



Department of Justice



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FORMER TBW FINANCIAL ANALYST PLEADS GUILTY TO \$1.5 BILLION FRAUD SCHEME

WASHINGTON – Sean W. Ragland, a former senior financial analyst at Taylor, Bean & Whitaker (TBW), pleaded guilty today to conspiring to commit bank and wire fraud for his role in a scheme that defrauded approximately \$1.5 billion from financial investors in TBW’s mortgage lending facility, Ocala Funding.

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; Acting Special Inspector General Christy Romero 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.

Ragland, 37, of San Antonio, Texas, pleaded guilty before U.S. District Judge Leonie M. Brinkema in the Eastern District of Virginia. Ragland faces a maximum penalty of five years in prison when he is sentenced on June 21, 2011.

According to a statement of facts submitted with his plea agreement, in 2005 TBW established a wholly-owned lending facility called Ocala Funding. Ocala Funding raised money by selling asset-backed commercial paper to financial institutions, including Deutsche Bank and BNP Paribas, and used the money to purchase TBW mortgages. The facility was managed by TBW and had no employees of its own.

Ragland had tracking and reporting responsibilities with respect to Ocala Funding, and today he admitted that from 2006 through August 2009, he and other co-conspirators engaged in a scheme to mislead investors and auditors as to the financial health of the lending facility. According to court records, shortly after Ocala Funding was established, Ragland learned there were inadequate assets backing its commercial paper. Ragland tracked this deficiency, which was referred to internally at TBW as a “hole” in Ocala Funding. He reported the status of the “hole” to senior TBW executives, including its CEO and CFO. Ragland was also aware that TBW co-conspirators were improperly transferring hundreds of millions of dollars from Ocala

Funding to TBW accounts. At the time that TBW ceased operations, the hole was approximately \$1.5 billion.

Ragland admitted that, at the direction of other co-conspirators, he prepared documents that inaccurately and intentionally inflated figures representing the aggregate value of the loans held in Ocala Funding or under-reported the amount of outstanding commercial paper. He sent this false information to the financial institution investors, other third parties and an outside audit firm.

To date, four other individuals have pleaded guilty to charges for their roles in this and related fraud schemes.

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. For more information about the task force visit: www.stopfraud.gov.

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