

Former FHFB Chairman Pleads Guilty to Making False Statements

May 2005

According to a Department of Justice press release (dated Apr. 7, 2005) available at www.usdoj.gov/opa/pr/2005/April/05_crm_171.htm, John Korsmo, the former chairman of the Federal Housing Finance Board (FHFB), pled guilty on April 7 to making false statements to a Senate committee investigating Korsmo's participation in a 2002 campaign fundraiser. When asked in writing by then-Banking Committee Chairman Paul Sarbanes about his involvement with the fundraiser, Korsmo denied having any knowledge of how the congressional campaign obtained contact information to send invitations to a number of banking officials, many of whom Korsmo regulated. According to various press reports, however, Korsmo had actually asked an FHFB employee to forward him the contact information for these officials. Korsmo subsequently sent this information on to his wife, who later forwarded her husband's email directly to the campaign.

Under a plea agreement reached with the Department of Justice and described in the press release, Korsmo acknowledged making false statements in his letter to Senator Sarbanes and admitted knowing beforehand that his wife had provided the contact information to the campaign. Korsmo, who is scheduled to be sentenced in July, faces a maximum penalty of five years in prison and a \$250,000 fine.

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