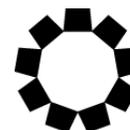


ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Statement

FOR IMMEDIATE RELEASE

February 3, 2015

Contact: Brad Paul, 510/464-7955, BradP@abag.ca.gov

Finance Authority for Nonprofit Corporations (FAN) Votes to Restore Embezzled San Francisco Funds

OAKLAND, CA – The Executive Committee of the Finance Authority for Nonprofit Corporations (FAN) today voted unanimously to use approximately \$1.3 million from FAN reserve funds to make San Francisco whole, in the wake of an apparent embezzlement of that amount by Clarke Howatt, a senior manager at FAN. The money will be returned to the account from which it was stolen, restoring control of these funds to San Francisco and the South of Market Community Stabilization Committee.

It is expected that legal documents effectuating the transfer of funds will be finalized by early next week.

After the vote, FAN Executive Committee Chair Charles A. Lomeli stated: “The Finance Authority for Nonprofit Corporations acted quickly today to make San Francisco whole. We are deeply shocked that FAN’s longtime Director, Clarke Howatt, appears to have embezzled \$1.3 million from funds designated for public improvements in San Francisco. While we work with law enforcement to recover these misappropriated funds, we will ensure that the South of Market Community Stabilization Committee can continue its important work without delay. In addition, we have begun the process of conducting a comprehensive forensic audit of all FAN transactions in which Mr. Howatt was engaged.”

Association of Bay Area Governments (ABAG) Executive Director Ezra Rapport commented, “We support the quick actions of the FAN Board. We will coordinate with FAN, law enforcement, and local government agencies to recover the embezzled funds. All of the hard-working employees of ABAG and FAN feel betrayed by the corrupt and reckless actions of this one man.”

Representatives from FAN and ABAG have already met and shared information with the Federal Bureau of Investigation.

As has been reported in the media over the past week, it appears that Clarke Howatt engaged in a complex, multi-layered effort to defraud. He created false bank accounts with an entity name similar to a real party of interest in the One Rincon project. He created falsified documents, misleading bond counsel, bank trustees, and the Executive Committee of FAN in a sophisticated scheme to authorize the wiring of these funds to an illicit bank account under Howatt’s control.

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