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 Maurice Bethea and any of the regulated entities would present excessive risk to their safety and soundness.

This determination is based on the following findings:

1. From May 2009 through June 2012, Maurice Bethea and others solicited buyers to purchase multi-unit residential properties owned by a company Bethea controlled to be sold through real estate transactions financed by mortgage loans that were fraudulently obtained from a mortgage lender.

2. Bethea and others caused completed mortgage loan applications to be submitted to a mortgage lender that contained multiple misrepresentations of material facts regarding, among other things, the buyers' assets.

3. Bethea and others caused funds to be transferred from the bank accounts of a business Bethea controlled to the buyers' bank accounts to make those funds appear to a mortgage lender as the buyers' own assets. The fraudulent applications submitted to a mortgage lender, which were prepared by or at the direction of Bethea and others, falsely claimed the transferred funds as assets belonging to the buyers.

4. Bethea and others caused supporting documents that fraudulently verified the sources of the transferred funds to be generated and submitted to a mortgage lender in support of the fraudulent applications.

5. Bethea and others caused the transferred funds to be withdrawn from the buyers' accounts and returned to Bethea and others' control after the presence of those funds in the buyers' accounts had been fraudulently verified and sourced for the mortgage lender.

6. Bethea and others provided the cash to close the transactions directly from a company Bethea controlled, despite claiming on mortgage documents submitted to a mortgage lender in connection with the fraudulent applications that the buyers were furnishing those funds.

7. Bethea and others caused a mortgage lender to issue fraudulent mortgage loans to the buyers and transfer funds for those mortgage loans to bank accounts under Bethea's and others' control, then disbursed those funds to themselves and others.

8. The buyers did not repay the fraudulent mortgage loans, causing them to go into default and resulting in millions of dollars in losses.

9. On May 3, 2012, in relation to the conduct described in paragraphs 1 through 8, pursuant to a guilty plea, Bethea was convicted by the United States District Court for the District of New Jersey of conspiracy to commit mail fraud and was sentenced to imprisonment for a term of thirty-six (36) months and to five (5) years supervised release with conditions.

10. From August 2017 through in or about May 2018, Bethea engaged in a scheme to defraud a victim by promising to invest the victim's funds into Bethea's real estate companies, including a business Bethea controlled, for a substantial profit to the victim when Bethea used the funds for purposes other than those promised.

11. In or around August 2017, Bethea told a victim that Bethea owned real estate companies that invested in foreclosed properties, rehabilitated them, and sold them, and solicited money from a victim to invest in one of these businesses.

12. Bethea promised this victim that the victim would receive a twelve (12) percent return on the victim's investment, pursuant to an agreed-upon payment schedule, as well as $10,000 each time one of the rehabilitated properties was sold by Bethea's business.

13. When Bethea failed to make agreed-upon payments, Betha lied to the victim, claiming that the properties had not been selling and made misrepresentations about the properties. In one case, Bethea told the victim that a property had burned down when, in fact, it had not.

14. As a result of these misrepresentations the victim invested approximately $1,274,900. The victim believed that the money would be invested for the victim's benefit. In fact, it was used for other purposes, including real estate transactions that did not benefit the victim.

15. On February 4, 2022, in relation to the conduct described in paragraphs 10 through 14, Bethea was convicted by the United States District Court for the District of New Jersey of conspiracy to commit bank fraud and securities fraud and was sentenced to eighty-seven (87) months of imprisonment and five (5) years of supervised release. In addition, by virtue of the fact that Bethea engaged in this conduct while under supervised release, with conditions, as referenced in paragraph 9, on March 10, 2022, it was ordered and adjudged by the same court that the previously imposed term of supervised release be revoked, and that Bethea be imprisoned for a term of twenty-one (21) months and to supervised release for a term of one (1) year.

16. The conduct underlying the convictions 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 Maurice Bethea indefinitely, beginning on July 20, 2023. This suspension extends to any individual, company, partnership or other group that FHFA determines to be an affiliate of Maurice Bethea's.

The Final Order's requirement for regulated entities to cease any business relationship with Maurice Bethea 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 Maurice Bethea 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

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Clinton Jones,
Suspending Official