



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 (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 Theodore Cardenas and a regulated entity would present excessive risk to the safety and soundness of the regulated entity.

1. Theodore Cardenas was a licensed loan officer whose responsibilities included arranging for borrowers to obtain mortgage loans from lenders.
2. Theodore Cardenas, along with others, fraudulently obtained mortgage loans from lenders, including financial institutions, by making false representations and omissions in loan applications, supporting documents, and HUD-1 settlements statements concerning buyers’ employment, financial conditions, assets, true source of down payments, and intention to occupy the property, and for the purpose of executing the scheme caused interstate wire transmissions.
3. Theodore Cardenas, along with others, knowingly arranged for nominee buyers to fraudulently obtain mortgage loans from lenders to finance the purchases of properties, knowing that false statements would be made to the lenders to obtain the mortgage loans.

4. On December 6, 2013, Theodore Cardenas was sentenced by the United States District Court, Northern District of Illinois for a total of twenty-seven (27) months of imprisonment, followed by three (3) years of supervised release for Wire Fraud.
5. On April 23, 2015, the U.S. Department of Housing and Urban Development (“HUD”) debarred Theodore Cardenas from procurement and non-procurement transactions, as either a principal or participant, with HUD and throughout the Executive Branch of the Federal Government for an indefinite period, beginning February 26, 2013.
6. As described in the Indictment filed in the United States District Court, Northern District of Illinois on May 2, 2012 and the HUD Notice of Final Determination dated April 23, 2015, the conduct underlying the conviction and debarment 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 Theodore Cardenas indefinitely, beginning on October 2, 2017. This suspension extends to any individual, company, partnership or other group that FHFA determines to be an affiliate of Theodore Cardenas.

The Final Order’s requirement for regulated entities to cease any business relationship with Theodore Cardenas 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 Theodore Cardenas 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.



Suspending Official

7-31-17

Date