

JOHN T. KORSMO, *Federal Housing Finance Board*

John T. Korsmo served as chairman of the Federal Housing Finance Board (“FHFB”) from 2002 until 2004.¹ The FHFB is an independent executive branch agency that regulates a national network of 12 Federal Home Loan Banks that supply funds to lenders to finance home loans.² Mr. Korsmo resigned from the FHFB in April 2004, amid charges that he made false statements to the Senate Banking Committee and an inspector general’s office that was investigating his role in a 2002 fundraiser.³ In March 2005, Mr. Korsmo was charged with making material false statements.⁴

These charges stemmed from Mr. Korsmo’s participation in a fundraising event for a congressional candidate. In September 2002, Mr. Korsmo and his wife agreed to help plan an October fundraiser for Rick Clayburgh, a personal friend who was running for a House seat in North Dakota.⁵ Mr. Korsmo agreed to appear as a “special guest” at the \$500-a-plate fundraiser and his wife promised to provide the campaign with invitation lists for the event.⁶ Sometime in September 2002, Mr. Korsmo requested contact information from a FHFB employee for the 12 Federal Home Loan Bank presidents and others associated with the Federal Home Loan Bank system.⁷ Upon receiving the information, Mr. Korsmo emailed the list to his wife who, in turn, forwarded the list to Mr. Clayburgh’s campaign committee.⁸

On October 9, 2002, and October 18, 2002, following media reports about Mr. Clayburgh’s fundraising event, Senator Paul Sarbanes (D-MD), then chairman of the Senate Banking, Housing and Urban Affairs Committee, which has oversight jurisdiction over the

¹ Rob Blackwell, Korsmo Admits Lying About Invitations, *American Banker*, March 23, 2005 (Exhibit 1); U.S. Department of Justice, Criminal Division, Public Integrity Section, Report to Congress on the Activities and Operations of the Public Integrity Section for 2005, p. 22 [hereinafter “Public Integrity Report”]. (Exhibit 2)

² Public Integrity Report, p. 22.

³ Blackwell, *American Banker*, Mar. 23, 2005; Justice: Korsmo to Plead Guilty, *UPI*, March 22, 2005. (Exhibit 3)

⁴ U.S. v. Korsmo, Crim. No. 05-00104, Information, ¶ 12 (D.D.C. Mar. 22, 2005) [hereinafter “Information”]. (Exhibit 4)

⁵ Id., ¶¶ 3-4; Blackwell, *American Banker*, Mar. 23, 2005.

⁶ Blackwell, *American Banker*, Mar. 23, 2005; Information, ¶ 4.

⁷ Information, ¶ 5.

⁸ Id., ¶¶ 6-7.

FHFB, sent two letters to Mr. Korsmo.⁹ Those letters questioned whether Mr. Korsmo or any member of FHFB's staff knew why Home Loan Bank officials were solicited for the fundraiser and whether Mr. Korsmo or any member of FHFB's staff provided contact information for these bank officials to Mr. Clayburgh's campaign.¹⁰ Sen. Sarbanes also asked FHFB's Office of the Inspector General ("OIG") to review Mr. Korsmo's participation in the fundraiser.¹¹ During subsequent interviews by the Senate Banking, Housing and Urban Affairs Committee and the OIG, Mr. Korsmo stated that he had no knowledge of how the campaign obtained contact information for the Home Loan Bank executives who were invited to the fundraiser.¹²

In April 2005, Mr. Korsmo pleaded guilty to making false charges to the Senate Committee on Banking, Housing and Urban Affairs and the OIG.¹³ In July 2005, Mr. Korsmo was sentenced to 18 months of unsupervised probation and fined \$5,000.¹⁴ He also agreed not to work in the executive branch of government for 10 years.¹⁵ As part of his guilty plea, Mr. Korsmo admitted that his letter to Senator Sarbanes was false and that he knew before the fundraiser that his wife had provided the campaign committee with detailed contact information for the banking officials. Mr. Korsmo also admitted that he lied to OIG agents regarding his knowledge that his wife had provided the contact lists to the campaign.¹⁶

⁹ Id., ¶ 9.

¹⁰ Information, ¶ 9.

¹¹ Id., ¶ 10.

¹² Id., ¶ 12.

¹³ Public Integrity Report, p. 22.

¹⁴ *UPI*, Mar. 22, 2005; Housing Board Ex-Chairman Pleads Guilty, *Associated Press*, April 7, 2005 (Exhibit 5); Hannah Bergman, In Brief: Korsmo Fined, Given 18 Months Probation, *American Banker*, July 12, 2005. (Exhibit 6)

¹⁵ Bergman, *American Banker*, July 12, 2005.

¹⁶ Public Integrity Report, pp. 22-23.