

*United States Attorney Melinda Haag
Northern District of California*

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**FORMER 32 YEAR FBI EMPLOYEE AND HIS WIFE SENTENCED
TO PRISON FOR BANK FRAUD**

SAN FRANCISCO – A former 32 year FBI employee and his wife were sentenced on January 14, 2015, to 90 days in prison plus six months location monitoring and 200 hours of community service for bank fraud, announced United States Attorney Melinda Haag.

Charles Espinel, 61, and Jeannette Espinel, 59, of both Daly City, (the Espinels) were both originally charged in a Criminal Information on June 3, 2014, with one count of Bank Fraud, in violation of 18 United States Code Section 1344. The Espinels both pleaded guilty to the information on July 24, 2014.

The Espinels both admitted in their separate plea agreements that, beginning in 2006 and continuing through 2010, the two of them defrauded First California Bank and Wells Fargo Bank in connection with mortgage loans they obtained to purchase a \$750,000 rental property in Daly City, and a \$600,000 rental property in San Bruno. The Espinels admitted that they purchased these rental properties by jointly submitting to banks in June 2006 and April 2007 fraudulent mortgage loan applications in which they knowingly overstated their incomes and falsely claimed that it was their intention to occupy the rental properties as their primary residence. The Espinels also admitted that they subsequently obtained favorable modifications to these loans through fraud, including submitting false Individual Income Tax Returns which they had altered. The Espinels both admitted in their plea agreements that the total loss from their bank fraud was over \$83,000.

Charles Espinel in his plea agreement further admitted that from May 1979 until February 2012, he worked as a Support Services Technician in the San Francisco Division of the FBI. Espinel's professional responsibilities as a FBI Support Services Technician included records and file management technical support, telecommunications and investigative automation support, office management support, and operations security support. As an FBI employee with Top Secret clearance as well as access to sensitive information, Espinel was required annually to file a security financial disclosure form (SFDF) disclosing certain financial information (including listing all assets and liabilities). Espinel knew that his FBI supervisors and the FBI Security Division/Internal Security Section would review the financial information on his SFDFs to assess whether he had personal financial problems that might threaten his continued suitability for a Top Secret security clearance. Espinel admitted that he knew that lying on his SFDFs about his bank accounts and owned real estate would be significant issues of concern for FBI management. Espinel admitted in his plea agreement

that in 2007, 2008, 2009, and 2010, he knowingly submitted SFDFs in which he made several false statements and material omissions. Espinel admitted that he knowingly failed to disclose on those SFDFs his wife's income, and failed to disclose the real estate properties he owned or the rental income he was receiving from those properties.

The sentence was handed down by the Honorable Charles R. Breyer, United States District Court Judge. In addition to 90 days in prison, Judge Breyer also ordered both of the Espinels to serve a three year term of supervised release which will include six months location monitoring and 200 hours of community service, and also to pay \$83,326.50 in restitution. Jeannette Espinel will begin serving her sentence on March 2, 2015. Charles Espinel will begin serving his sentence on September 8, 2015.

Assistant U.S. Attorney Joseph Fazioli is prosecuting the case with the assistance of Laurie Worthen. The prosecution is the result of an investigation by the United States Department of Justice Office of the Inspector General.

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