

## Department of Justice

U.S. Attorney's Office  
Central District of California

FOR IMMEDIATE RELEASE

Tuesday, January 14, 2020

### **Ex-Fannie Mae Employee Gets Over 6 Years in Prison for Bribery Scheme with Millions of Dollars in Corrupt Commissions and Sales**

*SANTA ANA, California* – A former Fannie Mae employee was sentenced today to 76 months in federal prison for a multimillion-dollar scheme to take bribes and to discount sales of Fannie Mae-owned properties to herself and to real estate brokers in exchange for cash kickbacks.

Shirene Hernandez, 47, of Corona, was sentenced by United States District Judge Andrew J. Guilford, who also ordered her to pay \$982,516 in restitution to Fannie Mae.

After a five-day trial in February 2019, a jury found Hernandez guilty of two wire fraud counts involving deprivation of honest services in furtherance of her scheme, which resulted in more than \$120 million in sales and more than \$3 million in corrupt commissions to brokers. The brokers who benefited from the sales paid the bribes and kickbacks to Hernandez in cash, which sometimes was stuffed into envelopes and delivered in parking lots, airports and coffee shops.

The evidence at trial showed that the bribery scheme arose out of Hernandez's misuse of her official position with the Federal National Mortgage Association (Fannie Mae), a government-sponsored entity under the conservatorship of the Federal Housing Finance Agency (FHFA). From 2010 until 2015, Hernandez worked as a sales representative for Fannie Mae at its Irvine office. As part of its operations, Fannie Mae acquires properties through foreclosures and other methods, and sales representatives then manage and sell those properties for Fannie Mae's benefit.

As a sales representative, Hernandez was responsible for picking real estate brokers to whom she assigned Fannie Mae-owned property listings. Brokers sought the listings because they would obtain commissions on them when the properties were sold. In violation of Fannie Mae rules and federal law, Hernandez demanded and received bribes from the brokers as a condition of her assignment of properties to them. As part of the scheme, she also received bribes for approving below-market sale prices of Fannie Mae-owned properties to the corrupt brokers.

Hernandez – using intermediaries and alter egos – bought at least one Fannie Mae-owned property in Sonoma for herself at a below-market price. She ensured that multiple offers higher than her own below-market price were rejected. Hernandez then paid for the property using a duffel bag filled with \$286,450 in cash, which she gave to her sister-in-law to bring to the sale's closing.

Hernandez also helped family members become Fannie Mae-approved brokers, and then steered nearly \$80 million in Fannie Mae listings to them, resulting in nearly \$2 million in commissions in less than three years.

In total, Hernandez received more than \$1 million in benefits, including the cash kickbacks and rent that she collected and equity that she built in the Fannie-Mae property she bought for herself.

” The crime that [Hernandez] committed was egregious,” prosecutors wrote in their sentencing memorandum. “Rather than act in the public’s best interests...she used her position to line her own pockets. [She] is unremorseful and unrepentant, and would seemingly do it all again if she could avoid being caught.”

The Federal Housing Finance Agency, Office of Inspector General investigated this matter.

This case was prosecuted by Assistant United States Attorneys Kerry L. Quinn of the Major Frauds Section, Ian V. Yanniello of the General Crimes Section, and Jonathan S. Galatzan of the Asset Forfeiture Section.

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**Component(s):**

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