



THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

Northern District of Texas

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Federal Home Loan Bank Execs Plead Guilty Mid-Trial

Several days into their trial, two former Federal Home Loan Bank executives pleaded guilty to conspiring to lie to the government-sponsored financial institution, announced U.S. Attorney for the Northern District of Texas Erin Nealy Cox.

Terence Carlyle Smith, former FHLB - Dallas President, and Nancy B. Parker, former Chief Information Officer, both pleaded guilty to conspiracy to make false statements to a Federal Home Loan Bank.

Mr. Smith, 62, entered his plea before U.S. District Judge Jane J. Boyle on Friday morning, midway through the prosecution's case; Ms. Parker, 66, made her plea on Tuesday morning, before trial recommenced. The jury was dismissed on what would have been the sixth day of trial.

"These defendants attempted to trick a Federal Home Loan Bank into footing the bill for their exorbitant personal travel," said U.S. Attorney Nealy Cox. "We believe they were right to plead guilty, even at this late date, and are confident justice will be served at sentencing."

"The actions of these defendants placed at risk the public's trust in the Federal Home Loan Bank of Dallas. The Federal Housing Finance Agency Office of Inspector General (FHFA-OIG) is committed to investigating allegations of fraud committed against the Government Sponsored Enterprises, including the 11 Federal Home Loan Banks," said Catherine Huber, Special Agent in Charge of the FHFA-OIG's Central Region Office. "We are proud to have partnered with the U.S. Attorney's Office for the Northern District of Texas in this case."

In plea papers, the pair admitted that from 2009 to 2013, they submitted dozens of bogus expense reports to FHLB, claiming they'd attended professional conferences they never visited -- prompting FHLB to foot the bill for what was actually personal travel to Florida, California, and

Nevada. They also admitted to repeatedly falsely reporting their number of unused vacation hours.

Their pleas come on the heels of a pre-trial plea by former FHLB-Dallas Chief Financial Officer Michael Sims, who pleaded guilty to misprision of a felony , or concealing knowledge of the actual commission of a felony, on June 27.

According to the Indictment filed in 2017, the scheme cost FHLB more than \$1.2 million -- \$780,000 in travel expenses, including airfare, limousine rides, concerts, vineyard tours, luxury hotel rooms, and lavish meals for Mr. Smith, Ms. Parker, Mr. Sims and several colleagues, and \$450,000 in unused vacation time reimbursements.

Mr. Smith and Ms. Parker each face up to five years in federal prison, and will both be required to pay restitution. In addition, as part of their plea agreements, both agreed to repay FHLB - Dallas for attorneys' fees incurred by the bank and its insurance carrier; Mr. Smith will pay \$4.2 million and Ms. Parker will pay just over \$227,900.

Mr. Sims, meanwhile, faces three years in federal prison, and will also be required to pay restitution.

The Federal Housing Finance Agency Office of Inspector General led the investigation. Assistant U.S. Attorneys Errin Martin, Lindsey Beran, Tiffany Eggers, and Douglas Brasher prosecuted the case.

Topic(s):

Financial Fraud

Component(s):

USAO - Texas, Northern

Contact:

Erin

Dooley, Public Affairs Officer 214-659-8707

erin.dooley@usdoj.gov

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