



Federal Housing Finance Agency

Constitution Center
400 7th Street, S.W.
Washington, D.C. 20219
Telephone: (202) 649-3800
Facsimile: (202) 649-1071
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 (the “regulated entities”), is issuing this Final Order pursuant to the following legal authorities:

1. Section 1313B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) 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).
2. Section 1319G of the Safety and Soundness Act 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).
3. Section 1313 of the Safety and Soundness Act authorizes FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of each regulated entity. *See* 12 U.S.C. 4513(a)(2).

Consistent with these authorities, FHFA has determined that any business relationship between Paul Allen and a regulated entity would present excessive risk to the safety and soundness of the regulated entity.

This determination is based on the following findings:

1. Paul Allen joined Taylor, Bean & Whitaker Mortgage Corporation (TBW), in Ocala, Florida, as its Chief Executive Officer and reported directly to the chairman of TBW, Lee Farkas.
2. Paul Allen and co-conspirators engaged in a scheme to defraud investors in Ocala Funding. This scheme allowed TBW to misappropriate over \$1 billion in collateral from Ocala Funding. As a result of this Ocala Funding fraud scheme, Freddie Mac and others believed they had an undivided ownership interest in thousands of the same mortgage loans.

3. On or about June 21, 2011, Paul Allen was sentenced in United States District Court for the Eastern District of Virginia to forty (40) months imprisonment and two (2) years of supervised release for (i) Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud and (ii) False Statements.
4. As described in the Statement of Facts filed in the United States District Court for the Eastern District of Virginia on April 1, 2011, the conduct underlying the conviction listed above occurred in connection with a financial transaction.

With this Final Order, FHFA is directing each regulated entity to cease any business relationship with Paul Allen indefinitely, beginning on July 19, 2017. This suspension extends to any individual, company, partnership or other group that FHFA determines to be an affiliate of Paul Allen.

The Final Order's requirement for regulated entities to cease any business relationship with Paul Allen 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 Paul Allen 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.



Alfred M. Pollard
Suspending Official

5-19-17
Date: