



Federal Housing Finance Agency

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FINAL SUSPENSION ORDER

The Federal Housing Finance Agency, as safety and soundness regulator of Fannie Mae, Freddie Mac, and the eleven Federal Home Loan Banks (collectively the “regulated entities”), is issuing this Final Order pursuant to the following legal authorities:

1. Section 1313 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), which authorizes FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of the regulated entities. *See* 12 U.S.C. § 4513(a)(2);
2. Section 1313B of the Safety and Soundness Act, which authorizes FHFA to establish standards for the regulated entities regarding prudential management of risks. FHFA is authorized to issue orders requiring the regulated entities to take any action that will best carry out the purposes of that section. *See* 12 U.S.C. § 4513b(b)(2)(B)(iii); and
3. Section 1319G of the Safety and Soundness Act, which authorizes FHFA to issue any orders necessary to ensure that the purposes of the Safety and Soundness Act are accomplished. *See* 12 U.S.C. § 4526(a).

Consistent with these authorities, FHFA has determined that any business relationship between Jacob Deutsch and any of the regulated entities would present excessive risk to their safety and soundness.

This determination is based on the following findings:

1. B H Property Management, LLC (BHPM) was a property management limited liability company based in Hartford, Connecticut, which managed numerous multifamily properties in Hartford. At all times relevant, Jacob Deutsch was responsible for day-to-day operations of BHPM.
2. Jacob Deutsch, in the District of Connecticut and elsewhere, with the specific intent to defraud, conspired with others to devise and knowingly participate in a scheme to defraud financial institutions, and to obtain money and property from financial institutions by means of false and fraudulent pretenses, representations, and promises, and to use the mail and wire communications in interstate commerce in furtherance of that scheme.

3. In furtherance of the scheme and conspiracy, Jacob Deutsch, working with at least one co-conspirator, provided false information to (a) the victim financial institutions, (b) Freddie Mac and Fannie Mae (the Enterprises), and (c) the U.S. Department of Housing and Urban Development (HUD), in connection with loans issued by the victim financial institutions and secured by various multifamily housing properties managed by BHPM. The false information overstated the value of multifamily housing properties managed by BHPM and induced the victim financial institutions to issue loans that they otherwise would not have issued on the requested terms, or for amounts larger than they would have authorized had they been provided with truthful information. In addition, the false information induced the Enterprises to purchase the resulting loans from the victim financial institutions, and for HUD to issue a mortgage insurance commitment to a victim financial institution.
4. As part of and in furtherance of the above conspiracy and scheme, Jacob Deutsch, with the specific intent to defraud the victim financial institutions of money or property, caused wire communications to be transmitted in interstate commerce, caused envelopes used in the conspiracy to be delivered by mail, and knowingly made false statements and reports to the victim financial institutions, for the purpose of influencing their actions in connection with an application or loan. As part of and in furtherance of the above conspiracy and scheme, Jacob Deutsch was the organizer of extensive criminal activity that involved five or more participants (including at least five BHPM employees). In addition, such conspiracy and scheme involved, and false statements or reports were made to mortgage lending businesses relating to loans or applications for, multiple multifamily housing properties.
5. Jacob Deutsch and others employed various mechanisms to mislead financial institutions regarding the properties' occupancy, an important metric that appraisers and financial institutions use to value multifamily property.
6. On July 12, 2022, pursuant to a guilty plea, Jacob Deutsch was convicted by the United States District Court for the District of Connecticut of conspiracy to commit mail or wire fraud affecting a financial institution.
7. On December 21, 2022, HUD suspended Jacob Deutsch indefinitely from participation in procurement and nonprocurement transactions as a participant or principal with HUD and throughout the Executive Branch of the Federal Government.
8. The conduct underlying the conviction described above occurred in connection with a mortgage business and financial transactions.

With this Final Order, FHFA is directing each regulated entity to cease or refrain from engaging in any business relationship with Jacob Deutsch indefinitely, beginning on December 31, 2023. This suspension extends to any individual, company, partnership or other group that FHFA determines to be an affiliate of Jacob Deutsch's.

The Final Order's requirement for regulated entities to cease any business relationship with Jacob Deutsch does not apply to the existing or future purchase, sale, modification, foreclosure alternative transaction, or other foreclosure-related transaction of a residential mortgage loan owned by a regulated entity if Jacob Deutsch is the borrower of such residential mortgage loan and the transaction is for the borrower's own personal or household residence.

This Final Order is a final action of the Federal Housing Finance Agency.

Clinton Jones,
Suspending Official