

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	CRIMINAL NO. 1:11-CR-118
)	
v.)	Count 1: Conspiracy
)	(18 U.S.C. § 371)
RAYMOND BOWMAN)	
)	Count 2: False Statements
Defendant.)	(18 U.S.C. § 1001)

CRIMINAL INFORMATION

THE UNITED STATES CHARGES THAT:

Count 1

(Conspiracy to Commit Bank Fraud, Wire Fraud, and Securities Fraud)

1. From in or about late 2003 through in or about August 2009, in the Eastern District of Virginia and elsewhere, the defendant

RAYMOND BOWMAN

did knowingly and intentionally combine, conspire, confederate, and agree with others known and unknown to commit certain offenses against the United States, namely:

- a. bank fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud a financial institution, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, a financial institution, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, § 1344;

b. wire fraud, that is, having intentionally devised and intending to devise a scheme and artifice to defraud a financial institution, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, to knowingly transmit and cause to be transmitted, by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, § 1343; and,

c. securities fraud, that is, to knowingly and intentionally execute a scheme and artifice to defraud any person in connection with any security of an issuer with a class of securities registered under § 12 of the Securities Exchange Act of 1934 (Title 15, United States Code, § 78l), in violation of Title 18, United States Code, § 1348.

2. Among the manner and means by which defendant BOWMAN and others would and did carry out the conspiracy included, but were not limited to, the following:

a. Co-conspirators caused the transfer of funds between Taylor, Bean & Whitaker Mortgage Corp. (TBW) bank accounts at Colonial Bank in an effort to hide TBW overdrafts and cash shortfalls.

b. BOWMAN and co-conspirators caused TBW to sell to Colonial Bank mortgage loan assets, via the COLB facility, that included loans that the defendant believed did not exist and that were worthless to Colonial Bank. The conspirators referred to this as "Plan B."

c. Colonial Bank co-conspirators caused the Plan B loan data to be recorded in Colonial Bank's books and records to give the false appearance that Colonial Bank had purchased legitimate interests in mortgage loans from TBW through COLB.

d. Co-conspirators subsequently caused the deficit created by Plan B to be moved from the COLB facility to Colonial Bank's Assignment of Trade (AOT) facility.

e. Co-conspirators covered up their misappropriations of funds from the COLB and AOT facilities by providing false documents and information to Colonial Bank.

f. BOWMAN and co-conspirators caused the manipulation of TBW's mortgage servicing rights (MSR) in order to inflate artificially MSR valuations and to avoid margin calls.

g. TBW co-conspirators caused mortgage loans held by Ocala Funding to be sold to both Colonial Bank and Freddie Mac.

h. Co-conspirators caused Colonial BancGroup to file with the Securities and Exchange Commission (SEC) materially false annual reports contained in Forms 10-K and quarterly reports contained in Forms 10-Q that misstated the value and nature of assets held by Colonial BancGroup.

3. In furtherance of the conspiracy and to effect the objects thereof, BOWMAN and other co-conspirators committed or caused others to commit the following overt act, among others, in the Eastern District of Virginia and elsewhere:

a. On or about October 22, 2004, BOWMAN and other co-conspirators caused Colonial Bank to wire approximately \$3.6 million in connection with the purported purchase of Plan B loan data from TBW, which data was to be held on Colonial Bank's books as loans held for sale.

b. On or about March 2, 2009, co-conspirators caused Colonial BancGroup to file with the SEC's EDGAR Management Office of Information and Technology, in

Alexandria, Virginia, a Form 10-K for the year ending December 31, 2008, which materially misstated the total assets under management.

(All in violation of Title 18, United States Code, § 371.)

**Count 2
(False Statements)**

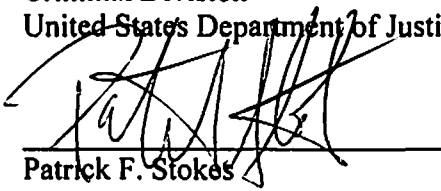
4. On August 3, 2009, as part of an ongoing criminal investigation into potential fraudulent activity at TBW, agents from the Federal Bureau of Investigation ("FBI") and the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), interviewed BOWMAN.

5. In response to questions from the FBI and SIGTARP agents, the defendant
RAYMOND BOWMAN
falsely stated a material fact, that is that he was not aware of Plan B loans, and that he was not aware of any fraudulent activities between Colonial Bank and TBW.

(In violation of 18 U.S.C. § 1001)


DENIS J. MCINERNEY
Chief, Fraud Section
Criminal Division
United States Department of Justice

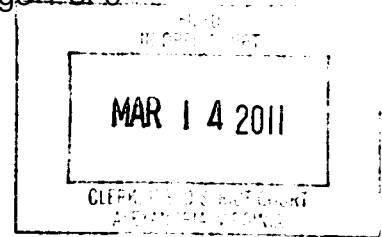
By:


Patrick F. Stokes
Deputy Chief
Robert A. Zink
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NEIL H. MACBRIDE
United States Attorney

By:


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Paul J. Nathanson
Assistant United States Attorneys



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STATEMENT OF FACTS

The United States and the defendant, RAYMOND BOWMAN, agree that had this matter proceeded to trial the United States would have proven the facts set forth in this Statement of Facts beyond a reasonable doubt. Unless otherwise stated, the time periods for the facts set forth herein are at all times relevant to the charges in the Information.

I. Overview

1. From in or about October 1999 through in or about 2002, the defendant was the vice president and director of secondary marketing at Taylor, Bean & Whitaker Mortgage Corp. (TBW) in Ocala, Florida. In or about 2002, the defendant was promoted to president, and reported directly to the chairman, Lee Farkas.

2. From in or about late 2003 through in or about August 2009, co-conspirators, including the defendant, engaged in a scheme to defraud various entities and individuals, including Colonial Bank, a federally insured bank; Colonial BancGroup, Inc.; shareholders of Colonial BancGroup; investors in Ocala Funding, LLC; and the investing public. One of the goals of the scheme to defraud was to obtain funding for TBW to assist it in covering expenses

related to operations and servicing payments owed to third-party purchasers of loans and/or mortgage-backed securities. The defendant knowingly and intentionally participated in the fraud scheme described below and the defendant's actions placed Colonial Bank and Colonial BancGroup at significant risk of incurring losses as a result of the scheme and, in fact, caused Colonial Bank to purchase tens of millions of dollars of purported assets from TBW that in fact had no value and were held on Colonial Bank's and Colonial BancGroup's books as if they had actual value. Additionally, the defendant participated in the artificial inflation of the value of TBW mortgage servicing rights, was aware of significant collateral deficits in a mortgage funding facility operated by TBW, and knew that his actions and those of his co-conspirators caused Colonial BancGroup to report false information in its financial statements.

II. Colonial Bank's Purchase of Worthless Assets from TBW

3. In or about mid-2002, the defendant learned that TBW was running significant overdrafts in its master account at Colonial Bank and that Colonial Bank employees were temporarily transferring, or "sweeping," funds into the account in order to disguise the overdraft. As the overdraft amount continued to increase, the defendant knew that other co-conspirators, including Lee Farkas, the chairman of TBW; a senior vice president and the head of the Mortgage Warehouse Lending Division (MWLD) of Colonial Bank; were causing Colonial Bank to continue to temporarily "sweep" funds into the master account to hide the overdraft amount.

4. In or about the fall of 2003, the defendant, Lee Farkas, the head of MWLD, an operations supervisor at MWLD, and other co-conspirators, including eventually a vice president of special operations at TBW, began to carry out a fraudulent scheme, known as "Plan B," to help TBW hide the significant overdraft in its master account at Colonial Bank and to obtain additional funds through fictitious "sales" of "dummy" mortgage loans to Colonial Bank.

5. Plan B involved “COLB” - a mortgage loan purchase facility at MWLD through which Colonial Bank purchased interests in individual residential mortgage loans from TBW pending resale of the loans to third-party investors. The purpose of the COLB facility was to provide mortgage companies, like TBW, with liquidity to generate new mortgage loans pending the resale of the existing mortgage loans to investors. The COLB facility was designed such that Colonial Bank would recoup its outlay only after TBW resold a mortgage loan to a third-party investor, which generally was supposed to take place within 90 days after being placed on the COLB facility.

6. The defendant, Farkas and other co-conspirators used Plan B to misappropriate tens of millions of dollars of Colonial Bank funds disguised as payments related to Colonial Bank’s purchase through the COLB facility of legitimate TBW mortgage loans. The defendant was not a direct participant in all Plan B transactions. Those funds were then used to cover up TBW cash shortfalls and overdrafts of TBW’s accounts at Colonial Bank. The defendant, Farkas, and co-conspirators accomplished this by causing TBW to provide false mortgage loan data to Colonial Bank under the pretense that it was selling the bank interests in mortgage loans. As the defendant believed, however, the Plan B data included data for loans that did not exist. As a result, these loans were not, in fact, available for sale to Colonial Bank. Whether a particular Plan B loan was fictitious or owned by a third party, the defendant knew and understood that the conspirators had caused Colonial Bank to pay TBW for an asset that was worthless to Colonial Bank.

7. The defendant, Farkas, and other co-conspirators at TBW caused Plan B loan data to be delivered to co-conspirators at Colonial Bank. As the defendant knew, Colonial Bank co-conspirators caused the Plan B loan data to be recorded in Colonial Bank’s books and records to

give the false appearance that Colonial Bank had purchased legitimate interests in mortgage loans from TBW through COLB.

8. The defendant knew, based upon how the Colonial Bank warehouse program and other warehouse lines were set up, that Farkas and other co-conspirators must have devised and implemented a plan that gave the false appearance that TBW was periodically selling the Plan B loans off of the COLB facility. In fact, Plan B loans were unable to be sold off of the COLB facility, and the conspirators instead created a document trail that disguised the existence of the Plan B loans. In addition, the conspirators agreed not to discuss Plan B with others.

9. The defendant understood from Farkas that without Plan B, TBW would likely fail and go out of business.

10. In or about mid-2005, the defendant figured out that his co-conspirators caused the deficit created by Plan B to be moved from the COLB facility to MWLD's Assignment of Trade (AOT) facility. The AOT facility was designed for the purchase of interests in pools of loans, which were referred to as "Trades," that were in the process of being securitized and/or sold to third-party investors. Defendant knew that Farkas and other co-conspirators moved the deficit to the AOT facility.

11. After moving the Plan B deficit from the COLB facility to the AOT facility, TBW did not have enough cash to meet its existing obligations. From in or about mid-2005 through in or about 2009, the defendant knew that Farkas, and other co-conspirators continued to cause TBW to sell additional fictitious Trades to Colonial Bank through the AOT facility. These Trades had no pools of loans collateralizing them. Moreover, the defendant knew that other co-conspirators caused the creation of false documents to reflect agreements, as required under the AOT facility, for third-party investors to purchase the Trades within a short period of time. This

fraudulent AOT funding was typically provided in an ad hoc fashion based on requests from Farkas or other co-conspirators at TBW for, among other reasons, servicing obligations, operational expenses, and covering overdrafts.

III. MSR Valuations

12. TBW used its mortgage servicing rights (MSR) to collateralize a working capital line of credit at Colonial Bank. In order to ensure that the MSR were sufficient to collateralize the working capital line, TBW retained third-party companies to conduct periodic MSR valuations.

13. On a number of occasions, the MSRs were not sufficient and the defendant, Farkas and other co-conspirators caused the manipulation of mortgage loan data in order to inflate artificially the MSR valuations and to avoid a margin call.

14. The manipulation included instances in which the defendant, at Farkas's request, directed co-conspirators to increase the borrowing base by billions of dollars. Other co-conspirators would then provide the inflated borrowing base to third parties in order to obtain a fabricated MSR valuation and to meet the necessary collateral thresholds.

IV. Ocala Funding LLC

15. In or about January 2005, TBW established a wholly-owned special purpose entity called Ocala Funding, LLC, as a financing vehicle to provide it with additional funding for mortgage loans. Ocala Funding was managed by TBW and had no employees of its own. The facility obtained funds for mortgage lending from the sale of asset-backed commercial paper to financial institutions.

16. The defendant learned from Farkas and other co-conspirators at TBW that within a year of its formation, Ocala Funding had a significant collateral deficit. The defendant was

aware that the commercial paper should have been fully backed by collateral. By in or about 2008, the defendant learned that the size of the collateral deficit had grown to hundreds of millions of dollars.

17. The defendant understands that the government would prove at trial that by August 2009, the total collateral deficit in Ocala Funding was approximately \$1.5 billion and that TBW co-conspirators caused Colonial Bank and the Federal Home Loan Mortgage Corporation (Freddie Mac) to falsely believe that they each had an undivided ownership interest in thousands of the same loans worth hundreds of millions of dollars.

V. False Financial Statements

18. BOWMAN knew that Colonial BancGroup was a public company that filed with the United States Securities and Exchange Commission (SEC) public reports, including annual reports on Form 10-K and quarterly reports on Form 10-Q. As the government would prove, Colonial BancGroup's Forms 10-K and Forms 10-Q were filed electronically with the SEC's EDGAR Management Office of Information and Technology, in Alexandria, Virginia, during the period set forth in the Information. The defendant was aware that co-conspirators took steps to hide the fraud scheme described in this statement of facts from Colonial Bank's and Colonial BancGroup's senior management, auditors, and regulators, and Colonial BancGroup's shareholders, including by providing materially false information that significantly overstated assets held on COLB and AOT. The defendant knew that these actions caused materially false financial data to be reported to Colonial BancGroup and incorporated in its publicly filed statements.

19. The defendant also knew that the fraudulent scheme described in the statement of facts caused TBW to materially misstate its assets in its financial statements. The defendant

knew that TBW provided annually the materially false financial statements to Ginnie Mae and Freddie Mac for purposes of renewing TBW's authority to issue and service Ginnie Mae and Freddie Mac securities.

VI. False Statements to the FBI

20. On August 3, 2009, as part of an ongoing criminal investigation into potential fraudulent activity at TBW, agents from the Federal Bureau of Investigation ("FBI") and the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), interviewed the defendant.

21. In response to questions from the FBI and SIGTARP agents, the defendant falsely stated that he was not aware of Plan B loans, and that he was not aware of any fraudulent activities between Colonial Bank and TBW.

VII. Conclusion

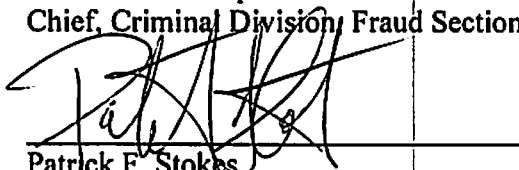
22. The defendant admits that this statement of facts does not represent and is not intended to represent an exhaustive factual recitation of all the facts about which he has knowledge relating to the scheme to defraud as described herein.

23. The defendant admits that his actions, as recounted herein, were in all respects intentional and deliberate, reflecting an intention to do something the law forbids, and were not in any way the product of any accident or mistake of law or fact.

Respectfully submitted,

Denis J. McInerney
United States Department of Justice
Chief, Criminal Division, Fraud Section

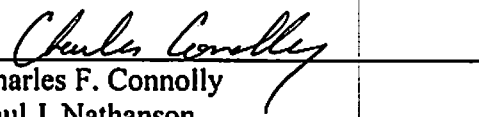
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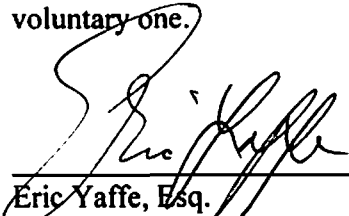
After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, RAYMOND BOWMAN, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate to the best of my knowledge, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.



Raymond Bowman
Defendant

Date: 3/14/11

I am RAYMOND BOWMAN's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.



Eric Yaffe, Esq.
John Lee, Esq.
Michael Kelly, Esq.
Attorneys for Defendant

Date: 3/14/11