



# Federal Housing Finance Agency

Constitution Center  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20219  
Telephone: (202) 649-3800  
Facsimile: (202) 649-1071  
[www.FHFA.gov](http://www.FHFA.gov)

## 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 Shawn Thomas Johnson and any of the regulated entities would present excessive risk to their safety and soundness.

This determination is based on the following findings:

1. Shawn Thomas Johnson maintained a real estate broker license from the North Carolina Real Estate Commission from on or about October 19, 2015, until on or about February 13, 2019.
2. Beginning in 2012, Shawn Thomas Johnson began acquiring real estate properties in Buncombe County and elsewhere to use as short-term rentals listed on online platforms such as Airbnb, Homeaway, and VRBO. Johnson used a variety of means to acquire interests in these properties to build his business. Sometimes Johnson would apply for traditional mortgage loans for homes from financial institutions (as defined in Title 18, United States Code, Section 20). Johnson would also recruit other people to obtain loans to purchase homes that Johnson would then list as short-term rentals and share the proceeds, without disclosing Johnson’s financial interest in the properties to the lenders.
3. When seeking loans from financial institutions, Shawn Thomas Johnson, and others acting at Johnson's direction, made material misrepresentations to the financial

institutions to induce them to make the loans. These fraudulent statements included, among others:

- False claims that the homes would be used as primary residences, when in fact the homes were intended for immediate use as short-term rentals;
  - False statements about income and employment, including the presentation of fictitious pay stubs or other similar proof of employment;
  - Misidentifying sources of funds for use as down-payments;
  - Omitting information concerning lawsuits against the borrowers;
  - Presenting fictitious rental agreements and false information about rental income; and,
  - Failing to disclose the existence of other loans or financial obligations.
4. From August 2012 through to November 2019, Shawn Thomas Johnson and his co-conspirators closed on at least sixteen loans from financial institutions, totaling over \$3.5 million, to purchase real estate. In all these loans, Johnson made, or directed to be made, material misrepresentations of fact to induce the financial institutions to make the loans. Once acquired, Johnson used these properties to generate income as short-term rentals.
  5. Local laws, ordinances, and zoning regulations prohibited the use of many of these houses as short-term rentals. Shawn Thomas Johnson and his co-conspirators intentionally misrepresented to the lenders that these houses would be used as primary residences to conceal their intended purpose. The financial institutions backing these loans would not have approved them had they known that the houses would be used as short-term rentals in violation of these laws, ordinances, and zoning regulations.
  6. On March 25, 2022, pursuant to a guilty plea, Shawn Thomas Johnson was convicted by the United States District Court for the Western District of North Carolina of bank fraud and felon in possession of a firearm and ammunition and sentenced to a term of ninety-two (92) months of imprisonment and three (3) years of supervised release.
  7. The conduct underlying the conviction described above occurred in connection with a mortgage business.
  8. The above-referenced conviction constitutes covered misconduct, as that term is defined at 12 CFR 1227.2, that is of a type that would be likely to cause significant financial or reputational harm to a regulated entity or otherwise threaten the safe and sound operation of a regulated entity.

With this Final Order, FHFA is directing each regulated entity to cease or refrain from engaging in any business relationship with Shawn Thomas Johnson indefinitely, beginning on October 17, 2024. This suspension extends to any individual, company, partnership or other group that FHFA determines to be a current or future affiliate of Shawn Thomas Johnson's.

The Final Order's requirement for regulated entities to cease any business relationship with Shawn Thomas Johnson 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 Shawn Thomas Johnson 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