



diGENOVA & TOENSING, LLP
ATTORNEYS-AT-LAW

May 25, 2016

By Certified Mail

The Honorable Eric S. Miller
United States Attorney
for the District of Vermont
United States Courthouse and Federal Building
PO Box 570
11 Elmwood Avenue, 3rd Floor
Burlington, VT 05402-0570

***By Email (ighotline@fdic.gov)
and Certified Mail***

Fred W. Gibson, Jr.
Acting Inspector General
Federal Deposit Insurance Corporation
Office of the Inspector General
3501 Fairfax Drive
Arlington, VA 22226

Re: Additional Evidence Related to Request for an Investigation into Apparent Federal Bank Fraud.

Dear Messrs. Miller and Gibson:

This letter follows up on my January 10, 2016 letter and provides additional evidence regarding that letter's request for an investigation into apparent federal loan fraud involving the sale of the Roman Catholic Diocese of Burlington headquarters to Burlington College.

The January 10 letter detailed a loan transaction involving the overstatement and misrepresentation of nearly \$2 million dollars in what Jane Sanders, the then-President of Burlington College, guaranteed to the bank to be confirmed contributions and grants to the college. This apparent fraud resulted in almost \$2 million in losses to the Diocese and an unknown amount of loss to People's United Bank, a federally-insured financial institution.

As a result of my complaint, I was recently approached and informed that Senator Bernard Sanders's office improperly pressured People's United Bank to approve the loan application submitted by the Senator's wife, Ms. Sanders. Improper pressure by a United States Senator is a serious ethical violation. Under Senate Ethics Rules, a Senator or his office may not get involved in any way with a loan transaction that benefits a family member. Senate Ethics R. 35(b)(1) and (b)(2)(A). Under these rules it is improper for a spouse to receive favorable treatment for a loan "... because of the official position of the Member ..." Senate Ethics R. 35(b)(2)(A). Additionally, if true, improper pressure by a United States Senator to approve a loan that benefits his wife is additional evidence of fraudulent intent.

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Ms. Sanders loan application did not receive the sort of scrutiny and basic underwriting to which those of us who are not married to a powerful United States Senator would have been subjected. This additional evidence, that Senator Sanders office reportedly improperly pressured the bank, helps explain why a loan was approved that never should have been approved.

Burlington College recently announced its closure due to what its current president called the "crushing weight of debt" brought on by that property purchase. The closure of the school will surely result in additional losses to People's United Bank as well as Vermont small businesses that provided services and goods to the school. In addition, the taxpayers of Vermont are likely to lose tens of thousands of dollars as a result of an outstanding, ill-advised, and unsecured loan made by the Vermont Economic Development Authority (while Ms. Sanders served as a paid member of its board) to Burlington College.

Please call (202.297.4245) or email (Brady@digtoe.com) me with any questions you may have.

Sincerely,


Brady C. Toensing