

Six whistleblowers received substantial awards for their part in exposing fraud committed by the nation's largest mortgage lenders. In a settlement announced by the Justice Department in April 2012, the nation's five largest mortgage lenders – Bank of America, Wells Fargo, JP Morgan Chase, CitiGroup, and Ally Financial – agreed to pay fines of \$5 billion and to also provide approximately \$20 billion more for refinancing and mortgage modifications for borrowers. Following approval of the settlement, awards for six whistleblowers who helped uncover the lenders' fraudulent conduct were announced.

The False Claims Act allows individuals known as whistleblowers (or "relators") to file lawsuits on behalf of the federal government when they have knowledge that the government is being defrauded. The whistleblowers who expose the fraud and bring the lawsuits are known as relators. Typically, a whistleblower will receive an award of 15-25% of the total recovery as the "relator's share." In connection with the national foreclosure settlement, six whistleblowers will share some \$46.5 million.

Lynn Szymonizk, a Florida attorney, spotted an apparent forgery on one of the documents in a foreclosure case instituted against her. She then saw that same forgery in dozens of other cases she examined. Her allegations led to evidence that banks were using false documents to prove ownership of defaulted mortgages so they could submit insurance claims to the Federal Housing Administration ("FHA"). FHA is a government agency that offers insurance on certain qualifying mortgages to encourage American home ownership. When there is a default on a FHA-insured mortgage, the FHA pays out a claim to the lender. Ms. Szymonizk will receive some \$18 million as her treator's share for her role in exposing lenders' defrauding of the FHA.

Victor Bibby and Brian Donnelly were executives with a Georgia mortgage services firm. They noticed and brought forth claims that the banks were over-charging veterans whose mortgages were guaranteed by the Department of Veterans Affairs, thus increasing those homeowners' default risk with the mortgage overcharges. Bibby and Donnelly were awarded \$11.7 million.

Gregory Mackler worked for a company which Bank of America subcontracted with to assist homeowners pursuing HAMP modifications. Under HAMP, the federal government offers banks incentive payments to assist borrowers in securing loan modifications. Mackler brought forth evidence that Bank of America violated its agreement with the

federal government by intentionally preventing qualified borrowers from securing HAMP modifications, steering them toward foreclosure or more costly modifications from which the bank would receive more money. Mr. Mackler's whistleblower award was \$1 million.

Kyle Lagow worked as a home appraiser in Texas for a subsidiary of Countrywide Financial. He helped expose evidence that the company was deliberately inflating home appraisals so as to collect higher claims from the FHA. He was also fired after initially trying to have the claims addressed internally. He received a relator's share of \$14.6 million.

Robert Harris was an assistant vice president with JP Morgan Chase. He exposed evidence that the bank was failing to assist borrowers seeking HAMP modifications and knowingly submitting false claims for government insurance based on wrongful foreclosures. He tried to have the issues addressed internally by JP Morgan, but was fired instead. He received an award of \$1.2 million in the settlement.

These whistleblowers courageously stepped forward to help expose unlawful, fraudulent conduct by the nation's largest banks. Their reports of wrongdoing and participation in qui tam lawsuits helped prevent further fraud against the government and also led to substantial recoveries for tens of thousands of American homeowners.

Read the [article on CNN Money](#).