



## NEWS RELEASE

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### **Former Fannie Mae Employee Arraigned on Charges of Accepting Bribes and Approving Below-Market Sale of Foreclosed Homes**

*LOS ANGELES* – A Riverside woman who worked at Fannie Mae offices in Irvine faces fraud charges alleging that she earned more than \$1 million from a scheme in which she took bribes and approved discounted sales of Fannie Mae-owned properties to herself and to brokers in exchange for cash kickbacks.

Shirene Hernandez, 45, of Corona, was arraigned Friday afternoon on two counts of wire fraud. After entering a plea of not guilty and being released on a \$65,000 bond, Hernandez was ordered to stand trial on March 20, 2018.

As alleged in the indictment, at all relevant times Hernandez was a real estate owned (REO) foreclosure specialist at the Federal National Mortgage Association (Fannie Mae). Fannie Mae is a government-sponsored entity under conservatorship of the Federal Housing Finance Agency (FHFA). As part of its operations, Fannie Mae acquires properties – sometimes called REO properties – through foreclosure and otherwise, and it then manages and sells those properties for Fannie Mae's benefit. Under FHFA's conservatorship, since at least 2012 Fannie Mae's profits have gone to the United States Treasury Department, for the benefit of the American taxpayer.

As an REO foreclosure specialist, Hernandez's duties included assigning Fannie-Mae owned properties to listing brokers and approving sales of those properties based on offers submitted by those brokers. During the scheme, which is alleged to have begun no later than April 2011 and continued through at least July 2016, Hernandez allegedly approved sales of Fannie Mae-owned properties at discounted prices to herself and to brokers who paid her cash kickbacks, and she allegedly received bribes, in the form of cash payments, gifts, and other things of value, from brokers in exchange for listing opportunities and the resulting commissions that brokers earned on sales.

According to the indictment, one of the Fannie-Mae owned properties that Hernandez purchased was purchased through intermediaries and alter egos who rented out the property and provided rent proceeds to Hernandez.

The indictment alleges that Hernandez's profits from the fraud exceeded \$1 million.

*An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until and unless proven guilty in court.*

If Hernandez were to be convicted of the two charges in the indictment, she would face a statutory maximum sentence of 20 years in federal prison on each count.

The case is being investigated by the Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG). Agents continue to investigate this case and other allegations of bribes accepted by other Fannie Mae employees. If you believe you have information relevant to this investigation, please contact FHFA-OIG Senior Special Agent James Shields at 202-730-4013.

The prosecution of Hernandez is being handled by Assistant United States Attorney Kerry L. Quinn of the Major Frauds Section.