



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 (collectively the “regulated entities”), is issuing this Final Order pursuant to the following legal authorities:

1. Section 1313 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) authorizing FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of the regulated entities. *See* 12 U.S.C. 4513(a)(2);
2. Section 1313B of the 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); and
3. Section 1319G of the Safety and Soundness Act authorizing 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).

Consistent with these authorities, FHFA has determined that any business relationship between Lewis I. Wallach and the regulated entities would present excessive risk to their safety and soundness.

This determination is based on the following findings:

1. Lewis I. Wallach was the President and CEO of Professional Financial Investors, Inc. (PFI), a Real Estate Investment and Management Company located in Marin County, California.
2. Lewis I. Wallach made materially false and misleading statements to investors that PFI had significant reserves to allow it to survive and expand during the economic downturn caused by the COVID-19 pandemic.
3. Lewis I. Wallach conspired with the PFI founder to mislead investors and solicit investor funds using false statements.

4. Lewis I. Wallach engaged in a years-long scheme to embezzle funds from PFI in which he took more than \$26 million from 2015 until 2020, including money he used for large investments, the purchase of real estate, and payment of personal expenses.
5. Lewis I. Wallach was sentenced to 144 months of imprisonment and three (3) years of supervised release by the United States District Court for the Northern District of California (San Francisco) for Wire Fraud and Conspiracy to Commit Wire Fraud.
6. The conduct underlying the conviction described above occurred in connection with financial transactions.

With this Final Order, FHFA is directing each regulated entity to cease or refrain from engaging in any business relationship with Lewis I. Wallach indefinitely, beginning on March 30, 2022. This suspension extends to any individual, company, partnership or other group that FHFA determines to be an affiliate of Lewis I. Wallach.

The Final Order's requirement for regulated entities to cease any business relationship with Lewis I. Wallach 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 Lewis I. Wallach 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.

Clinton Jones,
Suspending Official