

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

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<b>In the Matter of:</b>	)	
	)	
<b>TINA JING CHEN</b>	)	
Former Residential Loan Officer and/or Loan Consultant	)	OCC AA-ENF-2022-50
	)	
Sterling Bank and Trust, Federal Savings Bank	)	
Southfield, Michigan	)	
	)	

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**NOTICE OF CHARGES FOR PROHIBITION**

Take notice that on a date to be determined by the Administrative Law Judge, a hearing will commence in the Eastern District of Michigan, unless the parties agree to another place, pursuant to 12 U.S.C. § 1818(e), concerning the charges set forth herein to determine whether an Order should be issued against Tina Jing Chen (“Respondent”), former Residential Loan Officer and/or Loan Consultant (collectively, “residential loan officer”) of Sterling Bank and Trust, Federal Savings Bank, Southfield, Michigan (“Bank”), by the Office of the Comptroller of the Currency of the United States of America (“OCC”), prohibiting Respondent from participating in any manner in the conduct of the affairs of any federally insured depository institution or any other institution, credit union, agency, or entity referred to in 12 U.S.C. § 1818(e).

The hearing afforded Respondent shall be open to the public unless the Comptroller of the Currency (“Comptroller”), in his discretion, determines that holding an open hearing would be contrary to the public interest.

In support of this Notice of Charges for Prohibition (“Notice”), the OCC charges the following:

## ARTICLE I

### JURISDICTION

At all times relevant to the charges set forth below:

- (1) The Bank is an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2).
- (2) Respondent was an employee of the Bank, and was an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof. *See* 12 U.S.C. § 1818(i)(3).
- (3) The Bank is a Federal savings association within the meaning of 12 U.S.C. § 1813(b)(2)(C) and 12 U.S.C. § 1462(3), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*
- (4) Accordingly, the OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this prohibition action against Respondent pursuant to 12 U.S.C. § 1818(e).

## ARTICLE II

### BACKGROUND

- (5) This Article repeats and realleges all previous Articles in this Notice.

#### **Respondent’s Duties and Responsibilities at the Bank**

- (6) Between approximately April 2016 and December 2019, Respondent was employed by the Bank at a branch in California.
- (7) Respondent’s titles at the Bank included Residential Loan Officer and Loan Consultant.

(8) While employed at the Bank as a “Residential Loan Officer” or a “Loan Consultant,” Respondent was a loan officer who originated residential mortgage loans.

(9) Respondent was a productive residential loan officer at the Bank in 2017, 2018, and 2019. In each of these years, she was at least the fourth most productive residential loan officer at the Bank by both the number of residential mortgage loans closed and dollar volume of mortgage loans closed.

(10) Respondent resigned from the Bank on or around December 16, 2019, upon being asked to sit for an interview that was part of the Bank’s internal review. The Bank’s internal review is described in more detail in Paragraph 22 of this Notice.

(11) As a residential loan officer at the Bank, Respondent’s duties included “examin[ing], evaluat[ing], and authoriz[ing] or recommend[ing] approval of customer applications for mortgage loans” by performing specified duties. These specified duties involved: “[i]nterview[ing] applicant and request[ing] specified information for loan application,” “[a]nalyz[ing] applicant financial status, credit, and property evaluation to determine feasibility of granting loan or submits application to credit analyst for verification and recommendation,” “[c]orrespond[ing] with or interview[ing] applicant or creditors to resolve questions regarding application information,” and “[c]ompiling loan package and facilitat[ing] negotiations. . . according to establishment standards.”

(12) Certain residential loan officers were permitted to have one or more loan officer assistants assigned to them. The loan officer assistants assigned to a residential loan officer primarily worked on the loans that their residential loan officer originated.

(13) Residential loan officers were responsible for training their assigned loan officer assistants.

(14) Loan officer assistants were responsible for “assist[ing] with appointment[s] with applicants, completing applications and sending required disclosures within the time frame established by regulations,” “help[ing] gather documents for submission to the underwriting department, assist[ing] in the collection of and review of conditions,” and “work[ing] with the processor, underwriting and closing departments to ensure [the] loan closes in a timely manner.”

(15) Respondent was assigned a loan officer assistant (“LOA-1”)<sup>1</sup> at least part of the time when Respondent was employed at the Bank.

(16) Respondent, as a residential loan officer at, was obligated to comply with all applicable laws and regulations. Put another way, Respondent, while employed at the Bank, had a duty to refrain from any action or omission (taken alone or with another or others) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation of law or regulation by herself or the Bank.

- a. The law prohibited Respondent and other residential loan officers at the Bank from knowingly making any false statement or report for the purpose of influencing in any way the action of any institution whose accounts are insured by the Federal Deposit Insurance Corporation upon any action or loan. *See, e.g.*, 18 U.S.C. § 1014.
- b. The law prohibited Respondent and other residential loan officers at the Bank from knowingly executing, attempting to execute, or participating in a scheme to defraud a federally insured financial institution, or to obtain any of the moneys or credits owned by, or under the custody or control of,

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<sup>1</sup> The names of persons and entities described by alias herein will be separately disclosed to Respondent.

a financial institution, by means of false or fraudulent pretenses, representations, or promises. *See, e.g.*, 18 U.S.C. § 1344.

- c. Under 12 C.F.R. Part 1026 (also called Regulation Z), the Bank was required to disclose to customers in certain residential lending transactions the involvement of third-party mortgage brokers (“brokers”) and fees paid to those brokers on loan estimates and closing disclosures.
- d. Under 12 C.F.R. Part 1026, the Bank was required to not make certain loans unless the Bank made a reasonable and good faith determination at or before consummation that the consumer will have a reasonable ability to repay the loan according to its terms. In making this determination, the Bank was required to verify the information that it relied on in determining a consumer’s repayment ability using reasonably reliable third-party records or third-party records that provide reasonably reliable evidence of the consumer’s income or assets.

(17) Respondent, as a residential loan officer, was obligated to carry out her duties and responsibilities in a manner consistent with safe and sound banking practices. Respondent had a duty to refrain from engaging or participating in any unsafe or unsound practice in connection with any insured depository institution or business institution.

#### **History of the Bank’s Advantage Loan Program**

(18) In or around 2011, the Bank initiated its Advantage Home Loan program, also called the “Advantage Home Ownership program,” and referred to hereinafter as the “Advantage Loan Program.”

(19) The Advantage Loan Program loans were adjustable-rate mortgages secured by residential real estate.

(20) The Advantage Loan Program began as a stated income mortgage loan program, meaning the Bank did not require documentation of an applicant's income and instead relied on representations made by the applicant related to their income, assets, and collateral.

(21) Beginning in early 2014, the Advantage Loan Program became a low-documentation program wherein applicants were required to submit certain information related to their income but not the documents customarily required for a conventional mortgage loan.

(22) In or around August 2019, the Bank engaged an external law firm, under the direction of a special committee of independent directors, to conduct an internal review of the Advantage Loan Program.

(23) On December 9, 2019, the Bank suspended the Advantage Loan Program. The Bank permanently terminated the Advantage Loan Program in 2020.

(24) On March 16, 2020, Sterling Bancorp, Inc., the Bank's holding company, filed a U.S. Securities and Exchange Commission Form 8-K with the U.S. Securities and Exchange Commission ("SEC") that stated, in part:

As previously reported, the Bank voluntarily suspended the Advantage Loan Program in connection with an ongoing internal review of the program's documentation procedures. To date, the primary focus of the internal review, which is being led by outside legal counsel under the direction of a special committee of independent directors (the "Special Committee"), has involved the origination of certain residential loans pursuant to the Advantage Loan Program. Preliminary results from the Special Committee's internal review indicate that **certain employees engaged in misconduct in connection with the origination of such loans, including with respect to income verification and requirements, reliance on third parties, and related documentation . . .**

In connection with the internal review, a significant number of employees either have been terminated, including the Senior Vice President with primary responsibility for, among other things, oversight of the Advantage Loan Program

in California, or have resigned. The Company believes that additional terminations and resignations are possible, and the Company no longer intends to resume the Advantage Loan Program.

(emphasis added).

(25) In or around May 2021, the Bank’s former managing director of residential lending and two former residential loan officers, both of whom worked at the same Bank branch as Respondent, pleaded guilty to at least one federal criminal count of conspiracy to commit bank fraud and wire fraud. The plea agreements for both of the residential loan officers stated that the residential loan officer “and others engaged in a widespread conspiracy to engage in a sophisticated bank and wire fraud scheme centering on [the Bank]’s Advantage Loan Program. . . . The scheme was designed to ensure that fraudulent residential loans were approved.”

(26) On September 27, 2022, the Bank consented to the OCC’s assessment of a \$6 million civil money penalty in relation to misconduct related to the Advantage Loan Program. The Comptroller’s findings in the Consent Order stated: “The Bank originated numerous [Advantage Loan Program] loans that had false or fraudulent loan applications. These loan applications contained falsified applicant income and employment information and debt-to-income ratios and relied on falsified supporting documents, such as verification of employment documents, letters of explanation, and gift letters. In addition, loan documents failed to disclose the use of third-party mortgage brokers.”

### **Operation of the Bank’s Advantage Loan Program between Approximately 2017 and 2019**

(27) Bank policy generally required Advantage Loan Program loans to have a loan-to-value (“LTV”) ratio of 65 percent or less, which meant the applicant was required to make a down payment equal to at least 35 percent of the purchase price.

(28) Because the Advantage Loan Program was a stated income program, and then became a low document mortgage loan program, the 65 percent or less LTV ratio was important to establish Advantage Loan Program borrowers' equity in the real estate held as collateral by the Bank.

(29) Bank policy generally required Advantage Loan Program applicants' monthly debt-to-income ("DTI") ratio to not exceed 45 percent, which meant the applicant could use no more than 45 percent of their monthly income to repay the loan.

(30) Residential loan officers were required to collect reasonably reliable documentary evidence that demonstrated applicants' ability to repay the loan and applicants' declared income and employment information when originating Advantage Loan Program loans.

(31) Bank policy required Advantage Loan Program applicants to submit a signed Fannie Mae Form 1003 ("Form 1003"), Uniform Residential Mortgage Loan Application.

(32) A Form 1003 is a standardized document used by applicants to apply for a residential mortgage loan. It has been in use for more than 40 years in all U.S. states and territories. It is used by many mortgage lenders to determine an applicant's creditworthiness by collecting: (a) borrower information, including income and employment information; (b) financial information, including assets, liabilities, and real estate owned; (c) information related to the loan's purpose, including information about the property that is the subject of the loan; (d) declarations about the borrower and the property; (e) the borrower's acknowledgement and agreement that the information provided is true and correct as of the date signed; (f) demographic information and facts about the borrower's military service; and (g) information related to the loan originator.



(33) Between at least 2017 and 2019, the Bank required residential loan officers to collect documents to support the information on applicants' Form 1003s.

(34) Between at least 2017 and 2019, Bank policy allowed residential loan officers to collect Internal Revenue Service Form 1040, United States Individual Income Tax Return, and Internal Revenue Service Form W-2, Wage and Tax Statement, as evidence of applicants' income and employment, although applicants rarely used these types of conventional income documentation to apply for Advantage Loan Program loans.

(35) For Advantage Loan Program loans only, between at least 2017 and 2019, Bank policy also permitted residential loan officers to collect other reasonably reliable, third-party documents, instead of the traditional forms of income verification described in Paragraph 34 of this Notice, as evidence of applicants' income and employment. The other third-party documents Bank policy permitted residential loan officers to collect included (a) verification of employment ("VOE") letters from the applicants' employers, and (b) a letter containing income information from a Certified Public Accountant ("CPA letter"). The use of CPA letters was discontinued in or around early 2019.

(36) Both VOE and CPA letters were required to be on the employer's or CPA's official letterhead and to include the applicant's name, position, date of employment, and monthly or annual income information.

(37) Between at least 2016 and 2019, Bank policy required verification of funds used to make a down payment or to pay other fees and costs at closing for the mortgage loan (collectively, "closing funds"). Bank policy required all large deposits in an Advantage Loan Program applicant's deposit account bank statements to be supported by acceptable documentation.

(38) The Bank required an applicant who chose to use funds in their savings or checking account for closing funds to provide their most recent two months of bank statements, which provided verification, seasoning, and information about the source of funds.

(39) Advantage Loan Program applicants often received closing funds from third parties (“gifted funds”), who were often purported family members. Bank policy only allowed gifted funds from the applicant’s relatives, not other third parties.

(40) For gifted funds to be used as closing funds, the Bank required a gift letter affidavit from the donor stating the name of the donor, the donor’s relationship to the applicant, the amount of the gift, the donor’s contact information, and that no repayment from the applicant was expected.

(41) The Bank’s underwriting department ultimately approved or denied each Advantage Loan Program loan application.

(42) Residential loan officers (or loan officer assistants working under the supervision of a residential loan officer) who received a mortgage loan application and documents supporting a mortgage loan application were required to enter the information or upload the documents into Encompass, the Bank’s loan origination software.

(43) When deciding whether to approve or deny an Advantage Loan Program loan, the Bank’s underwriting department relied upon the information entered in the Encompass system and provided to the Bank through the residential loan officer.

(44) Residential loan officers had an obligation to provide to Bank underwriting all documents that cast doubt on the veracity of the income, employment, and other material information contained in the loan application.

(45) Bank underwriters did not have direct contact with Advantage Loan Program applicants and thus relied on residential loan officers to provide complete and accurate information.

(46) After reviewing the loan application and documentation, the Bank's underwriting department sometimes requested more information about the applicant's financial situation from the residential loan officer.

(47) Bank policy required residential loan officers responding to requests from underwriting for additional information to contact the applicant to request the information.

(48) Bank policy required applicants to write, sign, and submit a "letter of explanation," wherein the applicant sought to address or remedy the concerns raised by the Bank's underwriting department.

(49) Respondent, as a residential loan officer and the Bank's first line of defense, had a duty to be on guard for warning signs related to mortgage fraud including inconsistent or illogical information provided by an applicant, evidence of document alteration, and altered or suspicious documents.

(50) On October 19, 2017, Sterling Bancorp, Inc. filed a U.S. Securities and Exchange Commission Form S-1 with the SEC that stated, in part:

**We have established a culture that places credit responsibility with individual loan officers** and management and does not rely solely on a loan committee and institutional experience to remain disciplined in our underwriting. . . .

Our lenders are our first line of defense for assuring credit quality and the integrity of our risk rating process. **Our lenders must have an understanding of the nature of the borrower's ability to repay and the nature and value of the underlying collateral.**

(emphasis added).

(51) Bank policy required residential loan officers to take Advantage Loan Program loan applications from applicants in face-to-face meetings.

(52) Bank policy required residential loan officers to prepare a narrative summary of the application, which would be saved in Bank records and available to underwriters.

(53) The Bank did not permit residential loan officers to use brokers to originate mortgages. The practice of brokers submitting Advantage Loan Program loan applications to the Bank was also inconsistent with the requirement that residential loan officers take loan applications in face-to-face meetings with applicants, described in Paragraph 51 of this Notice.

(54) The Bank publicly stated that a lower overall LTV ratio, a lower DTI ratio, and procedures such as face-to-face customer contact, were purportedly mitigating controls to offset the risk inherent in this program. The Bank's Form S-1 filed with the SEC on October 19, 2017, stated:

We have a large and growing portfolio of adjustable rate residential mortgage loans. We manage residential credit risks through a financial documentation process and programs with low loan to value ratios, which averaged 63% across our residential portfolio as of June 30, 2017. **Our risk management includes disciplined documentation of ability to repay, liquidity analysis and face-to-face customer interaction.**

(emphasis added).

### **Respondent's Compensation for Origination of Advantage Loan Program Loans**

(55) The Bank compensated Respondent primarily through commissions based on the dollar amount of closed mortgage loans.

(56) For most Advantage Loan Program loans, Respondent received a commission of 50 basis points of the loan amount.

### ARTICLE III

**RESPONDENT USED FALSIFIED LOAN APPLICATION INFORMATION AND DOCUMENTS, CONCEALED THE USE OF MORTGAGE BROKERS, AND CAUSED THE BANK TO ORIGINATE ADVANTAGE LOAN PROGRAM LOANS THAT DID NOT MEET THE BANK'S UNDERWRITING REQUIREMENTS**

(57) This Article repeats and realleges all previous Articles in this Notice.

(58) As described in this Article, throughout her employment at the Bank, Respondent continually and repeatedly engaged in a pattern or practice of misconduct.

- a. Respondent continually and repeatedly falsified, or participated in the falsification of, loan applications, supporting documents, and material information about applicants' qualifications for Advantage Loan Program mortgage loans.
- b. Respondent also continually and repeatedly violated Bank lending policies, including by submitting the falsified information referenced above in subparagraph (a) to underwriting, using brokers to originate loans, and failing to disclose the use of such brokers.
- c. Despite her duty to disclose and to provide Bank underwriting all material information related to loan applications, Respondent continually and repeatedly concealed material and contradicting loan documents and loan applicant information, including income, employment, and the sources of closing funds, from Bank underwriting.
- d. Respondent failed to ensure the documents she collected in connection with Advantage Loan Program applications constituted reasonably reliable evidence of applicants' ability to repay the loan and applicants' income

and employment information. Instead, Respondent concealed contradictory documents from underwriting.

### **Respondent Used Altered Bank Statements and False Gift Letters to Conceal Sources of Closing Funds**

(59) With respect to multiple transactions and in violation of Bank policy, Respondent emailed documents submitted in support of loan applications to an external “@gmail.com” email address, including: applicants’ statements for deposit bank accounts at other banks and evidence of wire transfers. Respondent obtained altered versions of the loan documents. The loan documents were altered to conceal from the Bank underwriting that alleged gifted closing funds originated from the applicant instead of donors. These alterations of the documents meant the Bank could not identify that the closing funds were deposited by the applicant and could not know it needed to verify the source of the large deposits listed in the deposit account statements, as required by Bank policy and federal law.

(60) Respondent submitted the altered loan documents, including a gift letter affidavit purportedly from a donor as part of the loan application, for processing despite knowing they were altered. These altered documents impaired Bank underwriters’ ability to verify that the funds in the applicant’s bank accounts met the Bank’s two-month seasoning requirements. Respondent did not submit the original, unaltered documents with respect to any of these transactions. Respondent, by failing to disclose information available to her, caused underwriters at the Bank to rely on altered bank statements, concealing information related to the applicant and false gift letter affidavits.

#### *Loan No. Ending in 0399 (Borrower-1)*

(61) Respondent emailed certain of Borrower-1’s loan documents to the external “@gmail.com” email address, obtained altered versions of the emailed documents, and submitted

the altered documents to Bank underwriting. The altered documents showed that Borrower-1 received gifted closing funds from his brother when Borrower-1 had actually wired the funds to himself.

- a. At 9:14 AM on February 6, 2017, the Borrower-1's spouse emailed Respondent three screenshots of documents, which showed the wire transfer information of three transactions, including a \$360,000 transfer from Borrower-1 to himself.
- b. At 1:43 PM on the same day, Respondent emailed the external "@gmail.com" email address with Borrower-1's deposit account statement from another bank and the wire transfer information.
- c. The next day, on February 7, 2017, Respondent emailed various documents to a Bank loan processor related to Borrower-1's loan application.
  - i. One of the documents was named "Gift funds paper trail and gift letters.pdf." That PDF included three gift letter affidavits and three screenshots showing wire transfer information in support of the gift letter affidavits.
  - ii. One of the gift letter affidavits included in the PDF falsely stated the \$360,000 wire transfer was a gift from Borrower-1's brother.
  - iii. One of the wire transfer screenshots was nearly identical to the screenshot Respondent emailed to the external "@gmail.com" email address on February 6, 2017. However, the originator's

name in the wire transfer information was changed from the Borrower-1's name to Borrower-1's brother's name.

(62) The Bank closed and funded this loan on March 8, 2017.

(63) The Bank paid Respondent a \$4,549.67 commission for this loan on or after March 13, 2017.

Loan No. Ending in 2259 (Borrower-2)

(64) Respondent emailed certain of Borrower-2's loan documents to the external "@gmail.com" email address, obtained altered versions of the emailed documents, and submitted the altered documents to Bank underwriting. The altered documents showed that Borrower-2 received gifted closing funds from Gift Donor-1 when Borrower-2 had actually wired the funds to herself.

(65) On July 10, 2017, Respondent emailed the external "@gmail.com" email address a statement for a deposit account belonging to Borrower-2 at another bank for the period of June 1, 2017, to June 30, 2017. Also attached to this email were two "Branch Copy of Customer's Advice" documents.

- a. A number of these documents showed wire transfers between two deposit accounts controlled by Borrower-2.
- b. For example, while one of the "Branch Copy of Customer's Advice" documents detailed a wire transfer of \$15,665 from originator, Gift Donor-1, to Borrower-2, the second "Branch Copy of Customer's Advice" document showed a wire transfer of \$45,000 from one account belonging to Borrower-2 to another account belonging to Borrower-2.



- c. The deposit account statement had three transactions listed under the “Credits” section. The description for the last transaction, dated “06-27” was a “Wire Trans-IN [BORROWER-2], XICHENG DISTRICT YUZHONG.” The amount listed was \$45,000.

(66) On July 21, 2017, Respondent emailed a Bank loan processor multiple documents to fulfill underwriting conditions, including files named: “#14 Bank Statement – June.pdf” and “#6 Gift receipt.pdf.”

- a. The document named “#6 Gift receipt.pdf” contained three “Branch Copy of Customer’s Advice” documents, including one that detailed the \$15,665 wire transfer from Gift Donor-1 to Borrower-2. Another “Branch Copy of Customer’s Advice” document contained in “#6 Gift receipt.pdf” detailed a \$45,000 wire transfer to Borrower-2 that was nearly identical to the document Respondent emailed on July 10, 2017, to the external “@gmail.com” email address. However, the document now listed the originator of the transfer as Gift Donor-1 instead of Borrower-2.
- b. The document named “#14 Bank Statement-June.pdf” was a deposit account statement that was nearly identical to the deposit account statement described in Paragraph 65(c) of this Notice. Both the document named “#14 Bank Statement-June.pdf” and the account statement described in Paragraph 65(c) were for the same deposit account from the same bank and for the same statement period. Both statements had three entries listed under the “Credits” section. The last transaction in both statements was dated “06-27” and was for \$45,000. However, the

description for the last transaction now stated “Wire Trans-IN [GIFT DONOR-1],” instead of Borrower-2.

(67) The Bank closed and funded this loan on August 9, 2017.

(68) The Bank paid Respondent a \$2,112.50 commission for this loan on or after August 18, 2017.

Loan No. Ending in 2588 (Borrower-3)

(69) Respondent emailed certain of Borrower-3’s loan documents to the external “@gmail.com” email address, obtained altered versions of the emailed documents, and submitted the altered documents to Bank underwriting. The altered documents showed that Borrower-3 received gifted closing funds from Gift Donor-2 when Borrower-3 had actually wired the funds to herself.

(70) On July 26, 2017, at 12:22 PM, Respondent emailed four documents named “Gift receipt 05-31.pdf,” “Gift receipt 06-06.pdf,” “Gift receipt 07-05.pdf,” and “Gift receipt 07-07.pdf” to the external “@gmail.com” email address.

- a. Each document was an “Inward interbank fund transfer advice” document from another bank.
- b. Each document contained Borrower-3’s name listed and highlighted under the “By order of:” section of the first page.
- c. The wire transfers showed the funds were transferred by Borrower-3 and were not gifted by a donor.
- d. The last document, “Gift receipt 07-07.pdf” also contained a second page, written in Chinese, where Borrower-3’s name next to the “By order of:” section was not highlighted.

(71) About an hour later, at 1:24 PM on July 26, 2017, the external “@gmail.com” email address responded to Respondent’s email and attached four documents.

- a. The four documents were nearly identical to the documents Respondent had sent the external “@gmail.com” email address.
- b. The four documents had the same titles as the documents Respondent previously emailed and were all “Inward interbank fund transfer advice” documents from the same depository institution described in Paragraph 70 of this Notice.
- c. Where the four documents described in Paragraph 70 of this Notice had Borrower-3’s name written and highlighted next to the ‘By order of:’ section, the new PDF documents had “GIFT DONOR-2” written.
- d. The second page of “Gift receipt 07-07.pdf,” where Borrower-3’s name had not been highlighted, still had Borrower-3’s name next to “By order of:”

(72) On August 8, 2017, Respondent emailed the four altered documents she received from the external “@gmail.com” email address to a Bank loan processor.

(73) The Bank closed and funded the loan on August 23, 2017.

(74) The Bank paid Respondent a \$2,775 commission for this loan on or after September 15, 2017.

Loan No. Ending in 4811 (Borrower-4)

(75) Respondent emailed certain of Borrower-4’s loan documents to the external “@gmail.com” email address, obtained altered versions of the emailed documents, and submitted the altered documents to Bank underwriting. The altered documents showed that Borrower-4

received gifted closing funds from Gift Donor-3 when Borrower-4 had actually wired the funds to herself.

(76) On January 16, 2018, Respondent emailed a statement for a deposit account belonging to Borrower-4 at another bank to the external “@gmail.com” email address.

- a. The deposit account statement was for the period of December 21, 2017, to January 23, 2018.
- b. The statement listed deposits made on December 27, 2017; December 28, 2017; and January 3, 2018. The description for the January 3, 2018 deposit stated, in relevant part: “ORIG:[Borrower-4].” This showed the deposit was from Borrower-4, not a gift from a different individual.

(77) On February 8, 2018 Respondent emailed a Bank loan processor various documents to satisfy loan conditions, including a PDF document named “7.gIFT RECEIPTS.pdf”.

- a. The PDF document included a deposit account statement that was nearly identical to the deposit account statement described in Paragraph 76 of this Notice. The deposit account statement was similarly for the period of December 21, 2017, to January 23, 2018, and related to the same deposit account belonging to Borrower-4 described in Paragraph 76.
- b. This statement, like the statement Respondent emailed in January 2018, listed deposits made on December 27, 2017; December 28, 2017; and January 3, 2018. The description for the January 3, 2018 deposit, however, stated in relevant part: “ORIG:[Gift Donor-3].”

- c. The January 3, 2018, deposit was highlighted and presented as evidence that Gift Donor-3 gifted the closing funds to the applicant.

(78) The Bank closed and funded this loan on February 23, 2018.

(79) The Bank paid Respondent a \$3,770 commission for this loan on or after March 16, 2018.

Loan No. Ending in 4857 (Borrower-5)

(80) Respondent emailed certain of Borrower-5's loan documents to the external "@gmail.com" email address, obtained altered versions of the emailed documents, and submitted the altered documents to Bank underwriting. The altered documents showed that Borrower-5 received gifted closing funds from Borrower-5's wife when Borrower-5 had actually wired the funds to himself.

(81) On February 14, 2018, Respondent emailed two deposit account statements to the external "@gmail.com" email address related to a deposit account belonging to Borrower-5 at another bank.

- a. The deposit account statements were for the period of November 1, 2017, to November 30, 2017, and the period of January 1, 2018, to January 31, 2018.
- b. There were four transactions on the deposit account statement for the period beginning November 1, 2017, that were transfers from another account belonging to Borrower-5. Specifically, a \$3,000 transfer, which occurred at 12:40 PM on November 15, 2017; a \$25,922.19 transfer, which occurred at 12:39 PM on November 15, 2017; a \$34,985 wire, which occurred on November 24, 2017; and a \$49,284.58 transfer, which

occurred at 11:21 AM on November 27, 2017. The descriptions for these transactions showed Borrower-5's name.

- c. There were three transactions on the deposit account statement for the period beginning January 1, 2018, that were transfers from another account belonging to Borrower-5. Specifically, a \$11,424.86 transfer, which occurred at 6:57 PM on January 17, 2018; a \$50,446.12 transfer, which occurred at 6:57 PM on January 17, 2018; and a \$51,586.96 transfer, which occurred at 7:44 PM on January 31, 2018. The descriptions for these transactions showed Borrower-5's name.

(82) There are two deposit account statements included in the loan file in Encompass. These deposit account statements were identical to the deposit account statements described in Paragraph 81 of this Notice. They were for the period of November 1, 2017, to November 30, 2017, and the period of January 1, 2018, to January 31, 2018. The two deposit account statements were for the same account described in Paragraph 81.

(83) Borrower-5's name was in the description section of the statement for the seven transactions described in Paragraph 81(b)-(c) of this Notice. For the statements described in Paragraph 82, Borrower-5's wife's name appeared on the account statements in the same location on the statements where Borrower-5's name had previously appeared. The times of the transfers and amounts transferred remained unchanged.

(84) The Bank closed and funded this loan on March 14, 2018.

(85) The Bank paid Respondent a \$4,835.50 commission for this loan on or after March 30, 2018.

Loan No. Ending in 7348 (Borrower-6)

(86) Respondent received a signed and stamped VOE letter stating Borrower-6's monthly income was 15,000 renminbi per month. Respondent emailed the VOE letter to the external "@gmail.com" email address and ultimately submitted to Bank underwriting an altered VOE letter that stated Borrower-6's monthly income was \$15,000, not 15,000 renminbi.

(87) On August 1, 2018, Respondent sent an email from her personal email address to her Bank email address.

- a. Attached to that email was a signed and stamped VOE letter dated June 4, 2018, addressed to the "Embassy of America" that stated it was from the Tianjin Medical University Cancer Institute and Hospital.
- b. The VOE letter stated that Borrower-6, an alleged surgeon, made "15,000 RMB [renminbi] per month" and "ha[d] been working in [the] hospital for 15 years."
- c. On August 1, 2018, the exchange rate from renminbi to U.S. dollars was 1 renminbi to 0.14656 U.S. dollars. 15,000 renminbi equaled approximately \$2,198.40.

(88) The same day, Respondent emailed the VOE letter dated June 4, 2018, from the Tianjin Medical University Cancer Institute and Hospital to the external "@gmail.com" email address. The VOE letter still stated that Borrower-6's monthly income was 15,000 renminbi.

(89) On August 15, 2018, Respondent emailed a Bank loan processor a signed and stamped VOE letter that stated it was from the Tianjin Medical University Cancer Institute and Hospital. The VOE letter, which was nearly identical to the VOE letter Respondent emailed herself and the external "@gmail.com" email address on August 1, 2018, was also dated June 4,

2018. The only difference was this VOE letter stated Borrower-6 made \$15,000 per month instead of “15,000 RMB per month.”

(90) On August 17, 2018, Respondent emailed the Bank loan processor another VOE letter that stated it was from Tianjin Medical University Cancer Institute and Hospital.

- a. This VOE letter was dated August 16, 2018, and was addressed to “To Whom it May Concern,” instead of “Embassy of America.”
- b. This VOE letter stated Borrower-6 had been working at the hospital “since July 1<sup>st</sup>, 2003, and his salary is 15,000 USD per month.”
- c. The logo in the letterhead of the new letter was different from the logo in the previous letters. The word “surgeon” was also misspelled in this letter.

(91) Respondent included the August 17, 2018, VOE letter in Borrower-6’s loan file and omitted all other contradictory information.

(92) On February 25, 2021, Respondent appeared at a sworn statement before the OCC.

(93) During her sworn statement, when asked about specific events with respect to certain transactions within this Article, Respondent invoked her Fifth Amendment right to not answer the question. Respondent also stated she would invoke her 5th Amendment right in response to any question the OCC would ask. Regarding this specific loan, Respondent responded in the following manner during her sworn statement:

Q: To qualify for an Advantage [Program] loan at the [B]ank, it was better for [Borrower-6] to make 15,000 US dollars per month instead of 15,000 renminbi per month, correct?

A: Fifth Amendment.

Q: And the reason for that is because 15,000 renminbi is less than 3,000 – was less than \$3,000 – was equivalent to less than \$3,000 in 2018, correct?



A: Fifth Amendment.

Q: The data you entered into the [B]ank's Encompass system did not indicate that [Borrower-6]'s income was equal to 15,000 renminbi per month, was it?

A: Fifth Amendment.

Q: And [Borrower-6]'s loan application you helped create did not indicate [Borrower-6] made 15,000 renminbi per month, did it?

A: Fifth Amendment.

Q: Nor did [Borrower-6]'s loan application indicate he made less than \$3,000 per month, did it?

A: Fifth Amendment.

Q: Instead, [Borrower-6]'s loan application indicated that [Borrower-6]'s income was 15,000 US dollars per months [sic], correct?

A: Fifth Amendment.

(94) The Bank closed and funded this loan on August 27, 2018.

(95) The Bank paid Respondent a \$3,190 commission for this loan on or after September 14, 2018.

**Respondent Drafted, and Instructed Brokers to Draft, False VOE Letters that were Required to Come Directly from Independent Third-Party Employers**

(96) Using the Bank's Encompass program, Respondent calculated and changed the incomes for Advantage Loan Program applicants. Respondent used these calculated income amounts on occasion to complete Advantage Loan Program loan applications. Instead of requesting reasonably reliable records from third parties to verify Advantage Loan Program applicants' income, as required by Bank policy and applicable regulations, Respondent drafted income and employment records herself to support the income amounts she calculated.

(97) Respondent also instructed brokers and Advantage Loan Program applicants what income and employment information to include in the VOE letters in order to meet the Bank's underwriting requirements. Respondent subsequently submitted the VOE letters, containing the income and employment information she provided, as reasonably reliable, third-party supporting documentation for Advantage Loan Program loan applications.

(98) Respondent failed to disclose, or caused the Bank's failure to disclose, the involvement of or the fees paid to these brokers in the loan estimates or closing disclosures for multiple transactions.

*Loan No. Ending in 0399 (Borrower-1)*

(99) Instead of requesting a VOE letter from a third party, Respondent drafted Borrower-1's VOE letter and submitted to Bank underwriting a signed, PDF version of the letter.

(100) On February 3, 2017, Respondent drafted and emailed Borrower-1 a Microsoft Word document, named "Income Verification."

- a. The document stated that Borrower-1 had been employed at "Goodix(Shenzhen Huiding Technology Co. Ltd)" since December 2011 as Chief Financial Officer.
- b. The document listed the borrower's income as "USD 210,000.00" in 2015, "USD 216,000.00" in 2016, and "USD 20,000.00" in 2017. The document did not indicate if the amounts were annual or monthly income.

(101) On February 6, 2017, Borrower-1 emailed Respondent a signed PDF VOE letter. The VOE letter's content was identical to the Microsoft Word document Respondent drafted and emailed to the borrower on February 3, 2017.

Loan No. Ending in 2726 (Borrower-7)

(102) Respondent calculated Borrower-7's income using the Bank's Encompass program and emailed a broker, requesting a VOE letter and instructing the broker regarding the specific job title and income to include for Borrower-7 in the VOE letter. Respondent instructed the broker to state Borrower-7's job title as "COO" even though she was aware Borrower-7 was the owner of the business. Respondent changed Borrower-7's income in the Bank's Encompass program and shortly thereafter received another VOE letter from the broker with the new income Respondent had calculated. Respondent only submitted the second VOE letter to Bank underwriting. Respondent also failed to disclose in the loan estimate and the closing disclosure the involvement of a broker in this transaction.

(103) On July 27, 2017, Respondent received a loan application package from a broker.

- a. One of the documents included in the loan application package was a bilingual form containing Borrower-7's personal information. Under the "Occupation" field of the form, the word "self" was written.
- b. A partially completed Form 1003 was also included in the loan application package. The partially completed Form 1003 stated the borrower was the President of "JE Develop Construction Inc." The Form 1003 did not state Borrower-7's monthly income.

(104) According to audit data from the Bank's Encompass program, Respondent entered Borrower-7's monthly income as \$50,000 in Encompass on July 28, 2017, at 3:22 PM.

(105) Approximately twelve minutes later, at 3:34 PM, Respondent emailed the broker a document named "Checklist." The "Checklist" requested, among other things, an:

Employment letter: JE Develop Construction  
*Start date :06/15---present*

*Position: COO*  
*Monthly salary: \$50000.00*

(emphasis added).

(106) On August 8, 2017, the broker emailed Respondent a VOE letter. The VOE letter stated Borrower-7 “works as a COO” with a monthly income of \$50,000 and Borrower-7 started at the company in “February 2014.” The VOE letter was on letterhead that stated “JE Develop & Construction.”

(107) On August 14, 2017, Respondent changed Borrower-7’s monthly income in Encompass to \$55,000.

(108) On August 16, 2017, the broker forwarded an email from Borrower-7 to Respondent. Attached to the email was a document named “working certificate.” The document resembled the prior VOE letter except Borrower-7’s monthly income amount was now listed as \$55,000.

(109) Respondent forwarded the VOE letter stating that Borrower-7’s monthly income was \$55,000 to a Bank loan processor. Respondent did not provide the initial VOE letter stating Borrower-7’s monthly income was \$50,000 to the Bank loan processor.

(110) Only the VOE letter stating Borrower-7’s monthly income was \$55,000 was included in the borrower’s loan file.

(111) Respondent emailed a loan estimate and a closing disclosure to the broker.

(112) Respondent received both the loan estimate and the closing disclosure, signed by Borrower-7, back from the broker. Neither the closing disclosure nor the loan estimate for this loan disclosed the involvement of the broker.

(113) The Bank closed and funded this loan on October 31, 2017.

(114) The Bank paid Respondent a \$10,950 commission for this loan on or after October 27, 2017.

Loan No. Ending in 3529 (Borrower-8)

(115) Respondent changed Borrower-8's income on the Bank's Encompass program and failed to submit to Bank underwriting loan documents, such as a Form 1003, that stated the first, lower income amount Respondent entered into the Encompass program. Respondent also failed to disclose in the loan estimate and the closing disclosure the involvement of a broker in this transaction.

(116) According to audit data from the Bank's Encompass program, Respondent entered Borrower-8's monthly income in Encompass as \$15,500 on September 19, 2017, at 4:51 PM.

(117) Approximately thirty minutes later, at 5:19 PM on September 19, 2017, Respondent emailed the broker a completed Form 1003 and asked the broker to have Borrower-8 sign the completed Form 1003. This Form 1003 stated Borrower-8 had been the "owner" of Color & Life, Inc. for two years and four months and that Borrower-8's monthly income was \$15,500.

(118) Respondent changed Borrower-8's monthly income in Encompass to \$16,667 on September 21, 2017, at 12:48 PM.

(119) At 1:54 PM on September 21, 2017, Respondent emailed a Bank loan processor a signed Form 1003 for this loan application. The signed Form 1003 stated that Borrower-8 had been the owner of Color & Life, Inc. for two years and four months. This Form 1003 stated Borrower-8's monthly income was \$16,667.

(120) On September 26, 2017, Respondent emailed the broker, requesting specifically, among other things, a “CPA letter stating length of service, company establish date, borrower is the owner and average income.”

(121) On September 29, 2017, the broker emailed Respondent multiple documents, including a CPA letter dated September 27, 2017. The CPA letter stated that Borrower-8 was “the 100% shareholder of the Color & Life Inc,” but did not include Borrower-8’s income.

(122) On October 2, 2017, Respondent emailed the Bank loan processor a different CPA letter, also dated September 27, 2017. This CPA letter was almost identical to the previous CPA letter Respondent received from the broker, except where it had previously stated “We confirmed that this information is true and correct,” it now stated that Borrower-8’s “average annual income is USD 200,000.00[.] Average monthly income is USD 16,667.00.”

(123) Respondent, during her sworn testimony to the OCC, stated the following when asked about the October 2, 2017 CPA letter:

Q: Did the CPA . . . sign and send two separate letters containing different information on the same day?

A: Fifth Amendment.

Q: The changes between the letters were made to support the borrower’s declared monthly income, correct?

A: Fifth Amendment.

(124) Respondent emailed a loan estimate and a closing disclosure to the broker.

Neither document disclosed the involvement of the broker.

(125) The Bank closed and funded this loan on October 17, 2017.

(126) The Bank paid Respondent a \$3,295 for this loan on or after October 27, 2017.

## **Respondent Failed to Submit Materially Inconsistent Employment and Income Information to Bank Underwriting**

(127) For the transactions discussed in Paragraphs 96-126 of this Notice, Respondent continually and repeatedly failed to provide to Bank underwriting VOE letters and other loan documents, such as Form 1003s, Form 1040s, Form W-2s and paystubs, that contradicted and undermined the reliability of the loan information that Respondent submitted to Bank underwriters. Inconsistent information is a red flag that the information is unreliable and may have been falsified. Respondent's continual and repeated failure to inform Bank underwriting that she received contradicting employment or income information for Advantage Loan Program applicants indicates she was aware and knowingly participated in fraud.

(128) During her sworn statement before the OCC, Respondent responded as follows:

Q: On this occasion and on others, you had borrowers submit multiple employment letters, correct?

A: Fifth Amendment.

Q: And the reason for this – the reason why you had borrowers submit multiple employment letters is to get the loans processed even if you suspected the letters were not accurate?

A: Fifth Amendment

### *Loan No. Ending in 0479 (Borrower-9)*

(129) Respondent failed to submit a contradictory VOE letter, which stated Borrower-9's income was \$30,000 less than was stated in the VOE letter Respondent submitted to Bank underwriting.

(130) At 1:49 AM on February 6, 2017, Borrower-9 emailed Respondent a partially completed Form 1003 and a VOE letter. Both documents stated that Borrower-9's annual income was \$60,000.

(131) At 3:28 PM on the same day, Borrower-9 emailed Respondent a second VOE letter, writing, “see updated income verification.” This second VOE letter stated that Borrower-9’s annual income was \$90,000.

(132) On February 13, 2017, Respondent forwarded the second VOE letter to a Bank loan processor.

(133) During her sworn statement before the OCC, Respondent responded:

Q: Ms. Chen, instead of submitting the letter that you first received that indicated [Borrower-9]’s salary was \$60,000, you forward the letter you received after indicating that [Borrower-9]’s salary was \$90,000; is that correct?

A: Fifth Amendment.

Q: And you never forwarded the employment letter that indicated [Borrower-9] was making only \$60,000 per year, correct?

A: Fifth Amendment.

(134) The Bank closed and funded this loan on March 7, 2017.

(135) The Bank paid Respondent a \$1,495 commission for this loan on or after March 31, 2017.

Loans Nos. Ending in 3718 and 9184 (Co-Borrower-1 & Co-Borrower-2)

(136) Respondent received Form W-2s, Form 1040s, and paystubs from the Co-Borrowers, which contradicted the income information Respondent had submitted for a prior Advantage Loan Program loan for the Co-Borrowers. Respondent did not submit the Form W-2s, Form 1040s, or paystubs to Bank underwriting and failed to inform anyone at the Bank that the Bank had originated an Advantage Loan Program loan based on information later contradicted by additional documents.



Loan No. Ending in 9184

(137) On October 10, 2018, Co-Borrower-2 emailed Respondent Co-Borrower-1's 2016 Form W-2s, Co-Borrower-1's 2017 Form W-2s, and three of Co-Borrower-1's 2018 paystubs.

(138) On October 10, 2018, Respondent emailed the documents detailed in Paragraph 137 of this Notice and the Co-Borrowers' Form 1040s for 2016 and 2017 to another residential loan officer at the Bank to inquire if the Co-Borrowers qualified for a conventional 30-year loan.

- a. The Co-Borrowers' 2016 Form 1040 stated the Co-Borrowers' 2016 adjusted gross income was \$20,641.
- b. The Co-Borrowers' 2017 Form 1040 stated the Co-Borrowers' 2017 adjusted gross income was \$33,434.
- c. Both the 2016 and 2017 Form 1040s stated Co-Borrower-2's occupation was "domestic engineer."
- d. Schedule C to the Co-Borrowers' 2017 Form 1040 stated that Co-Borrower-2's principal business or profession was "real estate referral service" with a net profit of \$6,468.

(139) These income amounts are lower than the monthly income stated in the VOE letter Respondent received for Co-Borrower-2 on November 8, 2017, in relation to another Advantage Loan Program loan to the Co-Borrowers, Loan No. Ending in 3718.

Loan No. Ending 3718

(140) On November 8, 2017, Respondent received a VOE letter that stated that Co-Borrower-2 was a full-time employee at Allstate Insurance and that her "*monthly* salary in 2017 [wa]s \$8,000." (emphasis added). The stated monthly salary for Co-Borrower-2 was higher than

the annual net profit for the entire business stated in the Schedule C of the Co-Borrower's 2017 Form 1040 and the Co-Borrowers' 2017 adjusted gross income.

(141) Before that, on October 14, 2017, Respondent emailed LOA-1 a VOE letter for Co-Borrower-1, dated October 5, 2017. The letter stated Co-Borrower-1 "ha[d] been working in Dream Wireless, Inc as a warehouse worker since September 7, 2017" with a "current salary [of] \$14.00 per hour."

(142) On November 9, 2017, Respondent emailed a Bank loan processor the VOE letter Respondent received on November 8, 2017, writing,

I had to add the wife to the loan because their DSC [Debt-Service Coverage] ratio is too low.

I tried to add it and completed all the info, then could NOT save it and everything was gone.....

Please help add the wife to the application and send me her LOE-credit inquiry You will find her VOE and IDs in the attachment, current&previous residential is the same as husband. Previous employment is also the same as husband but she started in 2010 and ended before coming to US in March 2016.

(143) Without Co-Borrower-2's stated monthly income of \$8,000, the Co-Borrowers would not have qualified for the loan.

(144) The Form 1003 for Loan No. Ending in 3718, which was signed by both Respondent and the Co-Borrowers, stated the Co-Borrowers' had a combined monthly income of \$10,426.67.

(145) This monthly income amount is more than three times the adjusted gross income stated in the 2016 and 2017 Form 1040s that Respondent received in relation to Loan No. Ending in 9184.

(146) Respondent never submitted the Form 1040s, Form W-2s, or paystubs she received in October 2018 to Bank underwriting for the second loan to Co-Borrowers.

(147) Respondent also never escalated to anyone at the Bank that the Bank had originated a loan based on information later contradicted by additional documents.

(148) The Bank closed and funded Loan No. Ending in 3718 on December 28, 2017.

(149) The Bank paid Respondent a \$2,357.50 commission for Loan No. Ending in 3718 on or after January 5, 2018.

(150) The Bank closed and funded Loan No. Ending in 9184 on January 30, 2019.

(151) The Bank paid Respondent a \$2,250 commission for Loan No. Ending in 9184 on or after February 15, 2019.

Loan No. Ending in 8645 (Borrower-10)

(152) Respondent and LOA-1 received multiple documents stating Borrower-10's annual income in 2017 was less than \$30,000. Respondent only submitted to Bank underwriting a VOE letter that stated Borrower-10's 2018 monthly income was more than \$17,000. Respondent did not submit to Bank underwriters potentially conflicting information within her possession about Borrower-10's income.

(153) On August 8, 2018, Borrower-10 emailed Respondent a signed CPA letter. The CPA letter stated Borrower-10 was "the 100% owner of Sun way LLC" and that Borrower-10's "annual net income in 2017 from this business is \$21,856." (emphasis added).

(154) On November 13, 2018, a relative of Borrower-10 emailed Respondent a second signed CPA letter that stated Borrower-10's "annual net *monthly* income in 2018 is \$17,856.00." (emphasis added).

(155) Both CPA letters were dated August 8, 2018. The letters, including the signatures, were identical, except for the phrases quoted in Paragraphs 153 and 154 of this Notice.

(156) Borrower-10 emailed additional information to LOA-1 on November 29, 2018, that showed the CPA letter Respondent received on August 8, 2018, was likely false, and Borrower-10's 2017 annual net income was less than \$21,000.

- a. Included with the email was an image of Borrower-10's 2017 Form 1040. This document stated the borrower's adjusted gross income for 2017 was \$20,312.
- b. Included with the email was an image of Sun Way LLC's Internal Revenue Service Form 1120, U.S. Corporate Income Tax Return, for 2017. This document stated Sun Way's taxable income before net operating loss deductions and special deductions in 2017 was \$30,349.
- c. Both the Form 1040 and the Form 1120 stated they were prepared by the same CPA who was stated to be the signatory for the CPA letter that Respondent received on August 8, 2018.

(157) Respondent only recorded the \$17,856 amount in Encompass as Borrower-10's monthly income and only included the November 13, 2018, CPA letter in Borrower-10's loan file. Respondent did not submit the contradictory information to Bank underwriting.

(158) The Bank closed and funded this on November 28, 2018.

(159) The Bank paid Respondent a \$3,948.50 commission for this loan on or after December 21, 2018.

**Respondent Failed to Properly Supervise LOA-1 and Ensure the Accuracy of Respondent's Own Loan Files with respect to LOA-1's Actions**

(160) Respondent failed to properly supervise LOA-1, who was assigned to Respondent. Respondent observed LOA-1 engage in misconduct and failed to report LOA-1's misconduct to Bank management. Instead, Respondent instructed LOA-1 to engage in

falsification of loan applicant information and relied on LOA-1's falsification of applicant information when originating Advantage Loan Program loans.

(161) Respondent was the stated residential loan officer on these loans and received commissions based on the loans successfully closing. As such, she was responsible for ensuring the reliability and veracity of the information submitted as part of the loan file.

Loan No. Ending in 4670 (Borrower-11)

(162) Respondent failed to properly report LOA-1 after observing LOA-1 draft a VOE letter for a broker. Respondent instead allowed LOA-1 to submit the VOE letter to a Bank loan processor, despite being aware the VOE letter was not from a third party.

(163) On February 20, 2018, LOA-1 emailed a broker, copying Respondent, a "simple [sic] of VOE." In that email, LOA-1 stated she "already type [sic] all the information except the HR person." LOA-1 attached a VOE letter to the email stating that the borrower "ha[d] been employed by our company as our Store Manager/Massage Therapist since Oct[.] 1, 2015. Her currently [sic] monthly salary is \$8,000."

(164) Later the same day, LOA-1 emailed a Bank loan processor, copying Respondent, a signed VOE letter. The content in the VOE letter is the same as the letter that LOA-1 had emailed the broker.

(165) Respondent never reported LOA-1's interactions with the broker to anyone else at the Bank.

(166) Neither the closing disclosure nor the loan estimate for this loan disclosed the involvement of the broker.

(167) Respondent was aware LOA-1 drafted the VOE letter. Respondent also did not report or otherwise disclose LOA-1's role in drafting a VOE letter, a document purportedly prepared by a party outside of the transaction, on behalf of Borrower-11's stated employer.

(168) Additionally, Respondent failed to ensure the VOE letter was provided by a third party and constituted reasonably reliable evidence of Borrower-11's income. Respondent's actions were not consistent with applicable regulations and Bank policy.

(169) Instead, Respondent allowed a falsified document to be submitted as part of a loan application for which she had ultimate responsibility.

(170) The Bank closed and funded this loan on February 27, 2018.

(171) The Bank paid Respondent a \$1,500 commission for this loan on or after March 16, 2018.

*Loan No. Ending in 4812 (Borrower-12)*

(172) Respondent drafted a letter of explanation on behalf of Borrower-12. Respondent instructed LOA-1 to falsify Borrower-12's signature on the letter of explanation.

(173) At 11:39 AM on February 9, 2018, Respondent emailed LOA-1 a letter of explanation, which stated why the telephone number for Borrower-12's employer in the public record was different from the number provided by Borrower-12 during the face-to-face meeting between Respondent and Borrower-12.

- a. At the bottom of the letter, Respondent had typed Borrower-12's name and "02-09-2018," showing that the intended signatory was Borrower-12.
- b. In the cover email, Respondent wrote, "add signature and send to [a Bank loan processor]."

(174) Less than two hours later, at 1:00 PM on February 9, 2018, the Bank loan processor emailed Respondent and LOA-1 and requested a second letter of explanation due to additional discrepancies with Borrower-12's employer's address. The Bank loan processor wrote, "Address on employment Letter and Website is different from 1003..... we might need LOE to explain also ...."

(175) At 2:11 PM on the same day, Respondent replied to the Bank loan processor, "Any of the address [sic] match with 1003?"

(176) At 2:33 PM on the same day, the Bank loan processor replied to Respondent that the Form 1003 listed an address in Wuhan, China for Borrower-12's employer that was different than the address listed in the VOE letter and a website screenshot.

(177) At 2:43 PM on the same day, Respondent emailed the Bank loan processor, copying LOA-1, another letter of explanation in the format of a Microsoft Word document.

- a. The letter of explanation was unsigned.
- b. The letter of explanation was similar to the letter of explanation Respondent emailed to LOA-1 at 11:39 AM, described in Paragraph 173 of this Notice.
- c. The new letter of explanation contained a new sentence as the penultimate paragraph of the letter of explanation. The new sentence stated, "The address on 1003 is company's currently physical address, however, the public record has not changed."

(178) Less than 40 minutes later, at 3:07 PM on February 9, 2018, LOA-1 responded to the email thread with Respondent and the Bank loan processor and sent a PDF version of the

letter of explanation that Respondent drafted. The letter of explanation included Borrower-12's purported signature.

(179) During her sworn statement before the OCC, Respondent stated:

Q: And without this letter, the loan may not have closed when it did, correct?

A: Fifth Amendment.

Q: And [LOA-1] added the signature as you directed, right?

A: Fifth Amendment.

(180) The Bank closed and funded this loan on February 23, 2018.

(181) The Bank paid Respondent a \$2,725 commission for this loan on or after March 16, 2018.

### **Summary**

(182) Respondent's misconduct, which continued for at least three years and five months while she was employed by the Bank, involved continual and repeated falsification and use of false Advantage Loan Program applicant information. In doing so, Respondent subverted the Bank's underwriting process and violated Bank policy. Respondent's actions were unsafe or unsound practices and resulted in violations of laws and regulations.

(183) The Bank paid Respondent at least \$46,458.67 in commissions for originating Advantage Loan Program loans involving the kind of misconduct detailed in this Article.

## **ARTICLE IV**

### **LEGAL BASES FOR REQUESTED RELIEF**

(184) This Article repeats and realleges all previous Articles in this Notice.

(185) By reason of Respondent's misconduct as described in Article II and III, the Comptroller seeks a Prohibition Order against Respondent pursuant to 12 U.S.C. § 1818(e) on the following grounds:



- a. Respondent violated laws and regulations, including 18 U.S.C. §§ 1014 and 1344 and 12 C.F.R. §§ 1026.19, 1026.37, 1026.38, and 1026.43, and/or engaged in unsafe or unsound practices;
- b. By reason of Respondent's misconduct, Respondent received financial gain or other benefit; and
- c. Respondent's violations and/or unsafe or unsound practices involved personal dishonesty and/or demonstrated a willful or continuing disregard for the safety and soundness of the Bank.

### **Answer and Opportunity for Hearing**

Respondent is directed to file a written Answer to this Notice within twenty (20) days from the date of service of this Notice in accordance with 12 C.F.R. § 109.19(a) and (b). The Answer shall be filed with the Office of Financial Institution Adjudication, 3501 North Fairfax Drive, Suite VS-D8113, Arlington, Virginia 22226-3500. Respondent is encouraged to file any Answer electronically with the Office of Financial Institution Adjudication at [ofia@fdic.gov](mailto:ofia@fdic.gov). A copy of any Answer shall also be filed electronically with the Hearing Clerk, Office of the Chief Counsel, Office of the Comptroller of the Currency, 400 7<sup>th</sup> Street SW, Washington, D.C. 20219, [HearingClerk@occ.treas.gov](mailto:HearingClerk@occ.treas.gov), and with the attorney whose name appears on the accompanying certificate of service. **Failure to answer within this time period shall constitute a waiver of the right to appear and contest the allegations contained in this Notice, and shall, upon the OCC's motion, cause the Administrative Law Judge or the Comptroller to find the facts in this Notice to be as alleged, upon which an appropriate order may be issued.**

**PRAYER FOR RELIEF**

The OCC prays for relief in the form of the issuance of an Order of Prohibition pursuant to 12 U.S.C. § 1818(e) against the Respondent.

Witness, my hand on behalf of the OCC, given at Washington, D.C., this 25th day of October, 2022.

*//s// Digitally Signed, Dated: 2022.10.25*

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Michael R. Brickman  
Deputy Comptroller for Specialty Supervision