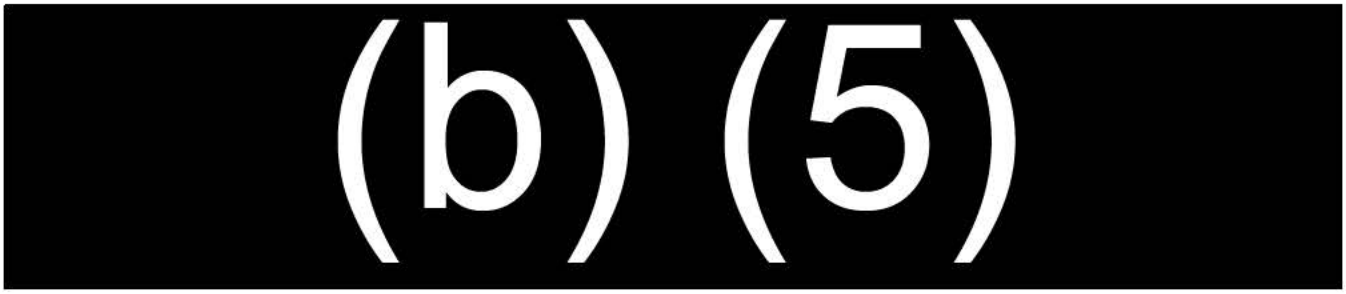
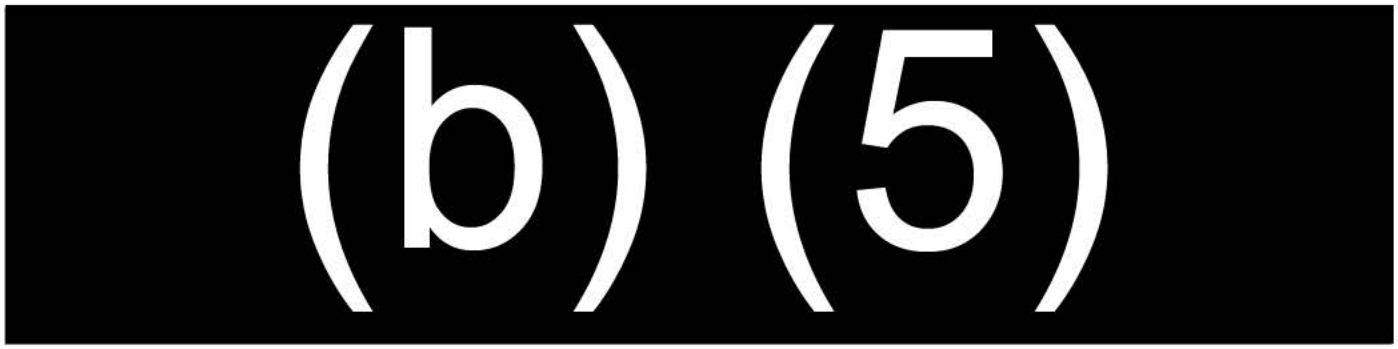

(b) (5)



V. Contact Information

For questions concerning this matter's facts, or if you require additional information, please contact me at (202) 408-2555 or FHFA-OIG's Special Agent in Charge Peter Emerzian at (202) 445-2098.

For questions of a legal nature, please contact FHFA-OIG's Chief Counsel Bryan Saddler at (202) 408-2577 or Deputy Chief Counsel Brian W. Baker at (202) 408-2878.



CC: Dane M. Narode, Associate General Counsel for Program Enforcement, HUD
James M. Beaudette, Deputy Director, Department Enforcement Center, HUD
Peter Emerzian, Special Agent in Charge, FHFA-OIG
Bryan Saddler, Chief Counsel, FHFA-OIG
Brian W. Baker, Deputy Chief Counsel, FHFA-OIG

FEDERAL HOUSING FINANCE AGENCY
OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM OF ACTIVITY

On March 17, 2011, (b) (7)(C) Institutional Sales and Trading, Mesirow Financial (MESIROW), 6750 N. Andrews Ave., Suite 325, Ft. Lauderdale, FL 33309 was interviewed at the U.S. Attorney's Office, Alexandria, Virginia by Assistant United States Attorney (AUSA) Charles Connolly, U. S. Department of Justice and Special Agent Peter C. Emerzian, Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG). Also present was Attorney (b) (7)(C) MESIROW, 353 North Clark Street-6th, Chicago, Illinois. (b) (7)(C) was advised of the identities of the interviewing attorney and agent and the purpose of the interview. (b) (7)(C) had been previously interviewed on December 7, 2009 and the following information is in addition to the information he previously provided. Prior to the interview, AUSA Connelly informed (b) (7)(C) that his testimony had to be truthful. (b) (7)(C) then provided the following information:

(b) (7)(C) has been working in the securities business for over 40 years and has some college credits but no college degree. He began working at MESIROW in 2003 and is currently the (b) (7)(C) Institutional Sales and Trading. He is (b) (7)(C) . (b) (7)(C) explained MBS's are backed by pools of mortgages. (b) (7)(C) advised there are agency MBS and private label MBS. (b) (7)(C) identified agency MBS as Federal Home Loan Mortgage Corporation (FHLMC) known as "Freddie Mac"; Federal National Mortgage Association (FNMA) known as "Fannie Mae"; and Government National Mortgage Association (GNMA) known as "Ginnie Mae". (b) (7)(C) advised the advantage of agency MBS over private label MBS is that agency MBS is guaranteed by the U.S. Government which is attractive to investors because there is less risk.

(b) (7)(C) advised MESIROW did business with the Taylor, Bean, & Whitaker Mortgage Company (TBW) for many years until TBW closed in August 2009. (b) (7)(C) advised (b) (7)(C) for the TBW account. (b) (7)(C) never met Lee FARKAS, former TBW Chairman.

(b) (7)(C) advised he reviewed the Trade Assignment Agreements (TAA) sent to him by AUSA Connolly. The TAA form was a standard trade agreement form used by TBW and MESIROW. The TAA forms reflected TBW as the Seller, Colonial Bank ("Colonial") as the Assignee, and MESIROW as the Buyer.

(b) (7)(C) advised none of the TAA forms were legitimate. (b) (7)(C) explained that he reviewed the MESIROW files and none of these trades occurred. (b) (7)(C) also

---

Activity: Interview of (b) (7)(C)

Date Prepared: March 17, 2011
Location: Washington, D.C.

By: Peter C. Emerzian (b) (7)(C)

Case/Reference No.: I-11-0077

advised that none of these could have occurred because MESIROW never used Colonial as counterparty (b) (7)(C) advised that MESIROW did many trades with TBW and the (b) (4).

(b) (7)(C) reviewed the TBW TAA form, dated July 29, 2009, (Identified as DOJ-KWT-026A-00246951 and attached as Exhibit 1). (b) (7)(C) advised it is unusual for a "To Be Announced" (TBA) trade to have a specific amount, such as $10,507,385 instead of the amount round off to $10 million. (b) (7)(C) advised the (b) (4). (b) (7)(C) advised (b) (4) (b) (7)(C) advised the trade appeared to him to have already occurred.

(b) (7)(C) also advised the Settlement Date, August 28, 2009, did not seem accurate because it was settling late in the month. (b) (7)(C) explained GNMA trades occurred on specific dates.

(b) (7)(C) further advised it was unusual for the TAA form date (July 29, 2009) to be the same as the Trade Date (July 29, 2009) because it usual took a few days to put the trade together. (b) (7)(C) explained to do a trade TBW (b) (4) TBW (b) (4) (b) (4).

(b) (7)(C) also advised it was unusual for the TBW Chairman, Lee FARKAS to sign the form; it was usually signed by TBW Employee (b) (7)(C).

(b) (7)(C) reviewed TBW TAA form dated July 29, 2009 (Identified as DOJ-KWT-026A-00246952 and attached as Exhibit 2) and notice similar discrepancies.

(b) (7)(C) advised that during his review of the TAA forms provided by AUSA Connolly, he noticed dynamic price fluctuations on trades involving the same type of loans that occurred on the same day, which he felt was unusual because similar loans sold on the same day, usually sold for similar prices. (b) (7)(C) advised that pools of loans should only be sold once.

(b) (7)(C) advised that when TBW closed, MESIROW had a trade in process and MESIROW (b) (4), but it was not due to fraud.

(b) (7)(C) provided the following contact information:
Date of Birth (b) (7)(C)
SSAN:
Office:
Email: (b) (7)(C)

Trade Assignment Agreement

Dated as of 07/29/09
Dealer **Mesirow Financial**
Contact
Phone
Fax

Attached hereto is a correct and complete copy of your confirmation of commitment ("the Commitment") documenting

(b) (4)

This is to confirm that (i) the Commitment is in full force and effect, (ii) the Commitment has been assigned to Colonial Bank, whose acceptance of such assignment is indicated below, (iii) Colonial Bank is obligated to make delivery of such Securities to you in accordance with the attached commitment, and (iv) you will accept delivery of such Securities directly from Colonial Bank against immediately available funds (DVP).
You agree that, on acceptance of this Trade Assignment, you will release us from all obligations from the trade identified above. Notwithstanding the foregoing, Colonial Bank shall have no obligations to you or us in the event you do not agree to this assignment by executing and delivering this letter as provided below.

Please execute this letter in the space provided below and send it by facsimile no later than the business day prior to the settlement date to Colonial Bank at (407)245-7974. If you have any questions,

Very truly yours,

[Seller] Taylor, Bean & Whitaker Mortgage Corp.

By : Lee Farkas
Title: Chairman of the Board
Date: 07/29/09

Agreed to:

[Buyer] Mesirow Financial Inc

By: _____
Title: _____
Date: _____

[Assignee] Colonial Bank

By: _____
Title: _____
Date: _____

Exhibit 1

Trade Assignment Agreement

Dated as of 07/29/09
Dealer **Mesirow Financial**
Contact
Phone
Fax

Attached hereto is a correct and complete copy of your confirmation of commitment ("the Commitment") documenting

[redacted]

This is to confirm that (i) the Commitment is in full force and effect, (ii) the Commitment has been assigned to Colonial Bank whose acceptance of such assignment is indicated below, (iii) Colonial Bank is obligated to make delivery of such Securities to you in accordance with the attached commitment, and (iv) you will accept delivery of such Securities directly from Colonial Bank against immediately available funds (DVP).
You agree that, on acceptance of this Trade Assignment, you will release us from all obligations from the trade identified above. Notwithstanding the foregoing, Colonial Bank shall have no obligations to you or us in the event you do not agree to this assignment by executing and delivering this letter as provided below.

Please execute this letter in the space provided below and send it by facsimile no later than the business day prior to the settlement date to Colonial Bank at (407)245-7974. If you have any questions,

Very truly yours,

[Seller] Taylor, Bean & Whitaker Mortgage Corp.

By : Lee Farkas
Title: Chairman of the Board
Date: 07/29/09

Agreed to:

[Buyer] Mesirow Financial Inc

By: _____
Title: _____
Date: _____

[Assignee] Colonial Bank

By: _____
Title: _____
Date: _____

Exhibit 2

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	Case No. 1:11cr88
v.	)	
	)	18 U.S.C. § 1349 (Conspiracy)
CATHERINE KISSICK,	)	
	)	
Defendant.	)	

CRIMINAL INFORMATION

THE UNITED STATES CHARGES THAT:

Count 1
(Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud)

1. From in or about 2002 through in or about August 2009, in the Eastern District of Virginia and elsewhere, the defendant

CATHERINE KISSICK

did knowingly and intentionally combine, conspire, confederate, and agree with others known and unknown to commit certain offenses against the United States, namely:

a. bank fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud a financial institution, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, a financial institution, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, § 1344;

b. wire fraud, that is, having intentionally devised and intending to devise a scheme and artifice to defraud a financial institution, and for obtaining money and

property by means of materially false and fraudulent pretenses, representations, and promises, to knowingly transmit and cause to be transmitted, by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, § 1343; and,

c. securities fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud any person in connection with any security of an issuer with a class of securities registered under § 12 of the Securities Exchange Act of 1934 (Title 15, United States Code, § 78l), in violation of Title 18, United States Code, § 1348.

2. Among the manner and means by which defendant KISSICK and others would and did carry out the conspiracy included, but were not limited to, the following:

a. KISSICK and co-conspirators caused the transfer of funds between Taylor, Bean & Whitaker Mortgage Corp. (TBW) bank accounts at Colonial Bank in an effort to hide TBW overdrafts.

b. KISSICK and co-conspirators caused TBW to sell to Colonial Bank mortgage loan assets, via the COLB facility, that included loans that did not exist or that had been committed or sold to third parties.

c. KISSICK and co-conspirators caused TBW to sell to Colonial Bank, via the AOT facility, fictitious Trades that had no mortgage loans collateralizing them and that had fabricated agreements reflecting commitments by investors to purchase them in the near future.

d. KISSICK and co-conspirators caused TBW to sell to Colonial Bank, via the AOT facility, Trades backed by impaired-value loans and real estate owned that had

fabricated agreements reflecting commitments by investors to purchase them in the near future.

e. KISSICK and co-conspirators periodically "recycled" fraudulent loans, identified as Plan B loans, on the COLB facility and the fictitious and impaired Trades on the AOT facility to give the false appearance that old loans and Trades had been sold and replaced by new loans and Trades.

f. KISSICK and co-conspirators covered up their misappropriations of funds from the COLB and AOT facilities by causing false documents and information to be provided to Colonial Bank.

g. KISSICK and co-conspirators caused Colonial BancGroup to file with the Securities and Exchange Commission (SEC) materially false annual reports contained in Forms 10-K and quarterly reports contained in Forms 10-Q that misstated the value and nature of assets held by Colonial BancGroup.

h. KISSICK and co-conspirators caused Colonial BancGroup to submit materially false information to the FDIC and to the SEC in furtherance of its application for Troubled Asset Relief Program funds.

(All in violation of Title 18, United States Code, § 1349.)

DENIS J. MCINERNEY
Chief, Fraud Section
Criminal Division
United States Department of Justice

By: _____
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

NEIL H. MACBRIDE
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	CRIMINAL NO. 1:11CR88
	)	
CATHERINE KISSICK,	)	
	)	
Defendant.	)	

PLEA AGREEMENT

Denis J. McInerney, Chief, Fraud Section of the Criminal Division of the United States Department of Justice, Patrick F. Stokes, Deputy Chief, and Robert A. Zink, Trial Attorney, and Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Charles F. Connolly and Paul J. Nathanson, Assistant United States Attorneys, and the defendant, CATHERINE KISSICK, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

1. **Offenses and Maximum Penalties**

The defendant agrees to waive indictment and plead guilty to a one-count criminal information charging the defendant with conspiracy (in violation of Title 18, United States Code, Section 1349) to commit bank fraud (in violation of Title 18, United States Code, Section 1344), securities fraud (in violation of Title 18, United States Code, Section 1348), and wire fraud (in violation of Title 18, United States Code, Section 1343). The maximum penalties for conspiracy are a maximum term of thirty (30) years of imprisonment; a fine of $250,000, or alternatively, a fine of not more than the greater of twice the gross gain or twice the gross loss; full restitution; a special

assessment; and five (5) years of supervised release. The defendant understands that this supervised release term is in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

2. Factual Basis for the Plea

The defendant will plead guilty because the defendant is in fact guilty of the charged offense. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offenses charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Section 1B1.2(a) of the Sentencing Guidelines.

3. Assistance and Advice of Counsel

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

a. the right to plead not guilty and to persist in that plea;

b. the right to a jury trial;

c. the right to be represented by counsel – and if necessary have the court appoint counsel – at trial and at every other stage of the proceedings; and

d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

4. Role of the Court and the Probation Office

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with 18 U.S.C. § 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker*, 543 U.S. 220, 125 S. Ct. 738 (2005), the Court, after considering the factors set forth in 18 U.S.C. § 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence.

5. Waiver of Appeal, FOIA and Privacy Act Rights

The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the statutory maximum described above (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also

hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

6. Recommended Sentencing Factors

In accordance with Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the United States and the defendant will recommend to the Court that the following provisions of the Sentencing Guidelines apply:

a. pursuant to USSG § 2B1.1(a)(1), the base offense level for the conduct charged in Count One is 7;

b. pursuant to USSG § 2B1.1(b)(2)(C), the conduct charged in Count One involved 250 or more victims, and pursuant to USSG § 2B1.1(b)(14)(B), the conduct charged in Count One substantially jeopardized the safety and soundness of a financial institution; accordingly, the defendant qualifies for an 8-level upward adjustment pursuant to USSG § 2B1.1(b)(14)(C);

c. pursuant to USSG § 2B1.1(b)(9), the conduct charged in Count One involved sophisticated means and qualifies for a 2-level upward adjustment;

d. pursuant to USSG § 3B1.1(a), the defendant's role in the offense charged in Count One was one of an organizer or leader in a criminal activity that involved five or more participants and was otherwise extensive and qualifies for a 4-level enhancement;

e. pursuant to U.S.S.G. § 3C1.1, the defendant willfully obstructed or impeded, or attempted to obstruct or impede, the administration of justice with respect to the investigation of the instant offense of conviction and qualifies for a 2-level enhancement; and

f. pursuant to U.S.S.G. § 3E1.1(b), the defendant has assisted the government in the investigation and prosecution of the defendant's own misconduct by timely notifying authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a 2-level decrease in offense level pursuant to U.S.S.G. § 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. § 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional 1-level decrease in the defendant's offense level.

The United States and the defendant may argue at sentencing that additional provisions of the Sentencing Guidelines apply.

7. Special Assessment

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars ($100.00) per count of conviction.

8. Payment of Monetary Penalties

The defendant understands and agrees that whatever monetary penalties are imposed by the Court pursuant to Title 18, United States Code, Section 3613, will be due and payable immediately

and subject to immediate enforcement by the United States. Furthermore, the defendant agrees to provide all of her financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

9. Restitution for Offenses of Conviction

The defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses. At this time, the Government is aware that the following victims have suffered the following losses: To Be Determined

10. Limited Immunity from Further Prosecution

The United States will not further criminally prosecute the defendant for the specific conduct described in the information or statement of facts. The defendant understands that this agreement is binding only upon the Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia. This agreement does not bind the Civil Division of the United States Department of Justice or the United States Attorney's Office for the Eastern District of Virginia or any other United States Attorney's Office, nor does it bind any other Section of the Department of Justice, nor does it bind any other state, local, or federal prosecutor. It also does not bar or compromise any civil, tax, or administrative claim pending or that might be made against the defendant.

11. Defendant's Cooperation

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the United States. In that regard:

a. The defendant agrees to testify truthfully and completely as a witness before any grand jury or in any other judicial or administrative proceeding when called upon to do so by the United States.

b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.

c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation by the United States or at the request of the United States.

d. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.

e. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.

f. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

12. Use of Information Provided by the Defendant Under This Agreement

Pursuant to Section 1B1.8 of the Sentencing Guidelines, no truthful information that the defendant provides pursuant to this agreement will be used to enhance the defendant's guidelines range. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested. Nothing in this plea agreement, however, restricts the Court's or Probation Office's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant provide false, untruthful, or perjurious information or testimony or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial.

13. Prosecution in Other Jurisdictions

The Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia will not contact any other state or federal prosecuting jurisdiction and voluntarily turn over truthful information that the defendant provides under this agreement to aid a prosecution of the defendant in that jurisdiction. Should any other prosecuting jurisdiction attempt to use truthful information the defendant provides pursuant to this agreement against the defendant, the Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree, upon request, to contact

that jurisdiction and ask that jurisdiction to abide by the immunity provisions of this plea agreement. The parties understand that the prosecuting jurisdiction retains the discretion over whether to use such information.

14. Defendant Must Provide Full, Complete and Truthful Cooperation

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

15. Motion for a Downward Departure

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

16. Order of Prohibition

The defendant agrees that she will consent to an Order of Prohibition From Further Participation pursuant to section 8(e) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(e), by entering into a Stipulation and Consent to the Issuance of an Order of Prohibition From Further Participation. The defendant also agrees that she will consent to an Order of Prohibition by entering

into a Stipulation and Consent to the Issuance of an Order of Prohibition with the Office of Thrift Supervision.

17. The Defendant's Obligations Regarding Assets Subject to Forfeiture

The defendant agrees to identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past eight years, or in which the defendant has or had during that time any financial interest. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous six years. Defendant agrees to forfeit to the United States all of the defendant's interests in any asset of a value of more than $1000 that, within the last eight years, the defendant owned, or in which the defendant maintained an interest, the ownership of which the defendant fails to disclose to the United States in accordance with this agreement.

18. Forfeiture Agreement

The defendant agrees to forfeit all interests in any asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of her offense. The defendant further agrees to waive all interest in the asset(s) in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. The defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging

instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. The defendant understands that the forfeiture of assets is part of the sentence that may be imposed in this case. The Fraud Section of the Criminal Division of the United States Department of Justice and the Criminal Division of the United States Attorney's Office for the Eastern District of Virginia agree to recommend to the Department of Justice, Criminal Division, Asset Forfeiture and Money Laundering Section that any monies obtained from the defendant through forfeiture be transferred to the Clerk to distribute to the victims of the offense in accordance with any restitution order entered in this case.

19. Waiver of Further Review of Forfeiture

The defendant further agrees to waive all constitutional and statutory challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule 11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant understands and agrees that all property covered by this agreement is subject to forfeiture as proceeds of illegal conduct, property facilitating illegal conduct, property involved in illegal conduct giving rise to forfeiture, and substitute assets for property otherwise subject to forfeiture.

20. Breach of the Plea Agreement and Remedies

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and

c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives

any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

21. Nature of the Agreement and Modifications

This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and her attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

Denis J. McInerney
Chief
Criminal Division, Fraud Section
United States Department of Justice

By: _____
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to 18 U.S.C. § 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

Date: 3/2/2011 _____
Catherine Kissick
Defendant

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed 18 U.S.C. § 3553 and the Sentencing Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

Date: 3-2-11

Kent Sands, Esq.
Douglas Steinberg, Esq.
Counsel for the Defendant

IN THE UNITED STATES DISTRICT COURT FOR THE

EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	CRIMINAL NO. 1:11cr88
	)	
CATHERINE KISSICK,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

The United States and the defendant, CATHERINE KISSICK, agree that had this matter proceeded to trial the United States would have proven the facts set forth in this Statement of Facts beyond a reasonable doubt. Unless otherwise stated, the time periods for the facts set forth herein are at all times relevant to the charges in the Information.

I. Overview

1. The defendant was a senior vice president of Colonial Bank and the head of Colonial Bank's Mortgage Warehouse Lending Division (MWLD). MWLD was located in Orlando, Florida.

2. From in or about 2002 through in or about August 2009, co-conspirators, including the defendant, engaged in a scheme to defraud various entities and individuals, including Colonial Bank, a federally insured bank; Colonial BancGroup, Inc.; shareholders of Colonial BancGroup; the Troubled Asset Relief Program (TARP); and the investing public. One of the goals of the scheme to defraud was to obtain funding for Taylor, Bean & Whitaker (TBW) to assist it in covering expenses related to operations and servicing payments owed to third-party purchasers of loans and/or mortgage-backed

securities. Although the defendant did not personally receive funds paid out by Colonial Bank to TBW as a result of the scheme to defraud, she knowingly and intentionally placed Colonial Bank and Colonial BancGroup at significant risk of incurring losses as a result of the scheme and, in fact, caused Colonial Bank to purchase assets from TBW of substantially more than $400 million that in fact had no value and were held on Colonial Bank's and Colonial BancGroup's books as if they had actual value.

II. Colonial Bank's Purchase of Worthless Assets

3. In or about early 2002, TBW began running overdrafts in its master bank account at Colonial Bank due to TBW's inability to meet its operating expenses, such as mortgage loan servicing payments owed to investors in Freddie Mac and Ginnie Mae securities, payroll, and other obligations. The defendant and co-conspirators covered up the overdrafts by transferring, or "sweeping," overnight money from another TBW account with excess funds into the master account to avoid the master account falling into an overdrawn status. This sweeping of funds gave the false appearance to other Colonial Bank employees that TBW's master account was not overdrawn. The day after sweeping funds, the conspirators would cause the money to be returned to the other account, only to have to sweep funds back into the master account later that day to hide the deficit again. By in or about December 2003, the size of the deficit due to overdrafts had grown to tens of millions of dollars.

4. In or about November 2003, the defendant and co-conspirators, including Lee Farkas, the chairman of TBW, caused the deficit in TBW's master account at Colonial Bank to be transferred to "COLB," a mortgage loan purchase facility at MWLD. Through the COLB facility, Colonial Bank purchased interests in individual residential

mortgage loans from TBW pending resale of the loans to third-party investors. The purpose of the COLB facility was to provide mortgage companies, like TBW, with liquidity to generate new mortgage loans pending the resale of the existing mortgage loans to investors. The COLB facility was designed such that Colonial Bank would recoup its outlay only after TBW resold a mortgage loan to a third-party investor, which generally was supposed to take place within 90 days after being placed on the COLB facility.

5. In this part of the scheme, which the conspirators called "Plan B," the defendant, Farkas, and other co-conspirators sought to disguise the misappropriations of tens of millions of dollars of Colonial Bank funds to cover up TBW shortfalls or overdrafts of TBW's accounts at Colonial Bank as payments related to Colonial Bank's purchase through the COLB facility of legitimate TBW mortgage loans. The defendant, Farkas, and other co-conspirators accomplished this by causing TBW to provide false mortgage loan data to Colonial Bank under the pretense that it was selling the bank interests in mortgage loans. As the defendant, Farkas, and other co-conspirators knew, however, the Plan B data included data for loans that TBW had already committed or sold to other third-party investors or that did not exist. As a result, these loans were not, in fact, available for sale to Colonial Bank. Whether a Plan B loan was fictitious or owned by a third party, the defendant knew and understood that she and her co-conspirators had caused Colonial Bank to pay TBW for an asset that was worthless to Colonial Bank.

6. Farkas and other co-conspirators at TBW, including the treasurer at TBW, caused the Plan B loan data to be delivered to the defendant and/or other co-conspirators

at Colonial Bank, including an operations supervisor who worked for the defendant and, among other things, kept track of the Plan B loans. The defendant and others caused the Plan B loan data to be recorded in Colonial Bank's books and records to give the false appearance that Colonial Bank had purchased legitimate interests in mortgage loans from TBW through COLB.

7. To avoid scrutiny from regulators, auditors, and Colonial Bank management of Plan B loans sold to Colonial Bank, the defendant, Farkas, and other co-conspirators devised and implemented a plan that gave the appearance that TBW was periodically selling the Plan B loans off of the COLB facility. In fact, Plan B loans were unable to be sold off of the COLB facility, and the conspirators instead created a document trail that disguised the existence of the Plan B loans.

8. In or about mid-2005, conspirators caused the deficit created by Plan B to be moved from the COLB facility to MWLD's Assignment of Trade (AOT) facility. The AOT facility was designed for the purchase of interests in pools of loans, which were referred to as "Trades," that were in the process of being securitized and/or sold to third-party investors. The conspirators moved the deficit to the AOT facility in part because, unlike the COLB facility, Colonial Bank generally did not track in its accounting records loan-level data for the Trades held on the AOT facility, thus making detection of the scheme by regulators, auditors, Colonial Bank management, and others less likely.

9. In an effort to transfer the deficit caused by the Plan B loans on the COLB facility to the AOT facility, the defendant, Farkas, and other co-conspirators caused TBW to engage in sales to Colonial Bank of fictitious Trades purportedly backed by pools of Plan B loans. In fact, the Trades had no collateral backing them. As the defendant and

other co-conspirators knew, Colonial Bank held these fictitious Trades in its accounting records at the amount Colonial Bank paid for them.

10. After moving the Plan B deficit from the COLB facility to the AOT facility, TBW continued to experience significant operating losses. From in or about mid-2005 through in or about 2009, the defendant, Farkas, and other co-conspirators continued to cause TBW to sell additional fictitious Trades to Colonial Bank through the AOT facility. These Trades had no pools of loans collateralizing them. Moreover, the defendant and other co-conspirators caused the creation of false documents to reflect agreements, as required under the AOT facility, for third-party investors to purchase the Trades within a short period of time. This fraudulent AOT funding was typically provided in an ad hoc fashion based on requests from Farkas or other co-conspirators at TBW for, among other reasons, servicing obligations, operational expenses, and covering overdrafts.

11. To obtain the fraudulent AOT funding, Farkas or other TBW co-conspirators would contact the defendant and/or another co-conspirator at Colonial Bank to request an advance from the AOT facility. Generally, the defendant discussed new advances with Farkas before the defendant would release the funds to TBW. Once an advance had been agreed to, TBW co-conspirators caused a wire request to be generated for the funds and provided the defendant and other Colonial Bank co-conspirators with false documentation purporting to represent the sale of pools to Colonial Bank to support the release of the funds. The defendant and her co-conspirators caused the false information to be entered on Colonial Bank's books and records, giving the appearance that Colonial Bank owned a 99% interest in legitimate securities on the

AOT facility in exchange for the advances, when in fact those securities had no value and could not be sold.

12. In addition to causing Colonial Bank to hold in its accounting records fictitious AOT Trades with no collateral backing them, the defendant, Farkas, and other co-conspirators caused Colonial Bank to hold in its accounting records AOT Trades backed by assets that TBW was unable to sell, including but not limited to impaired-value loans, charged-off loans, previously sold loans, loans in foreclosure, and real-estate owned (REO) property. The defendant, Farkas, and other co-conspirators also caused the creation of false documents to reflect agreements, as required under the AOT facility, for third-party investors to purchase these impaired Trades within a short period of time.

13. As with the Plan B loans, the defendant, Farkas, and other co-conspirators took steps to cover up the fictitious and impaired Trades on AOT by giving the false appearance that, periodically, the fictitious and impaired Trades were sold to third parties. The conspirators did this by, among other things, engaging in sham sales to hide the fact that the vast majority of assets backing the AOT Trades could not be resold because the assets were either wholly fictitious or consisted of, among other things, impaired-value loans and REO and, in either case, had no corresponding, legitimate commitment to be purchased by third parties. The defendant, Farkas, and other co-conspirators engaged in these sham sales to deceive others, including regulators, auditors, and certain Colonial Bank management.

14. The size of the deficit created by providing fraudulent advances to TBW through Plan B loans and the fictitious AOT Trades fluctuated during the conspiracy, and it reached into the hundreds of millions of dollars. During the course of the conspiracy,

the defendant and other co-conspirators negotiated the transfer of funds to Colonial Bank from TBW bank accounts or lending facilities and obtained other collateral from TBW and Farkas in order to reduce the deficit caused by the Plan B loans and the fictitious AOT Trades. Despite these efforts, the government would prove at a trial that during the course of the conspiracy charged in count one of the Information the defendant and co-conspirators caused Colonial Bank to pay TBW more than $400 million for Plan B loans and fictitious AOT Trades, i.e., loans and Trades that had no value to Colonial Bank. Moreover, the government would prove that some wire transfers of funds by Colonial Bank to TBW for fictitious Plan B loans and AOT securities involved transfers to LaSalle Bank, which had been purchased by Bank of America. Some of these wires were processed from Chicago, Illinois, through a Bank of America server located in Richmond, Virginia.

III. Efforts to Hide Fraudulent Scheme

15. At all times relevant to the Information, the defendant knew that her actions were wrong and not permitted by law. The defendant and her co-conspirators took steps to hide their scheme from regulators, auditors and certain senior Colonial Bank management. Among other things, in May 2009, the defendant deleted electronic communications on her personal Blackberry PDA, and instructed members of her staff to delete communications on their Blackberry PDAs, to evade subpoenas for documents from the Special Inspector General for the Troubled Asset Relief Program that had been served on Colonial Bank and TBW.

IV. False Financial Statements

16. As part of her duties during the relevant period, the defendant was responsible for certifying the financial results of MWLD to Colonial BancGroup for purposes of incorporating those results into Colonial BancGroup's publicly filed financial statements, including annual reports on Form 10-K and quarterly reports on Form 10-Q filed with the United States Securities and Exchange Commission (SEC). As the government would prove, Colonial BancGroup's Forms 10-K and Forms 10-Q were filed electronically with the SEC's EDGAR Management Office of Information and Technology, in Alexandria, Virginia, during the period set forth in the Information. The defendant and her co-conspirators took steps to hide the fraud scheme described in this statement of facts from Colonial Bank's and Colonial BancGroup's senior management, auditors, and regulators, and Colonial BancGroup's shareholders, including by providing materially false information that significantly overstated assets held in the COLB and AOT facilities. The defendant knew that these actions caused materially false financial data to be reported to Colonial BancGroup and incorporated in its publicly filed statements.

17. For example, in its Form 10-K for the year ending December 31, 2008, which was filed on or about March 2, 2009, Colonial BancGroup reported that MWLD had total assets under management of approximately $4.3 billion, of which approximately $1.55 billion, or 36%, were held as AOT Trades reported as Securities Purchased under Agreements to Resell. In its last Form 10-Q filed with the SEC, for the period ended March 31, 2009, which was filed on or about May 8, 2009, Colonial BancGroup reported that MWLD managed assets valued at approximately $4.9 billion,

with approximately $1.6 billion, or approximately 33%, held as AOT Trades reported as Securities Purchased under Agreements to Resell. As the defendant knew, the vast majority of the securities held on AOT at that time were fictitious or impaired and were not under legitimate agreements to be resold to third-party investors.

V. TARP Funding

18. In or about October 2008, Colonial BancGroup submitted an application to the FDIC seeking approximately $570 million in TARP funding under the Capital Purchase Program. In connection with the application, regulators and the United States Treasury Department (Treasury) reviewed Colonial BancGroup's financial data and filings, including the materially false information related to mortgage loan and securities assets held by Colonial Bank's MWLD resulting from the fraudulent conduct of the defendant and co-conspirators. In or about December 2008, Treasury conditionally approved $553 million of TARP funding to Colonial BancGroup if, among other things, Colonial BancGroup could first raise $300 million in private capital.

19. The TARP application submitted by Colonial BancGroup relied on financial statements that included the false financial information described above that was a direct result of the fraud scheme perpetrated by the defendant and co-conspirators. The defendant learned that Colonial BancGroup had submitted a TARP application and understood that the application contained financial information based, in part, on the materially false information described above. The defendant also understood that the United States government considered the financial statements of Colonial BancGroup in determining whether to approve TARP funding. The defendant and co-conspirators assisted Colonial BancGroup in a capital raise to meet TARP's outside funding condition

in order to obtain a significant cash infusion into Colonial BancGroup from the United States government, despite knowing that the Colonial BancGroup's application was based on materially false information. Colonial Bank never received TARP funding.

VI. Conclusion

20. The defendant admits that this statement of facts does not represent and is not intended to represent an exhaustive factual recitation of all the facts about which she has knowledge relating to the scheme to defraud as described herein.

21. The defendant admits that her actions, as recounted herein, were in all respects intentional and deliberate, reflecting an intention to do something the law forbids, and were not in any way the product of any accident or mistake of law or fact.

Respectfully submitted,

Denis J. McInerney
United States Department of Justice
Chief
Criminal Division, Fraud Section

By: _____
Patrick F. Stokes
Deputy Chief
Robert A. Zink
Trial Attorney

Neil H. MacBride
United States Attorney

By: _____
Charles F. Connolly
Paul J. Nathanson
Assistant United States Attorneys

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, CATHERINE KISSICK, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate to the best of my knowledge, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Catherine Kissick
Defendant

I am CATHERINE KISSICK's attorney. I have carefully reviewed the above Statement of Facts with her. To my knowledge, her decision to stipulate to these facts is an informed and voluntary one.

Kent Sands, Esq.
Attorney for Defendant

Douglas Steinberg, Esq.
Attorney for Defendant

FEDERAL HOUSING FINANCE AGENCY
OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM OF ACTIVITY

On March 4, 2011, (b) (7)(C), Federal Home Loan Mortgage Corporation (FHLMC), also known as "Freddie Mac", was interviewed in the U.S. Attorney's Office, Alexandria, Virginia by U. S. Department of Justice Trial Attorneys Rob Zink and Patrick Stokes and Special Agent Peter C. Emerzian, Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG). Also present were FHLMC attorney (b) (7)(C) and attorneys (b) (7)(C), Wiltshire & Grannis, LLP, 1200 18th Street-Suite 1200, Washington, D.C. 20036. (b) (7)(C) was advised of the identities of the interviewing attorneys and agents and the purpose of the interview. (b) (7)(C) had previously been interviewed on October 13, 2010 and the following information is in addition to the information he previously provided. Prior to the interview ZINK informed (b) (7)(C) that his testimony had to be truthful. (b) (7)(C) then provided the following information:

(b) (7)(C) advised FHLMC provides liquidity to the mortgage market by buying and securitizing mortgages. (b) (7)(C) advised that lenders, which include banks and mortgage companies, sell mortgages or pools of mortgages to FHLMC. (b) (7)(C) (b) (4) (b) (7)(C) (b) (4) . (b) (7)(C) advised (b) (4) . (b) (7)(C) advised (b) (4) . (b) (7)(C) advised (b) (4) . (b) (7)(C) also advised (b) (4)

(b) (7)(C) has knowledge of the Taylor, Bean, & Whitaker Mortgage Company (TBW) through their business relationship with FHLMC. (b) (7)(C) advised TBW (b) (4) (b) (4) . (b) (7)(C) advised TBW (b) (4) (b) (4) (b) (4) . (b) (7)(C) (b) (4) .

(b) (7)(C) was shown (b) (4) (Attachment 1 – Page DOJ MDH-001A-00003105), with attachments identified as contract number (b) (4) purchased from TBW. (b) (7)(C) advised the (b) (4) and (b) (4) (b) (4) . (b) (7)(C)

Activity: Interview of Philip (b) (7)(C)

Date Prepared: March 7, 2011
Location: Alexandria, VA

By: Peter C. Emerzian (b) (7)(C)

Case/Reference No.: I-11-0077

MEMORANDUM OF ACTIVITY
Activity: Interview of Philip (b) (7)(C)
Case File/Reference No.: I-11-0077
Date Prepared: March 7, 2011

advised the (b) (4) . (b) (7)(C) identified a "screen shot" (Attachment 1- Page DOJ MDH 001A 00003109), as verification the funds had been wired. (b) (7)(C) advised the attached list of mortgages (Attachment 1 – Pages DOJ MDH 001A 00003106 to 3108) should match the mortgages listed on the (b) (4) (Attachment 1- Pages DOJ OTZ 040A 00371604 to 371614). (b) (7)(C) advised he is (b) (4) , (b) (4) (b) (7)(C) advised the (b) (4) .

(b) (7)(C) advised he has never been arrested and has no criminal convictions.

FEDERAL HOUSING FINANCE AGENCY
OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM OF ACTIVITY

On March 3, 2011, Raymond G. ROMANO, Executive Vice President/Chief Credit Officer, Federal Home Loan Mortgage Corporation (FHLMC), also known as "Freddie Mac", was interviewed in the U.S. Attorney's Office, Alexandria, Virginia by Trial Attorney Rob Zink; Assistant United States Attorney Charles Connolly, U. S. Department of Justice; and Special Agent Peter C. Emerzian, Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG). Also present were FHLMC attorneys (b) (7)(C) and attorneys (b) (7)(C), Wiltshire & Grannis, LLP, 1200 18th Street-Suite 1200, Washington, D.C. 20036. ROMANO was advised of the identities of the interviewing attorneys and agents and the purpose of the interview. ROMANO had previously been interviewed on September 3, 2010 and the following information is in addition to the information he previously provided. Prior to the interview ZINK informed ROMANO that his testimony had to be truthful. ROMANO then provided the following information:

ROMANO advised FHLMC buys and guarantees mortgages, then packages the mortgages into mortgage backed securities (MBS). The MBS are then sold to investors, who receive a monthly payment from the MBS. The investors that purchase the FHLMC MBS are large investors, such as insurance companies and retirement fund managers, not individuals. FHLMC makes money from the fees they earn for guaranteeing the mortgages. If the mortgagor fails to make the mortgage payment and the mortgage goes into default, FHLMC will pay off the mortgage.

ROMANO advised (b) (4)

(b) (4)

ROMANO advised the mortgages purchased by FHLMC (b) (4)

ROMANO advised (b) (4)

ROMANO explained (b) (4)

ROMANO was not sure if FHLMC (b) (4)

Activity: Interview of Raymond Romano

Date Prepared: March 3,2011
Location: Alexandria, VA

By: Peter C. Emerzian

Case/Reference No.: I-11-0077

PE

MEMORANDUM OF ACTIVITY
Activity: Interview of Raymond Romano
Case File/Reference No.: I-11-0077
Date Prepared: March 3, 2011

(b) (4)

ROMANO advised that FHLMC (b) (4)

ROMANO has knowledge of the Taylor, Bean, & Whitaker Mortgage Company (TBW) because it did business with FHLMC. ROMANO advised TBW was a "third party originator" and explained that TBW purchased mortgages from community banks or small mortgage companies and sold them to FHLMC. ROMANO had always been concerned about the financial condition of TBW, especially their ability and obligation to repurchase defective mortgages they sold to FHLMC. ROMANO advised a defective mortgage could include one or more of the following problems:

Fraud
Improper loan to income ratios
Mathematical mistakes
Invalid appraisals
Invalid mortgage amounts

ROMANO advised that FHLMC reviewed (b) (4)
ROMANO described (b) (4)

ROMANO advised (b) (4)

ROMANO opined that if FHLMC had seized the MSRs from TBW they would have gone out of business. ROMANO advised he discussed this with Lee FARKAS, TBW's Chairman, and other TBW managers, who all understood that if FHLMC seized TBW's MSRs, TBW would go out of business and/or bankrupt. As a precaution, ROMANO made sure (b) (4)

ROMANO identified Paul ALLEN, TBW Chief Executive Officer (CEO) as one of the TBW managers with whom he discussed his concerns regarding TBW's financial situation. ROMANO knew ALLEN professionally from working with him at another job. ROMANO also knew ALLEN and (b) (7)(C) and (b) (7)(C) ALLEN provided logical explanations to ROMANO's concerns, but ROMANO still had concerns and in 2009 ALLEN's explanations were no longer logical. Before 2009, ALLEN had explained TBW was generating capital, something no other servicer was able to do, through Ocala Funding (OF). ROMANO accepted ALLEN's explanations because ALLEN

was very smart, respected in the industry, and his friend. In addition, other professional investors, such as Deutsche Bank, BNP Paribas, and Bank of America were investing in OF. ROMANO advised that even though FARKAS was very knowledgeable in the mortgage industry, FARKAS was not as credible as ALLEN.

In 2008 - 2009, ROMANO read that TBW was going in invest over $100 million in Colonial Bank ("Colonial") to help Colonial secure Troubled Asset Relief Program (TARP) funds. ROMANO was concerned because he had been trying for years to get TBW to post funds/collateral to ensure TBW would be able to repurchase defective mortgages. ROMANO advised that FARKAS had always told him TBW did not have the funds available. ROMANO felt that if TBW had over $100 million to invest in Colonial they should have funds to post to FHLMC as collateral for repurchases. ROMANO advised that he could not determine where the funds were coming from by looking at TBW's financial statements. ROMANO was also concerned because Colonial provided a significant amount of funding to TBW, and if Colonial went under TBW would not have access to funding/capital and would also go out of business. ROMANO recalled a meeting in April 2009, at the FHLMC offices in McLean, Virginia with FARKAS and ALLEN and maybe TBW's President Ray BOWMAN. During the meeting ROMANO asked FARKAS where they were getting over $100 million to invest in Colonial. FARKAS told ROMANO they had had hedged against interest rates. ROMANO told FARKAS he must have been nervous, because to have made over $100 million hedging interest rates, he must have risked billions of dollars. FARKAS told ROMANO he did not see the hedging as that risky and ROMANO asked for a copy of his hedging policy.

ROMANO met with FARKAS in the TBW offices in Ocala, Florida in June 2009 to discuss posting collateral to FHLMC, FHLMC investing in OF, and to determine the status of the TBW financial statements. ROMANO advised FHLMC [redacted] (b) (4) [redacted] ROMANO advised that the financial statements needed to be audited, to ensure their validity. ROMANO advised Deloitte and Touche were responsible for auditing TBW's financial statements. At the June 2009 meeting, FARKAS agreed to post $10 million monthly as collateral for FHLMC. When ALLEN also indicated that posting the $10 million monthly would not be a problem for TBW, ROMANO began to have doubts about ALLEN.

ROMANO advised he has never received any cash, gifts, trips, or anything of value from FARKAS or TBW. He recalled going to dinner with FARKAS and other TBW employees, and did not specifically recall who paid, but believes it was FHLMC.

ROMANO advised his date of birth (DOB) was [redacted] (b) (7)(C) [redacted]