



Department of Justice

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Former FDIC Attorney Sentenced Prison for Bank Fraud

ALEXANDRIA, Va. – Michelle M. Borzillo, 59, of Bristow, was sentenced today to 12 months and one day in prison, followed by two years of supervised release, for defrauding Wells Fargo Bank in connection with the sham short sale of her home to her live-in boyfriend. She was also ordered to pay \$288,497 in restitution and to forfeit the proceeds of her offense.

Borzillo pleaded guilty on Nov. 17, 2015 to committing bank fraud. According to court documents, the defendant was a senior attorney at the Federal Deposit Insurance Corporation (FDIC) until September 2014. In 2007, she purchased a home in Nokesville for \$850,000, with mortgages totaling \$807,500 from Wells Fargo Bank. In 2013, she engineered the short sale of her Nokesville home to her boyfriend, who had been living with her at the property for several years.

In order to induce Wells Fargo Bank to approve the short sale and relieve the defendant of her mortgage obligations, the defendant falsely represented to her lender that the sale of the property was an arm's-length transaction to someone with whom she had no close personal relationship. She also falsely certified that she was moving out of the property, and claimed she was suffering a financial hardship due to the then-federal pay freeze. In reality, as the defendant has admitted, she had no intention of moving out of the property, despite accepting \$3,000 in relocation assistance in connection with a federal program designed to assist financially distressed short sellers. As a senior FDIC employee, the defendant also had not been subject to the federal pay freeze, and her base annual pay had steadily increased during the time she owned the home, to \$230,000 at the time of the short sale. As a result of the fraudulent short sale transaction, Wells Fargo Bank was required to write off nearly \$300,000 in losses.

Dana J. Boente, U.S. Attorney for the Eastern District of Virginia; Fred Gibson, Acting Inspector General of the FDIC; and Rene Febles, Deputy Inspector General of Investigations for the Federal Housing Finance Agency Office of Inspector General, made the announcement after sentencing by U.S. District Judge Claude M. Hilton. Assistant U.S. Attorneys Samantha P. Bateman and Paul J. Nathanson prosecuted the case.

A copy of this press release may be found on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information may be found on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for **Case No. 1:15-cr-135**.

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