



SIGTARP



OFFICE OF THE SPECIAL
INSPECTOR GENERAL FOR
THE TROUBLED ASSET
RELIEF PROGRAM

QUARTERLY REPORT TO CONGRESS
APRIL 26, 2017



SIGTARP

BY THE NUMBERS



394

Criminally Charged



303*

Convicted



203**

Sentenced to Prison

Including



96



Bankers
criminally
charged
with fraud

Wall Street
brokers criminally
charged with
securities fraud



Borrowers
criminally
charged with
defrauding
banks

Defendants
criminally
charged with
scamming
homeowners



\$10 Billion

Recovered from JP Morgan,
General Motors, Goldman
Sachs, Morgan Stanley
+ Others***



Charges are not evidence of guilt
Many defendants await trial and sentencing

\$2 Billion

In Government Cost
Savings If SIGTARP
Recommendations
Are Implemented

*Includes one reversed on appeal and two vacated due to death or cooperation

**Includes two reversed on appeal

***Recoveries include fines, restitution, forfeiture, and homeowner relief.

LETTER FROM THE SPECIAL INSPECTOR GENERAL

I am pleased to report on the outstanding impact of the investigators and auditors at the Office of the Special Inspector General for TARP. There are \$38 billion in ongoing TARP programs, the same as last year. Billions of Federal dollars have been spent in these programs, and billions of dollars continue to be spent, at a rate of \$1 billion each quarter. Significant oversight is critical to protect taxpayers.

SIGTARP's oversight ensures that TARP is not a cash cow. We fight fraud, waste, abuse, and inefficiency, so TARP dollars reach intended recipients.

SIGTARP is working on multiple fronts to ensure that TARP dollars go to homeowners in hard-hit communities. We are identifying state agencies that used TARP dollars for employee perks in an audit requested by Senator Grassley. We are recommending controls to prevent contracts for TARP dollars from being awarded in backroom deals by local authorities to favored demolition contractors. We are recommending controls to prevent fraud by demolition contractors (section three of this report details skyrocketing demolition costs in Michigan and Ohio). We are pursuing accountability for banks like Wells Fargo and Bank of America that once again are receiving billions of TARP dollars, this time as mortgage servicers in HAMP. Wherever TARP dollars are at risk, we will use our expertise to investigate crime and protect critical programs from fraud, waste, and abuse.

As a law enforcement agency, SIGTARP brings accountability through investigations and arrests. We work hand in hand with the FBI and the Justice Department. Financial crime is complex: our partnerships save time and resources while delivering results. Almost 400 defendants we investigated have been charged with a crime. Nearly 100 of those charges were made in the last two fiscal years.

Countering Threats to Public Safety and Government Interests

SIGTARP counters significant threats by investigating criminal actors, and neutralizing the threat they pose. As a result of SIGTARP investigations, more than 200 defendants have received an average prison sentence of nearly five years. Principal threats include:

SIGTARP current investigations counter threats including:

- *Public Corruption*
- *Antitrust/Unfair Competition*
- *Contract Fraud*
- *Financial Institution Fraud*
- *Mortgage Fraud*

Public Corruption: State and local officials award demolition contracts under the Hardest Hit Fund. The corruption of local officials threatens public safety.

Antitrust Violations: Unfair competitive practices – including bid rigging and contract steering for demolition contracts – threatens public safety and the Government's interests.

SIGTARP's oversight can mitigate these risks. In June 2016, for example, SIGTARP warned that there were no requirements for competition in the HHF blight demolition program. Treasury has since implemented one recommended requirement for full competition. It has not yet

implemented SIGTARP's other recommendations to establish standard federal contracting controls that prevent unfair competitive practices.

Contract Fraud: Demolition contractors. State agencies. HAMP servicers. Fraud in any of these high risk areas are harmful. Our oversight of the demolition program found that paying up to \$25,000 per demolished house creates substantial risk of fraud. On SIGTARP's recommendation, Treasury limited payment to only necessary and reasonable costs. Our remaining recommendations to arm state agencies with knowledge of what costs are necessary and reasonable have yet to be implemented.

Financial Institution Fraud: SIGTARP investigates fraud in current TARP banks and banks where taxpayers suffered a loss in TARP. Already 96 bankers we investigated have been charged with a crime, 76 of them convicted. Others await trial. Just last month, a jury found the CEO of Gulfsouth Private Bank guilty of bank fraud. A bank vice president pled guilty. When Gulfsouth failed, taxpayers lost \$7.5 million in TARP dollars. In December 2016, the chief operating officer of Tennessee Commerce Bank was criminally charged with fraudulently deceiving regulators about bank losses.ⁱ TARP lost \$30 million when the bank failed. We have referred to the Justice Department for prosecution our investigations of TARP's PPIP program, which unlocked frozen credit markets by trading in mortgage-backed securities using TARP dollars. In January, in the first case of this type of securities fraud, a jury convicted a Wall Street trader for increasing his firm's profit by defrauding a PPIP manager. Other traders have been convicted. Another trader was recently indicted, and trials for other traders are in upcoming months.ⁱⁱ

As a result of SIGTARP's investigation, the former CEO of Saigon Bank was indicted, charged with orchestrating a money laundering scheme for international narcotics trafficking allegedly involving a drug cartel. Saigon Bank is still in TARP. Trial is scheduled for December 2017. Every defendant is presumed innocent until and unless proven guilty.

Mortgage Fraud: With the HAMP application period over, we are prioritizing investigations of mortgage servicers, and ending investigations into con artists that stole from homeowners seeking admission into the program. SIGTARP brought justice through convictions for these crimes with victims across all 50 states. One victim testified that after her servicer lost her application, she fell prey to a scam promising admission into the program. Her home and thousands of dollars were lost. Her story underscores the harm caused when mortgage servicers do not follow HAMP's rules, and why they must be held accountable to the rules and law.

Proactive Investigative Efforts to Speed Up the Identification of Crime

TARP will spend an additional \$10-14 billion through 2023.ⁱⁱⁱ To find crime quickly, we pair data analysis with our list of red flags identified in previous and ongoing investigations. This includes in the HHF blight demolition subprogram.

ⁱ Criminal charges contain an allegation that a defendant committed a crime. Every defendant is presumed innocent until and unless proven guilty.

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ⁱⁱⁱ Treasury is obligated to pay \$7.01 billion to, and committed to pay an additional \$3.93 billion to, Ocwen, Wells Fargo, JPMorgan Chase, Bank of America, Nationstar, SPS, CitiMortgage, and more than 130 mortgage servicers through TARP's Making Home Affordable Program. Under TARP's Hardest Hit Fund, which was scheduled to end in FY 2018, but was extended and expanded by \$2 billion in the Consolidated Appropriations Act of 2016, recipients of TARP dollars include 19 state agencies, 38 cities/counties, 147 individuals, eight for-profit companies, 158 non-profits, 39 land banks, hundreds of demolition contractors, homebuyers, and homeowners. Treasury is committed to pay an additional \$3.2 billion.

Promoting a Culture of Return on Investment

I promote a culture of ensuring recoveries and cost-savings. SIGTARP's investigations have recovered \$10 billion, which translates to a 40-times return on investment.^{iv} For the last three fiscal years, recoveries to the Government exceeded our budget request, including \$52 million recently recovered from Ally Financial. Section one of this report shows luxury cars, boats, and land seized. SIGTARP also has made \$2 billion in cost saving recommendations. This includes \$223 million in cost-saving recommendations this year, \$161 million of which will already be realized. We continue to identify savings and prioritize recoveries.

Property recently recovered includes luxury cars bought with TARP dollars by the former CEO of One Bank for his wife and children. \$4 million was also recovered for the Government. The CEO deceived Treasury in applying for TARP. Two weeks after the bank received TARP, the CEO diverted millions to himself.

Finally, I wish to express my deep gratitude for the support that members of Congress provide to SIGTARP, through requested audits, letters supporting our recommendations, and many public and in-person expressions of strong support. I can assure you that we continue our vigorous watch over taxpayer dollars in TARP.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General

^{iv} Compared to SIGTARP's lifetime of annual appropriations as of FY2016, includes fines, restitution, forfeiture, and full homeowner relief by a large financial institution.

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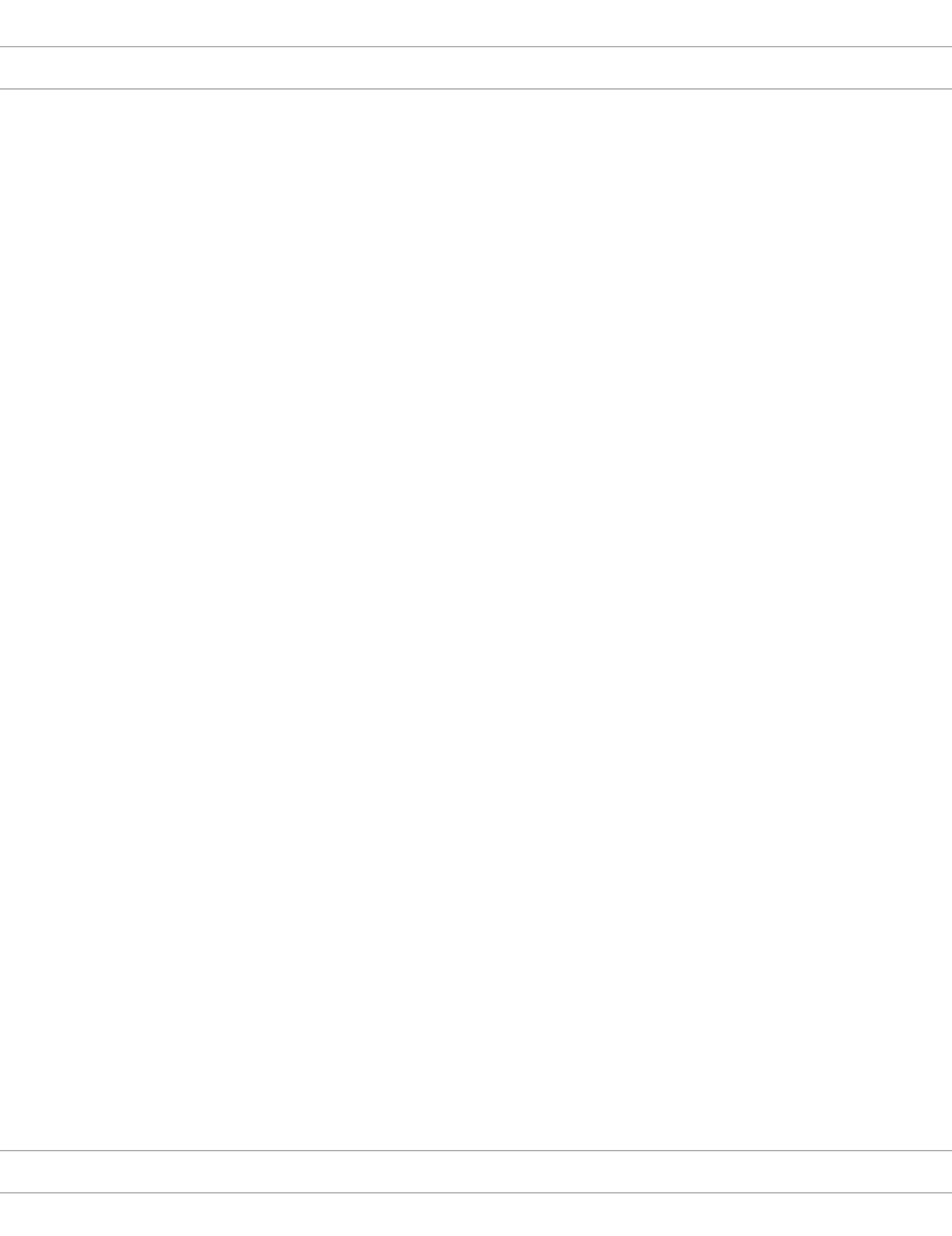
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SECTION 1 SIGTARP LAW ENFORCEMENT

LAW ENFORCEMENT MISSION

SIGTARP is primarily a federal law enforcement agency with 81% of our work in investigations. SIGTARP uses an analytical, experience-based approach to identify hidden crime at financial institutions or other TARP recipients. Our special agents have the authority to search, seize, and arrest.

SIGTARP primarily investigates crime at financial institutions that received TARP funds or TARP recipients in housing programs, to recover dollars lost to fraud and bring accountability through prosecution. Treasury is currently spending TARP dollars at a rate of about \$1 billion per quarter. This includes the more than \$800 million TARP-funded blight demolition program. Once our special agents, investigators, and forensic agents build a strong case against an individual or institution, we work with the Justice Department and other prosecutors to bring justice to individuals and institutions that break the law, by taking the case to trial or securing a guilty plea.

SIGTARP's Investigative Results and Return on Investment



Charges are not evidence of guilt. Every defendant is presumed innocent until and unless proven guilty in court.

^{*}Includes one reversed on appeal and two vacated due to death or cooperation.

^{**}Includes two reversed on appeal.

SIGTARP investigations have also resulted in significant DOJ enforcement actions finding violations of the law by corporations that received TARP dollars through various TARP programs, such as Bank of America, JP Morgan Chase, Goldman

Sachs, Morgan Stanley, Ally Financial, Sun Trust Bank, Fifth Third Bank, Jefferies and Company, and General Motors.

SIGTARP continues to assess strategically current and future operations to ensure it meets mission requirements while not serving as a burden on taxpayers. SIGTARP's investigations have recovered \$10 billion (including nearly \$9 billion recovered in 2016), which translates to a 40-times return on investment from our annual budget in actual dollars recovered.¹ This is in addition to \$2 billion in cost savings recommendations SIGTARP auditors have made.

SIGTARP IS A 40 TIMES RETURN ON INVESTMENT

Through SIGTARP's unique expertise, we have targeted our oversight work to serve taxpayers with a goal of recovering and saving money for taxpayers, as our record proves. We maximize recoveries—dollars that the Government can use to fund operations or decrease the cost of Government.

Offsetting Government TARP Losses Through Criminal and Civil Investigations

SIGTARP is ensuring that crime (and civil fraud) does not pay by taking the profit out of crime (and civil fraud). For the last three years, SIGTARP's law enforcement recoveries to the government have exceeded our annual budget, offset taxpayer losses in TARP, protected taxpayers from fraud, and changed unlawful practices.

- In FY2015, SIGTARP's investigation found that General Motors committed a crime that led to a DOJ enforcement action where GM paid \$900 million. These dollars offset the \$11 billion in TARP losses that taxpayers suffered on the TARP investment in GM. SIGTARP's investigation with DOJ found criminal conduct by General Motors related to a faulty ignition switch that caused the deaths of many young drivers, which led to a complete overhaul in the recalls of auto parts, improving safety. In the wake of our investigation, auto manufacturers now have a quicker response to rectify automobile defects, with vehicle recalls increasing from 20.2 million in 2013, to 50.9 million in 2014, to 51.2 million in 2015, to 53.2 million in 2016.
- In FY2016, SIGTARP's investigations led to Department of Justice enforcement actions against Goldman Sachs and Morgan Stanley for violations of the law that caused losses for investors. Taxpayers suffered losses as investors when the securities traded through a TARP program. Goldman Sachs paid \$5 billion under DOJ's enforcement action, and Morgan Stanley paid \$2.6 billion.
- In FY2017, our investigation into Ally Financial led to a DOJ enforcement action in which Ally paid \$52 million, exceeding SIGTARP's \$41 million budget

¹ As of end of FY 2016, includes Government fines, restitution, forfeiture, and full homeowner relief by a large financial institution.

and helping offset \$2.47 billion in TARP losses. Taxpayers suffered losses as investors when the securities traded through a TARP program.

We have a significant number of investigations of recipients of TARP dollars that will yield future recoveries for the government.

Government Recovery through Property Seizure and Forfeitures

SIGTARP's culture includes maximizing recoveries of losses to the Government. SIGTARP assists in tracing proceeds of the crime, such as land, houses, cars, boats, and artwork purchased with the proceeds of the crime, as well as cash. Property already seized or ordered to be forfeited in SIGTARP cases include:

- More than 30 businesses and waterfront homes,
- More than 70 bank accounts (including a bank account located in the Cayman Islands),
- Bitcoin cryptocurrency, bags of silver, U.S. currency, antique and collector coins (including gold, silver, and copper coins), artwork, antique furniture, Civil War memorabilia,
- NetSpend Visa and CashPass MasterCard debit cards, and Western Union money orders with the "Pay To" line blank,
- A 1963 Rolls Royce, a 2012 Aston Martin, a 2010 Aston Martin DBS Volante Convertible, a 2008 Maserati Granturismo Coupe, a 1969 Shelby Mustang, a 1932 Ford Model A, a 1954 Cadillac Eldorado convertible, a 1965 Shelby Cobra, a 2013 Ferrari 458 Italia, a 1948 Pontiac Silver Streak, a 2007 Ferrari, a 2014 Jaguar convertible, a 1997 Dodge Viper, a 1957 Chevrolet Nomad, a 1957 Chevrolet BelAir, a 2011 Mercedes Benz SLS, a 2008 Cadillac Escalade, a 2013 Range Rover, a 2011 Cadillac SRX Performance and a 1957 Cadillac Coup de Ville,
- Other property in Figure 1.1.

FIGURE 1.1
ORDERED FORFEITED AND SEIZED



2013 Ferrari 458 Italia



2005 54' Hylas yacht "Swept Away"



1957 Cadillac Coupe de Ville.



1948 Pontiac Silver Streak.



2010 Mercedes-Benz GLK 350 4Matic.
Estimated value in 2013: \$29,000. (Source Kelley Blue Book)



2005 Hummer H2. Estimated value in 2013: \$24,000. (Source Kelley Blue Book)



1958 Mercedes-Benz Cabriolet 220. Estimated value in 2013: \$185,000. (Source Hagerty.com)



Property located in Chesapeake, Virginia. (Photo courtesy of Bill Tiernan, The Virginian-Pilot)



French-style gilt, bronze, and green malachite columnar 16-light torchères with bronze candelabra arms. Estimated appraised value: \$8,000.



Cash seized from safe, \$158,000.



Kubota tractor.



Artwork with a total value of \$71,525, including paintings worth up to \$10,000 each.



19th century English painting of “Royal Family,” oil on canvas. Estimated appraised value: \$6,000.



Bitcoin Cryptocurrency



2008 Maserati Grandturismo



2014 Jaguar Convertible



Cash



2013 Range Rover



2008 Cadillac Escalade



2011 Cadillac SRX Performance

Seizures and forfeitures bring money back to victims and the Government and ensure that crime does not pay, as defendants are unable to keep the proceeds of their crime. This money can then be used for other Government spending or to reduce the Government budget.

Countering Threats to Public Safety and Government Interests

SIGTARP's law enforcement counters threats to public safety by investigating criminal actors, and neutralizing the threat they pose through referrals to the Department of Justice for prosecution.ⁱⁱ SIGTARP has concurrent responsibility with the Federal Bureau of Investigations over criminal activity related to TARP. With more than 200 people sentenced to prison resulting from a SIGTARP investigation at an average prison sentence of nearly five years, the threat these crimes pose is significant.

SIGTARP current investigations counter threats including:

- Public Corruption
- Antitrust/Unfair Competition
- Contract Fraud
- Financial Institution Fraud
- Mortgage Fraud

Public Corruption: State and local officials in awarded contracts under the Hardest Hit Fund blight demolition program. The corruption of local officials threatens public safety.

Antitrust Violations: Unfair competitive practices—including bid rigging and contract steering for demolition contracts—threatens public safety and the Government's interests.

Contract Fraud: Demolition contractors. State agencies. HAMP servicers. Fraud in any of these high risk areas are harmful.

Financial Institution Fraud: SIGTARP investigates fraud in current TARP banks and banks where taxpayers suffered a loss in TARP. The bank fraud SIGTARP has found, and continues to find, hurts bank lending. Already, 96 bankers have been charged with a crime resulting from a SIGTARP investigation, 76 of them convicted.

ⁱⁱ SIGTARP made 4 referrals for prosecution this reporting period.

119 BANKERS CHARGED



Criminal charges for bankers in banks where Treasury still holds TARP securities:

There are 37 banks and credit unions where Treasury holds TARP securities for the TARP investment and Treasury also holds TARP warrants in nine banks for a total of \$300 million. SIGTARP’s investigations into some of these banks have led to indictments. For example, as a result of a SIGTARP investigation, the former CEO of Saigon Bank was indicted, charged orchestrating a money-laundering scheme for international narcotics trafficking allegedly involving a drug cartel.ⁱⁱⁱ In another bank where Treasury holds TARP warrants, SIGTARP’s investigation uncovered an alleged financial fraud that led to the pending indictment against the bank and its top officers. The trials in both of these cases are currently scheduled for FY2018.

Criminal charges for bankers in banks where taxpayers through Treasury took a loss in TARP:

Recent convictions include a TARP bank CEO and the bank’s vice president who were convicted in March 2017 (one by jury trial and the other by guilty plea). When the bank, GulfSouth Private Bank, failed Treasury lost \$7.5 million in TARP, and the FDIC estimates losses of \$36.1 billion. DOJ will seek restitution of certain losses at sentencing. Also in FY2017, the Department of Justice criminally charged another banker at a TARP-recipient bank that failed. The bank’s failure caused losses to Treasury (and taxpayers) of \$30 million.

DOJ Criminal or civil fraud charges related to mortgage backed securities:

SIGTARP also investigates crime related to mortgage-backed securities related to TARP. This crime can involve a TARP recipient or it can involve a defendant involved in securities trading through TARP’s Public Private Investment Program. We have referred to the Justice Department for prosecution our investigations of TARP’s PPIP Program. In the first case of this type of securities fraud, in January 2017, a jury convicted a Wall Street trader for increasing the firm’s profit by defrauding a PPIP manager. Four mortgage-backed securities traders have already been convicted resulting from a SIGTARP investigation and others have been indicted, two in fiscal year 2017. In addition, some of the largest TARP recipients have been

ⁱⁱⁱ Criminal charges contain an allegation that a defendant committed a crime. Every defendant is presumed innocent until and unless proven guilty.

the subject of DOJ enforcement actions resulting from a SIGTARP investigation involving mortgage backed securities.

Mortgage Fraud: With the HAMP application period over, we are prioritizing investigations of mortgage servicers, and ending investigations into con artists that stole from homeowners seeking admission into the program. SIGTARP brought justice through convictions for these crimes with victims across all 50 states. One victim testified that after her servicer lost her application, she fell prey to a scam promising admission into the program. Her home and thousands of dollars were lost. Her story underscores the harm caused when mortgage servicers do not follow HAMP's rules, and why they must be held accountable to the rules and law.

SIGTARP is currently analyzing data and conducting trend analysis (rather than solely relying on tips and referrals) to find crime proactively for more than \$800 million in TARP-funded demolitions, under TARP's Hardest Hit Fund. This program operates in eight Rust Belt and southern states (Michigan, Ohio, Indiana, Illinois, South Carolina, Tennessee, Alabama, and Mississippi). TARP-funded demolitions are fairly recent. They first began in April 2014, in Michigan, and were slow to start in other states. Illinois had no reported demolitions until March 31, 2016 (when they reported 10 houses). Of the eight states, one has no reported demolitions (Mississippi), and three (Alabama, South Carolina, and Tennessee) recently reported starting demolitions. These TARP dollars are paid to over 400 local partners who reimburse their payments to contractors. Officially, only 3 of these partners are cities or counties, and 44 are public agencies. Hundreds of these local partners are individuals (152), for-profit companies (8) or non-profit entities (151), or land banks (60).

DEFENDANTS SENTENCED TO PRISON

Already more than 200 defendants investigated by SIGTARP have been sentenced to prison.

46 BANKERS SENTENCED TO PRISON*

 <p>Edward Woodard 23 Years in Prison 5 Years Supervised Release CEO, President Bank of the Commonwealth</p>	 <p>Stephen Fields 17 Years in Prison 5 Years Supervised Release Executive Vice President, Commercial Loan Officer Bank of the Commonwealth</p>	 <p>Mark A. Conner 12 Years in Prison 5 Years Supervised Release Acting CEO, Chairman, Vice Chairman, President, COO First City Bank</p>	 <p>Gilbert Lundstrom 11 Years in Prison 2 Years Supervised Release CEO, Chairman TierOne Bank</p>	 <p>Shawn Leo Portmann 10 Years in Prison 5 Years Supervised Release Senior Vice President, Loan Officer Pierce Commercial Bank</p>	 <p>Ebrahim Shabudin 8 Years and 1 Month in Prison 3 Years Supervised Release Chief Credit Officer, Executive Vice President, Chief Operating Officer United Commercial Bank (UCB)</p>
 <p>Catherine Kissick 8 Years in Prison 3 Years Supervised Release Senior Vice President Colonial Bank</p>	 <p>Troy Brandon Woodard 8 Years in Prison 5 Years Supervised Release Vice President Bank of the Commonwealth (Subsidiary)</p>	 <p>Clayton A. Coe 7 Years and 3 Months in Prison 5 Years Supervised Release Vice President, Senior Commercial Loan Officer FirstCity Bank</p>	 <p>Gary Patton Hall 7 Years in Prison 3 Years Supervised Release CEO, President Tifton Bank</p>	 <p>Jerry J. Williams 6 Years in Prison 3 Years Supervised Release CEO, President, Chairman Orion Bank</p>	 <p>Adam Teague 5 Years and 10 Months in Prison 5 Years Supervised Release Senior Vice President Appalachian Community Bank</p>
 <p>Zulfakir Esmail 5 Years in Prison CEO, Chairman, President Premier Bank; Premier Bancorp</p>	 <p>Jeffrey Levine 5 Years in Prison 5 Years Supervised Release Executive Vice President Omni Bank</p>	 <p>William R. Beamon, Jr. 3 Years and 6 Months in Prison 5 Years Supervised Release Vice President Appalachian Community Bank</p>	 <p>Robert E. Maloney, Jr. 3 Years and 3 Months in Prison 3 Years Supervised Release In-house Attorney FirstCity Bank</p>	 <p>Christopher Tumbaga 3 Years in Prison 4 Years Supervised Release Commercial Loan Officer Colorado East Bank & Trust</p>	 <p>James A. Laphen 2 Years and 10 Months in Prison 2 Years Supervised Release Acting CEO, COO, President TierOne Bank</p>
 <p>Melvin Rohs 2 years and 9 months in Prison 5 Years Supervised Release Senior Vice President, Senior Loan Officer Citizens Bank of Northern California</p>	 <p>Charles Antonucci 2 Years and 6 Months in Prison 2 Years Supervised Release CEO, President Park Avenue Bank</p>	 <p>Jeff H. Bell 2 Years and 6 Months in Prison 3 Years Supervised Release President; Head Factoring Division, Transportation Alliance Bank; Stearns Bank</p>	 <p>Thomas Hebble 2 Years and 6 Months in Prison 3 Years Supervised Release Executive Vice President Orion Bank</p>	 <p>Angel Guerzon 2 Years in Prison 3 Years Supervised Release Senior Vice President Orion Bank</p>	 <p>Reginald Harper 2 Years in Prison 3 Years Supervised Release CEO, President First Community Bank</p>



James Ladio
2 Years in Prison
3 Years Supervised Release
CEO, President; Chief Lending Officer
MidCoast Community Bank, Artisan's Bank



Don A. Langford
1 Year and 9 Months in Prison
2 Years Supervised Release
Chief Credit Officer, Senior Vice President
TierOne Bank



Karim Lawrence
1 Year and 9 Months in Prison
5 Years Supervised Release
Vice President, Loan Officer
Omni Bank



Allen Reichman
1 Year and 9 Months in Prison
2 Years Supervised Release
Executive Director of Investments
Openerheimer



Poppi Metaxas
1 Year and 6 Months in Prison
3 Years Supervised Release
CEO, President
Gateway Bank



Paul Ryan
1 Year and 6 Months in Prison
3 Years Supervised Release
Loan Officer
Broadway Federal Bank



***David Weinert**
1 Year and 6 Months in Prison
3 Years Supervised Release
Senior Vice President in Lending
Administration; President, Anchor Bank;
Investment Directions, Inc. (Subsidiary)
Reversed on Appeal



Michael Sean Davis
1 Year and 3 Months in Prison
President
Premier Community Bank of the Emerald
Coast; Bank of America, Beach Community
Bank



Brian Hartline
1 Year and 2 Months in Prison
3 Years Supervised Release
CEO, President
NOVA Bank



Jose Martins
1 Year in Prison
3 Years Supervised Release
Loan Officer
Wells Fargo



Matthew L. Morris
1 Year in Prison
2 Years Supervised Release
Senior Vice President
Park Avenue Bank



Barry Bekkedam
11 months in Prison
3 Years Supervised Release
Former Chairman
NOVA Bank/NOVA Financial Holdings



Jeanette Salsi
7 Months in Prison
3 Years Supervised Release
Senior Underwriter
Pierce Commercial Bank



Brian W. Harrison
6 Months in Prison
6 Months Supervised Release
Vice President, Loan Officer
Farmer's Bank



Phillip Alan Owen
6 Months in Prison
5 Years Supervised Release
Branch Manager
Superior Bank



Candice White
3 Months in Prison
5 Years Supervised Release
Senior Vice President
Front Range Bank



Teresa Kelly
3 Months in Prison
3 Years Supervised Release
Operations Supervisor
Colonial Bank



Alice Lorraine Barney
2 Months in Prison
3 Years Supervised Release
Assistant to Shawn Portmann
Pierce Commercial Bank



Sonja Lightfoot
1 Month in Prison
3 Years Supervised Release
Senior Vice President of Residential Lending
Pierce Commercial Bank



Justin Brough
Time Served
5 Years Supervised Release
Senior Vice President
Bank of America



Robert Pennington
Time Served
5 Years Supervised Release
Vice President
Citizens First National Bank



Helene DeCillis
Time Served
3 Years Supervised Release
Chief Operating Officer
Lend America, Gateway Bank

38 BANKER CO-CONSPIRATORS SENTENCED TO PRISON

 <p>Lee Bently Farkas 30 Years in Prison 3 Years Supervised Release Chairman, CEO Taylor, Bean & Whitaker (Colonial Bank Case)</p>	 <p>Mark Anthony McBride 14 Years and 2 Months in Prison 5 Years Supervised Release (Omni National Bank Case)</p>	 <p>George Hranowskyj 14 Years in Prison 3 Years Supervised Release Owner/Operator 345 Granby, LLC, Norfolk Property Development LLC (Bank of the Commonwealth Case)</p>	 <p>Delroy Davy 14 Years in Prison 5 Years Supervised Release Owner Quantum Builders LLC, Jamsen Properties LLC, Realty Group LLC, DNK Investment Group LLC (Omni National Bank Case)</p>	 <p>Wilbur Anthony Huff 12 Years in Prison 4 Years Supervised Release Owner O2HR, LLC, Oxygen Unlimited, LLC, General Employment Enterprises (Park Avenue Bank Case)</p>	 <p>Eric Menden 11 Years and 6 Months in Prison 3 Years Supervised Release Owner/Operator 345 Granby, LLC, Norfolk Property Development LLC (Bank of the Commonwealth Case)</p>	 <p>Lawrence Wright 6 Years and 3 Months in Prison 5 Years Supervised Release Bluewater Real Estate Investments, LLC (GulfSouth Private Bank Case)</p>
 <p>Desiree Brown 6 Years in Prison 3 Years Supervised Release Vice President, Treasurer Taylor, Bean & Whitaker (Colonial Bank Case)</p>	 <p>Francesco Mileto 5 Years and 5 Months in Prison 5 Years Supervised Release Owner Florida Metro One, LLC, Southeast Retail Portfolio, LLC, Trust Member, LLC, TMLS Heritage, LLC, (Orion Bank Case)</p>	 <p>Jonathan Williams 5 years in Prison 5 years Supervised Release Accountant, Operator DS Realty, DES Equipment Waste Mgmt. Solutions, Georgetown Mobile Home Sales of Central Kentucky (PBI Bank Case)</p>	 <p>Delton DeArmas 5 Years in Prison 3 Years Supervised Release CFO Taylor, Bean & Whitaker (Colonial Bank Case)</p>	 <p>Paul Chemidlin 5 Years in Prison 3 Years Supervised Release Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Richard Pinto (deceased) 5 Years in Prison 5 Years Supervised Release Chairman, co-founder Oxford Collection Agency (Ally Financial, CitiGroup, JP Morgan, U.S. Bank, Webster Bank, Wells Fargo Case)</p>	 <p>Dwight Etheridge 4 Years and 2 Months in Prison 5 Years Supervised Release Owner/Operator Twest Development and Construction LLC (Bank of the Commonwealth Case)</p>
 <p>Peter Pinto 4 Years in Prison 3 Years Supervised Release CEO, President Oxford Collection Agency (Ally Financial, CitiGroup, JP Morgan, U.S. Bank, Webster Bank, Wells Fargo Case)</p>	 <p>Leonard Potillo 3 Years and 10 Months in Prison 3 Years Supervised Release Owner United Credit Recovery LLC (Ally Financial, CitiGroup, JP Morgan, U.S. Bank, Webster Bank, Wells Fargo Case)</p>	 <p>Paul Allen 3 Years and 4 Months in Prison 2 Years Supervised Release CEO Taylor, Bean & Whitaker (Colonial Bank Case)</p>	 <p>Brent Merriell 3 Years and 3 Months in Prison 5 Years Supervised Release (Omni National Bank Case)</p>	 <p>Brian Headle 3 Years in Prison 4 Years Supervised Release Owner Investment One LLC (ColoEast Bank and Trust Case)</p>	 <p>Delio Coutinho 3 Years in Prison 3 Years Supervised Release Loan Officer Amendream (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Ray Bowman 2 Years and 6 Months in Prison 2 Years Supervised Release President Taylor, Bean & Whitaker (Colonial Bank Case)</p>
 <p>Carmine Fusco 2 Years and 3 Months in Prison 3 Years Supervised Release Appraiser (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Tommy Arney 2 Years and 3 Months in Prison 3 Years Supervised Release Owner/Operator Body Shop Go-Go club, Bootleggers, Maxwell's Tavern (Bank of the Commonwealth Case)</p>	 <p>Sheila Flynn 2 years in Prison 5 years Supervised Release Operator DS Realty, DES Equipment Waste Mgmt. Solutions, Georgetown Mobile Home Sales of Central Kentucky (PBI Bank Case)</p>	 <p>Kenneth Sweetman 2 Years in Prison 3 Years Supervised Release Title Agent (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Christopher Woods 1 Year and 6 Months in Prison 3 Years Supervised Release Owner/Operator Champ Construction LLC (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Matthew Amento 1 Year and 6 Months in Prison 3 Years Supervised Release Owner/Operator Residential Real Estate and Construction, LLC (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Troy A. Fouquet 1 Year and 6 Months in Prison 3 Years Supervised Release Owner Team Mgmt LLC, TRISA (First Community Bank Case)</p>
 <p>Chester Pegesse 1 Year in Prison 3 Years Supervised Release Loan Consultant (Broadway Federal Bank Case)</p>	 <p>Salvatore Leone 1 Year in Prison 3 Years Supervised Release Project Manager/Partner TBC Enterprises, LLC, North Dover Holdings, LLC, Shoppes at FieldStone Village, LLC (Wilmington Trust Case)</p>	 <p>Carlos Peralta 1 Year in Prison 3 Years Supervised Release (Park Avenue Bank Case)</p>	 <p>Alberto Solaroli 1 Year in Prison 2 Years Supervised Release Owner CET Racing (OneFinancial Corporation Case)</p>	 <p>Jose Luis Salguero Bedoya 10 Months in Prison 3 Years Supervised Release Owner New Jersey Real Estate Holding, New Jersey Property Management (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Christopher Ju 10 Months in Prison 2 Years Probation Title Agent (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>	 <p>Sean Ragland 3 Months in Prison 3 Years Supervised Release Senior Financial Analyst Taylor, Bean & Whitaker (Colonial Bank Case)</p>
 <p>Mark W. Shoemaker 1 Day in Prison 5 Years Supervised Release Burnt Pine Properties, LLC (GulfSouth Private Bank Case)</p>	 <p>Michael Bradley Bowen 1 Day in Prison 5 Years Supervised Release CNote Development Company LLC (GulfSouth Private Bank Case)</p>	 <p>Yazmin Soto-Cruz 1 Day in Prison 3 Years Supervised Release (Bank of America, CitiGroup, PNC Bank, U.S. Bank, Wells Fargo Case)</p>				

24 DEFENDANTS WHO DEFRAUDATED TARP BANKS SENTENCED TO PRISON



David McMaster
15 Years and 8 Months in Prison
5 Years Supervised Release
Vice President of Lending
Operations
AMS
(Victim: BNC National Bank)



Robert Egan
11 Years in Prison
5 Years Supervised Release
President
Mount Vernon Money Center
(Victim: U.S. Bank, Webster Bank,
Bank of America, NY Community
Bank Corp)



Scott Powers
8 Years in Prison
5 Years Supervised Release
CEO
AMS
(Victim: BNC National Bank)



Edward Shannon Polen
5 Years and 11 Months in Prison
5 Years Supervised Release
Owner
Polen's Lawn Care
(Victim: F&M Bank, U.S. Bank, Fifth
Third Bank, Sunner Bank & Trust,
Bank of Nashville, First Bank)



Chung Yu Yeung
5 Years and 3 Months in Prison
5 Years Supervised Release
Vice President
ETQ, Eastern Tools and Equipment
(Victim: United Commercial Bank)



Bernard McGarry
5 Years in Prison
5 Years Supervised Release
COO
Mount Vernon Money Center
(Victim: U.S. Bank, Webster Bank,
Bank of America, NY Community
Bank Corp)



Steven Pitchersky
4 Years and 3 Months in Prison
5 Years Supervised Release
Owner/Operator
Nationwide Mortgage Concepts
(Victim: Ally Bank)



Michael Edward Filmore
4 Years in Prison
5 Years Supervised Release
Operator
Healthcare Parnters Group, LLC
(Victim: Pulaski Bank)



Winston Shillingford
4 Years in Prison
5 Years Supervised Release
Coowner
Waikale Properties Corp
(Victim: Goldman Sachs, Wells
Fargo, JP Morgan, Deutsche Bank)



Selim Zherka
3 Years and 1 Month in Prison
5 Years Supervised Release
Owner, Publisher
Cheetah's Gentleman's Club, V.I.P.
Club, The Westchester Guardian
(Victim: Capital One, Signature
Bank, Sovereign Bank)



Cheri Fu
3 Years in Prison
5 Years Supervised Release
President, owner
Galleria USA
(Victim: Bank of America, United
Commercial Bank (UCBH), Cathay
Bank, City National Bank, East
National Bank, DBS Bank, United
Overseas Bank)



Marleen Shillingford
3 Years in Prison
5 Years Supervised Release
Coowner
Waikale Properties Corp
(Victim: Goldman Sachs, Wells
Fargo, JP Morgan, Deutsche Bank)



Clint Dukes
2 Years in Prison
5 Years Supervised Release
Owner
Dukes Auto Repair
(Victim: First Community Bank,
U.S. Bank)



Joseph D. Wheliss, Jr.
2 Years in Prison
5 Years Supervised Release
Owner
National Embroidery Works, Inc.
(Victim: Pinnacle National Bank)



Joseph L. Capano
1 Year and 9 Months in Prison
5 Years Supervised Release
Managing Member
Riverbend Community LLC
(Victim: Cecil Bank)



Thomas Fu
1 Year and 9 Months in Prison
5 Years Supervised Release
CFO, Secretary, Treasurer
Galleria USA
(Victim: Bank of America, United
Commercial Bank (UCBH), Cathay
Bank, City National Bank, East
National Bank, DBS Bank, United
Overseas Bank)



Steven Moorhouse
1 Year and 9 Months in Prison
5 Years Supervised Release
President
Jefscro Manufacturing Co., Inc.
(aka Fanplastic Molding Company)
(Victim: Old Second National Bank)



Robert Ilunga
1 Year and 6 Months in Prison
5 Years Supervised Release
Operator
Waikale Properties Corp
(Victim: Goldman Sachs, Wells
Fargo, JP Morgan, Deutsche Bank)



Gregory Yates
1 year in Prison
3 years Supervised Release
CEO, President Quality
Concepts LLC; Owner Champion
Development, LLC; Owner QC
Manufacturing, LLC
(Victim: Country Bank of Aledo, IL)



James Crews
Time Served
5 Years Supervised Release
(Victim: Excel Bank)



Michael Hilbert
Time Served
5 Years Supervised Release
(Victim: Excel Bank)



Pasquale Scarpa
Time Served
5 Years Supervised Release
(Victim: Capital One, Signature
Bank, Sovereign Bank)



Genaro Morales
Time Served
2 Years Supervised Release
(Victim: Capital One, Signature
Bank, Sovereign Bank)



Terrance Yates
1 day in Prison
3 years Supervised Release
CFO Quality Concepts, LLC; CFO
& VP of Operations Champion
Development, LLC
(Victim: Country Bank of Aledo, IL)

DEFENDANTS WHO DEFRAUDED HOMEOWNERS SENTENCED TO PRISON



MORTGAGE SCAMMERS
VICTIMIZING HOMEOWNERS

72

SENTENCES TO PRISON

Ped Abghari
2 years

Thomas J. Adams
364 days (suspended)

Daniel Al Saffar
6 months

Ziad Nabil Mohammed Al Saffar
1 year

Kristen Ayala
11 years

Michael Bates
1 year

Anthony Blackwell
1 year

Crystal Buck
5 years

Vernell Burris, Jr.
1 year

David Cassuto
Time served, 2 years supervised release

Jaime Cassuto
Time served, 2 years supervised release

Jacob J. Cunningham
8 months

Raymund Oquendo Dacanay
5 years

Catalina Deleon
2 years

Alberto DiRoberto
5 years

Mark Farhood
11 years

Dennis Fischer
7 years

Dionysius Fiumano
16 years

Gregory Flahive
1 year

Christopher George
20 years

Serj Geutsoyan
4 years

Frederic Gladle
5 years

Christopher S. Godfrey
7 years

Angel Gonzalez
Time served, 3 years supervised release

David Gotterup
15 years prison, 5 years supervised release

Walter Bruce Harrell
1 year

Jonathan L. Herbert
11 years

Mindy Holt
1 year

Najia Jalan
5 years

Joshua David Johnson
10 years

Roger Jones
2 years

Brian M. Kelly
1 year

Darrell Keys
Time served, 3 years supervised release

Isaak Khafizov
9 years

Cuong Huy King
1 year

Justin D. Koelle
9 months

Ray Kornfeld
5 years

Michelle Lefauseu
1 year

John Linderman
2 years

Jonathan Lyons
1 year

Lori Macakanja
6 years

Aria Maleki
9 years

Jefferson Maniscan
10 years

Mehdi Moarefian
4 years

Duy K. Nguyen
1 year

Dominic A. Nolan
6 months

Lynn Nunes
1 year

Yadira Padilla
4 years

Michael Lewis Parker
6 years

Iris Pelayo
4 years

Isaac Joshua Perez
10 years

Andrew M. Phalen
1 year

Andrea Ramirez
18 years

James Reese
364 days (suspended)

Robyn Reese
364 days (suspended)

Sara Beth Bushore Rosengrant
1 year

Glenn Steven Rosofsky [deceased]
5 years

Joshua Sanchez
12 years

Jason Sant
6 years

Scott Schreiber
Time served, 3 years supervised release

Hamid Reza Shalviri
3 months

Daniel Shiau
4 years

Howard Shmuckler
7 years

John D. Silva
8 months

Alan Tikal
24 years

Tamara Teresa Tikal
3 years

Michael Trap
2 years

Roscoe Ortega Umali
18 years

John Vescera
1 year

Glen Alan Ward
11 years

Pathaya Wattanachinda
4 months

Kowit Yuktanorn
1 year

DEFENDANTS WHO SCAMMED TARP OR USED TARP TO SCAM INVESTORS SENTENCED TO PRISON



SCAMS USING TARP

15

SENTENCES TO PRISON

Julius Blackwelder
3 years

John Farahi
10 years

Leigh Farrington Fiske
3 years

Gordon Grigg
10 years

Xue Heu
5 years

Abraham Kirschenbaum
1 year

Carla Lee Miller
8 months

Jesus Fernando Montes
1 year and 6 months prison, 3 years supervised release

Thomas Dickey Price
1 year

Michael Ramdat
1 year

Eduardo Garcia Sabag
3 months

Marvin Solis
2 years

David Tamman
7 years

Mark Steven Thompson
1 year

Robert Wertheim
1 year

SIGTARP's current investigative strategy priorities are in ongoing TARP recipients and programs and recovering dollars where taxpayers suffered losses.

SECTION 2

**SIGTARP AUDITS AND
RECOMMENDATIONS**

“SIGTARP identifies wasteful spending to help the Government recover taxpayer funds. We identify abuse and vulnerabilities that put Federal dollars at risk of fraud.”

Special Inspector General Goldsmith Romero

Under current TARP programs, Treasury is spending approximately \$1 billion each quarter. Second quarter 2017 spending was \$910 million in TARP dollars, of which \$260 million was through the Hardest Hit Fund program and \$650 million was through the Making Home Affordable Program. Treasury is obligated or committed to pay up to \$14 billion through 2023. As a watchdog over these dollars, SIGTARP audits ongoing TARP programs to prevent fraud, identify cost savings, wasteful spending, inefficiency and mismanagement. TARP housing programs are focused on America’s working class in towns that have not fully recovered.

The Hardest Hit Fund \$9.6 billion: \$3.2 billion to be spent by December 31, 2021, see Table 2.1. This TARP program was scheduled to end December 2017, and is now in a ramp-up stage because of an additional \$2 billion in the Consolidated Appropriations Act of 2016 and Treasury’s extension of TARP spending to December 2021.

HHF originally provided TARP dollars for short-term mortgage assistance to unemployed/underemployed workers in 19 states (rust belt, south, sand states). In May 2013, Treasury added the Blight Elimination Program (demolishes abandoned houses) in Michigan, later expanded to 8 states (rust belt & south). In April 2015, Treasury added Down Payment Assistance Program initially in Florida, later expanded to 8 states.

Recipients

Unemployment bridge: Homeowners through payments to their mortgage servicers in currently more than 60 separate and distinct programs. The nature of this assistance has repeatedly changed and expanded, particularly in the last year. Currently this includes unemployment, principal reduction, second lien reduction,

TABLE 2.1

FUTURE TARP PAYMENTS IN HHF	
State	Unspent
Alabama	\$107,290,722
Arizona	78,186,261
California	668,252,856
Dist of Columbia	11,909,103
Florida	349,686,950
Georgia	176,917,837
Illinois	308,862,989
Indiana	104,498,621
Kentucky	62,270,424
Michigan	307,009,939
Mississippi	56,277,916
North Carolina	226,790,872
New Jersey	149,903,716
Nevada	93,271,564
Ohio	230,214,130
Oregon	101,381,394
Rhode Island	38,983,965
South Carolina	93,940,958
Tennessee	103,813,028
Total	\$3,269,463,246

Source: Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of HHF Quarterly Financial Reports.

SIGTARP’S OVERSIGHT IS VALUE ADDED TO CONGRESS

- Much of SIGTARP’s audit work is at the request of Members of Congress
- Reports widely covered by Members of Congress and media which helps drive change
- Forensic audit team with the ability to deep dive to root out waste and refer potential fraud to SIGTARP special agents
- Cross-authority jurisdiction allows SIGTARP to audit everyone involved in TARP programs, not just Treasury, allowing for more complete findings. This includes for example, all Federal agencies, along with state agencies, city agencies, demolition contractors and subcontractors, and mortgage servicers.

elderly assistance, loan modification, reinstatement, short sale, transition assistance, recast, and reverse mortgage assistance.

Blight Elimination Program: 8 state agencies and their contractors, over 400 local partners (44 city/county agencies, 152 individuals, 8 for-profit companies, 151 non-profit companies, and 60 land banks), and hundreds/thousands of contractors and subcontractors (demolition contractors, asbestos removal subcontractors, waste disposal companies, dumping sites, fill dirt subcontractors, land greening, sellers of houses to be demolished, and site inspectors).

Down Payment Assistance: First time homebuyers.

Making Home Affordable \$27.8 billion: \$7 billion obligated + \$3.9 billion committed to be paid by September 2023. *The program application period was extended many times until Congress terminated the application period to December 31, 2016. TARP pays until 2023.*

- HAMP: Lower homeowner interest rates through contracts to pay mortgage servicers. Currently, there are more than 1 million people in HAMP or HAMP-related programs
- RD-HAMP (Dept. of Agriculture)
- HAMP-GSE (FHFA)
- FHA HAMP (Federal Housing Administration)
- VA-HAMP (Dept. of Veteran Affairs)
- 2MP: second liens
- HAFA: short sale or deed in lieu

Recipients

140 mortgage servicers receive all payments, including Ocwen, Wells Fargo, JP Morgan Chase, Bank of America, Nationstar, SPS, CitiMortgage. They keep some as the servicer, send some to investors (some of which may be the servicer or other large financial institution) and apply some to the homeowner's principal balance.

SIGTARP Serves As A Watchdog To These Federal Dollars And Programs

When our team of forensic auditors, in depth auditors, and evaluators find a program at risk, they get to work reviewing documents, interviewing, and analyzing. When an audit confirms a program is at risk, we look for ways to fix the problem by leveraging best practices with data analytics and trend analysis. We then issue recommendations to Treasury, which we share with Congress and the public.

Cost Savings to the Government from SIGTARP Recommendations

SIGTARP saves the Government money. SIGTARP has identified \$2 billion in cost savings. Each quarter, Treasury spends approximately \$1 billion on TARP housing programs, so we continue to be on watch for waste, mismanagement, inefficiency and situations where dollars are at risk of being lost to fraud.

\$2 BILLION

COST SAVINGS TO THE GOVERNMENT

Already this year, we identified potential cost savings of up to \$161 million in the more than \$800 million TARP-funded blight demolition program. We recommended protections from fraudulent overcharging and non-competitive back room deals to award contracts for TARP dollars. On December 23, 2016, Treasury implemented SIGTARP recommendations to limit TARP funds to limit reimbursing more than 400 local partners for only those demolition costs that are necessary and reasonable and to require full and open competition for these Federal dollars which will save the Government up to \$161 million.

On March 20, 2017, SIGTARP announced an audit into the approximately \$26 million in TARP-funded blight demolition costs incurred in Flint, Michigan.ⁱ

There is much more in cost savings recommended by SIGTARP that SIGTARP has not quantified, but would save costs. These recommendations have not been implemented.

Key Cost-Saving Recommendations Without Specified \$

Remove Nevada contractor that wasted and abused \$8.2 m in HHF

(Potential cost savings of millions of dollars)

State agencies should determine necessary and reasonable demolition costs using independent experts, third party fair market price quotes and current and historical cost information

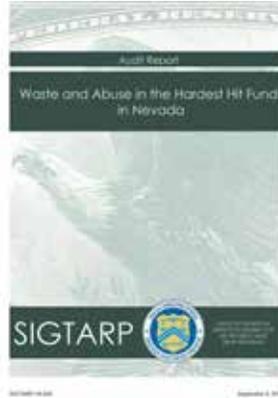
State agencies should effectively benchmark claims against the agency's analysis of necessary & reasonable demolition costs

Prohibit state agencies from charging the Hardest Hit fund for 100% of overhead costs

ⁱ This reporting period, due to resource allocation and other SIGTARP reporting, SIGTARP closed a 2015 evaluation into the outcome of certain homeowners applying for HHF.

Key Issues and High Risks in TARP Programs

SIGTARP Identified Widespread Waste and Abuse in Nevada's Hardest Hit Fund – September 2016



- \$8.2 million in waste identified-including holiday parties, luxury office rent, employee gifts, and other wasteful expenses, even a \$500 car allowance for a Mercedes Benz
- At the same time, Nevada's already low number of homeowners admitted to the Hardest Hit Fund plummeted by 94%
- SIGTARP recommends firing of contractor used in HHF program and repayment of \$8.2 million
- The money has not been repaid and the contractor is still being paid by Treasury

ONGOING AUDIT WORK

Based on concerns raised by Senator Chuck Grassley, in October 2016, SIGTARP initiated an audit into the spending of \$678 million of TARP funds to state agencies in HHF for administrative expenses.



ONGOING AUDIT WORK

Based on concerns raised by Representative Dina Titus, in October 2016, SIGTARP initiated a second audit into spending at HHF Nevada.



Our exposure of waste in Nevada, and our publicly announced audits, serve to deter waste and fraud for the approximately \$30 million each quarter that Treasury pays to state agencies for their expenses in administering the Hardest Hit Fund.

SIGTARP Identified Abuse: Indiana Hardest Hit Fund Used TARP Funds to Demolish Occupied Homes – December 2015



Occupied house in Evansville, Indiana, demolished using TARP funds, photo provided to SIGTARP.

SIGTARP identified abuse of the blight demolition program to evict people in Indiana so their homes would qualify as vacant to be eligible for TARP funds for demolition, clearing the area for a car dealership to move there. This picture is one of the homes demolished, despite the fact that Treasury's contract with the Indiana state agency limited HHF to vacant and abandoned houses. Concerns over SIGTARP's findings

prompted the House Oversight Committee to schedule a hearing, which did not go forward. However, Treasury issued guidance to all state agencies that a house must be abandoned to qualify for TARP dollars, as SIGTARP recommended. SIGTARP also recommended that the Indiana state agency repay \$246,490 spent on demolishing these homes. That money has not been repaid.

SIGTARP Identified TARP Demolition Program at Significant Risk of Overcharging, Fraud, and Unfair Competitive Practices That Could Drive Up Costs – June 2016



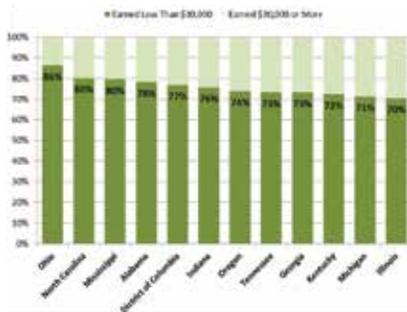
Blighted house used in PowerPoint for Evansville, Indiana, public meeting about HHF demolitions, photo provided to SIGTARP.

SIGTARP reported that the more than \$800 million demolition program is significantly vulnerable to fraud, bid rigging, other closed door contract awards, and overcharging. The report found there are no federal competition requirements or limitations that federal funds only pay for costs that are necessary and reasonable. SIGTARP reported that most state agencies also have no competition requirements and

no state agency has requirements that demolition costs be limited to necessary and reasonable costs. There are more than 400 local partners and their subcontractors receiving these Federal dollars without those protections. SIGTARP recommended that these vulnerabilities be reduced by requiring full and open competition and specific requirements to ensure full and open competition. Members of the House Committee on Oversight and Government Reform including Chairman Jason Chaffetz, Subcommittee Chairman Jim Jordan, Representative Mick Mulvaney, and Representative John J. Duncan, Jr., sent a letter to the Treasury Secretary expressing concerns over SIGTARP's findings, and asking for a timeline

FIGURE 2.1

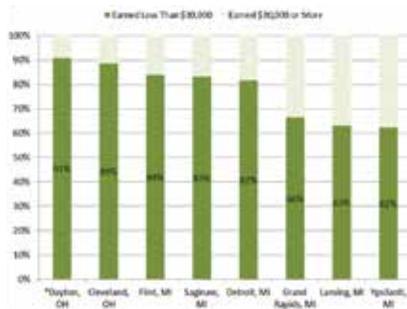
HHF DENIALS FOR HOMEOWNERS MAKING LESS THAN \$30,000 PER YEAR



Source: SIGTARP, Audit Report "Improving TARP's Investment in American Workers", 1/11/2017, https://www.sig tarp.gov/Audit%20Reports/SIGTARP_HHF_Florida_Report.pdf, accessed 1/13/2017.

FIGURE 2.2

PERCENTAGE OF DENIED WORKERS WHO EARNED LESS THAN \$30,000, BY CITY



* Includes Dayton and nearby cities of Moraine and Vandalia, Ohio. Combined, these cities denied 238 homeowners who earned less than \$30,000.

Source: SIGTARP, Audit Report "Improving TARP's Investment in American Workers", 1/11/2017, https://www.sig tarp.gov/Audit%20Reports/SIGTARP_HHF_Florida_Report.pdf, accessed 1/13/2017.

to implement SIGTARP's recommendations. In December 2016, Treasury implemented two of SIGTARP's 20 recommendations to require full and open competition and limit TARP reimbursement to necessary and reasonable costs. Other SIGTARP recommendations in that audit that were not implemented are designed to 1) arm state agencies with knowledge of what demolition costs are necessary and reasonable, use that as a benchmark for claims for TARP funds; 2) ensure full and open competition, through specific competition requirements.

SIGTARP Identified Inefficiencies and Poor Record Keeping in the Hardest Hit Fund – January 2017

State agencies paid by Treasury to distribute Hardest Hit Fund unemployment assistance turned down 84,965 people who earned less than \$30,000, including 64,979 people who made less than \$20,000. SIGTARP found that, in 12 of the 19 states—mostly in the Rust Belt and south—nearly three out of four people turned down for these Federal funds earned less than \$30,000 per year, as shown in Figure 2.1. In cities where General Motors—which received \$50 billion in TARP funds—or its suppliers closed plants or laid off workers, denial rates are even higher for those who made less than \$30,000 per year as shown in Figure 2.2.

There may be eligibility criteria that are too stringent. There may be valid reasons why these people were turned down, but it is impossible to know because SIGTARP found that state agencies' records were non-existent, missing, or incomplete. State agencies should improve record keeping and eliminate unnecessary criteria that do not exist in other states or that do not reflect the reality of the working class in that state. Representative Michael Turner wrote a letter to the Treasury Secretary asking about implementation of SIGTARP's recommendations saying they were practical and make sense.

ONGOING AUDIT WORK

Based on concerns raised by Representative John Lewis, in September 2016, SIGTARP initiated an audit to determine whether HHF has adequately served those most in need of assistance in selected Georgia counties, and to identify areas for improvement.



Priority Recommendations

SIGTARP's recommendations have the power to drive improvements in program effectiveness and efficiency, and prevent fraud, waste, abuse, and mismanagement of TARP dollars and programs. Priority recommendations that remain unimplemented are as follows:

PRIORITY RECOMMENDATIONS

Implement specific requirements that ensure full & open competition for blight demolition

Establish necessary and reasonable demolition costs using independent experts, third party fair market value quotes and current/historical costs

Benchmark claims against necessary and reasonable cost analysis

In December 2016, Treasury implemented two SIGTARP recommendations to require full and open competition and limit TARP reimbursement to necessary and reasonable demolition costs. These changes have the potential to save up to \$161 million for the federal government. However, SIGTARP has 18 other recommendations in the same audit that remain unimplemented. Without implementation of these related priority SIGTARP recommendations, this program is at risk. Treasury still can take action to mitigate these vulnerabilities to fraud and waste. SIGTARP recommended the state agency develop their own analysis of necessary and reasonable costs using independent experts, third party fair market value quotes, and current and historical costs. SIGTARP also recommended that state agencies benchmark claims against this analysis and require substantial justification for any claim that exceeds the benchmark. SIGTARP also made additional recommendations to implement standard federal requirements – requirements that ensure full and open competition. For example, prohibit requests for bids written such that only a certain small number of contractors could qualify.

PRIORITY RECOMMENDATIONS

*Seek repayment of \$8.2 million in waste from Nevada contractor
Remove contractor from TARP*

In April 2017, Treasury recently told SIGTARP that it will seek repayment of 1% of the \$8.2 million in waste identified by SIGTARP. By Treasury not seeking repayment of millions of dollars of waste SIGTARP identified, the contractor chosen by the Nevada state agency is keeping TARP dollars that it wasted and abused. Any entity that was willing to abuse Federal dollars for lavish spending on their employees exposes the program to further waste and abuse. Protecting TARP from waste and abuse requires the removal of the contractor.

NEW PRIORITY RECOMMENDATIONS

Eliminate unnecessary criteria that may preclude lower-income workers from HHF Unemployment Bridge

Maintain detailed records of why each person was denied HHF Unemployment Bridge

Allow workers facing upcoming layoffs to be eligible for HHF before becoming past-due on their mortgage

These three criteria are SIGTARP's latest recommendations from its January 2017 audit, as discussed in more detail above.

PRIORITY RECOMMENDATIONS

Take action to curb people canceling out of HAMP

Determine extent of servicer misconduct in canceled homeowners (violation of Treasury contract)

Ensure servicers properly transfer HAMP contract with transferred mortgage (violation of Treasury contract)

Suspend and/or claw back Federal dollars when servicers violate Treasury's contract

With \$7.01 billion obligated to be paid under Treasury contracts to pay to servicers, and another \$3.93 billion committed, HAMP requires SIGTARP's oversight. Limiting the number of homeowners canceling out of HAMP represents a cost savings to the Government. SIGTARP made a series of recommendations to curb people canceling out of HAMP, some of which Treasury is in process of implementing, and some of which Treasury has not implemented. For example, SIGTARP recommended that Treasury analyze to what extent servicer misconduct contributes to homeowners canceling out of HAMP. Upon a SIGTARP recommendation, Treasury now looks for servicer misconduct in its compliance reviews of larger servicers but only on a small sample size. Despite finding over and over again that several of the largest servicers have wrongfully canceled people out of HAMP in violation of Treasury's contract, Treasury has taken limited action to only require servicers to put back into HAMP those specific wronged homeowners. Requiring servicers to conduct independent reviews and report to Treasury on all

homeowners wrongly canceled out of HAMP would help those homeowners, stop wasted taxpayer dollars, and lead to stronger servicer controls to prevent future contract violations. SIGTARP recommended that Treasury ensure that all servicers comply with HAMP rules by vigorously enforcing the terms of Treasury contracts including by withholding permanently TARP dollars.

RECOMMENDATIONS

*Treasury not indicate what discount it will accept
from banks still in TARP*

Treasury memorialize decision making on losses on TARP banks

Treasury review proposals to take a loss on a bank consistently

In November 2016, SIGTARP made recommendations to protect taxpayer dollars as Treasury negotiates for small banks and credit unions in the CDCI program to repay TARP investments at a discount. SIGTARP recommended that Treasury not indicate what discount it will accept, memorialize decision making, review proposals consistently, publish losses taken, consult with the primary regulator, and provide SIGTARP with the identity of any CDCI institution repurchasing at a loss in case SIGTARP is performing a related criminal investigation. Without action to implement SIGTARP's recommendations, Treasury is missing out on cost savings.

SECTION 3

**PROTECTING TAXPAYERS FROM
RISING BLIGHT DEMOLITION
COSTS IN TARP**

SIGTARP recently warned in a June 2016 audit that lax contracting requirements for the Hardest Hit Fund (HHF) created a risk that could lead to overcharging of TARP dollars, and fraud for the demolition of blighted houses.¹ TARP contracting has already improved as a result of Treasury implementing SIGTARP's two top recommendations in the June 2016 audit – to limit TARP dollars to only necessary and reasonable costs, and to require competition. SIGTARP estimates these recommendations will save taxpayers up to \$161 million in this more than \$800 million program.^{2*i*} In this report, we describe how the average cost of TARP-funded blight demolition has been on the rise in the two states where Treasury has committed \$619 million in TARP funds for demolition – Michigan and Ohio.³ In Michigan, which accounts for nearly half of all committed TARP dollars, the average cost of demolition paid with TARP dollars increased by 90% in less than three years from \$9,266 per house to \$17,643.⁴ In Ohio, the average cost of demolitions charged to TARP increased 62% over 2 ½ years (from \$9,293 per house to \$15,019).⁵ These increases in cost significantly impact federal taxpayers, as these two states account for a combined 76% of the \$811 million in TARP dollars for this program.⁶

It takes vigorous oversight to protect taxpayers from paying rising costs, and to protect against overcharging and fraud. Immediately after SIGTARP issued its June 2016 audit, the average cost of TARP-funded demolitions in Michigan stopped increasing, and immediately reversed course, decreasing by 38%, which has already saved taxpayers more than \$3.6 million in fiscal year 2017.ⁱⁱ Those cost savings should continue in future quarters and years as the program extends to fiscal year 2021. The decrease in costs after SIGTARP's audit highlights the power of SIGTARP's oversight to protect taxpayers and save federal dollars.

In addition to direct cost savings, one of SIGTARP's goals when publicly releasing an audit is to have a deterrent impact to prevent fraud and overcharging, which is critically important because TARP's Blight Elimination Program is in a ramp-up period. There are hundreds of millions of TARP dollars to be paid in the future in this HHF subprogram. Congress authorized an additional \$2 billion to the overall Hardest Hit Fund for 2016, some of which will go to blight demolition. Since the time of SIGTARP's June 2016 audit, the blight demolition program has grown by almost \$200 million, added another state, Mississippi, and extended for three additional years.⁷ Mississippi has not yet started demolitions. Alabama and Tennessee have only just started with three houses demolished each. Certain cities and counties in other states have not yet started demolitions.⁸

SIGTARP will be conducting oversight to determine why costs in Michigan and Ohio rose. It is not inevitable that taxpayers have to pay higher costs over time because in Indiana, the demolition costs have remained relatively constant.⁹ SIGTARP will continue to conduct vigorous oversight over this TARP program and these federal dollars. For example, in order to understand costs at a granular level,

ⁱ On March 24, 2017, South Carolina reduced its HHF funding allocated to blight demolition from \$35 million to \$30 million, bringing the total HHF allocation for HHF states for blight demolition programs to \$806 million. Data in this report is as of 12/31/2016 when the total HHF allocation to all HHF states for blight demolition programs was more than \$811 million.

ⁱⁱ With an average cost per house savings of \$3,543 (\$17,643 less \$14,100) for each of 1,020 houses demolished in the first and second quarter of fiscal year 2017, the cost savings are \$3,613,860.

SIGTARP recently announced an audit into demolition costs in Flint, Michigan, which is the second largest city receiving TARP dollars for demolitions.¹⁰

Treasury and state agencies can also conduct more vigorous oversight to mitigate the risk of overcharging and fraud, and that starts with implementing SIGTARP's existing recommendations in its June 2016 audit. Treasury took the first step in protecting taxpayers from overcharging and fraud by implementing two of SIGTARP's 18 recommendations in the audit to limit TARP dollars to only necessary and reasonable costs, and requiring competition. State agencies have been implementing the competition requirement, but more can be done as SIGTARP recommended specific controls to prevent unfair competitive practices. State agencies have focused less on implementing the requirement to limit TARP to "necessary and reasonable costs." SIGTARP has several recommendations designed to arm state agencies with knowledge about what costs are necessary and reasonable.

Ensuring protection from overcharging will require much stronger action by Treasury and state agencies, and SIGTARP previously recommended how they should take stronger action. SIGTARP recommended that Treasury require state agencies to conduct a rigorous analysis using best practices to determine the customary "necessary and reasonable costs" of demolition in each city, and subsequently benchmark claims against that analysis. Rather than require that state agencies perform the rigorous analysis and implement strong controls as recommended by SIGTARP, Treasury has left it to state agencies to ensure that TARP is limited to only those necessary and reasonable costs of demolition. SIGTARP's review found that the state agencies have not adopted the type of rigorous analysis or strong controls that SIGTARP recommended, keeping taxpayers exposed to the risk of overcharging and fraud.¹¹

BACKGROUND

In June 2016, SIGTARP reported finding that the Blight Elimination Program was significantly vulnerable to the substantial risk of overcharging that could lead to fraud, waste, or abuse, and that there were no requirements for competition.ⁱⁱⁱ SIGTARP found that Treasury had designed lax contracting that led to a risk of overcharging and lack of competition. As it relates to overcharging, rather than limit TARP dollars to the "necessary and reasonable costs" of demolition—the standard for federal contracts—Treasury allowed payments up to a worst-case scenario maximum allowable cost (\$15,000 to \$35,000 depending on the state). One Ohio official described the worst-case scenario to SIGTARP as a "hot house" filled with asbestos.¹²

SIGTARP reported finding in its audit that Treasury is leaving the decisions about what costs are necessary and reasonable to the recipients of Federal dollars. An official from Michigan's housing finance agency administering TARP

ⁱⁱⁱ SIGTARP, "Treasury's HHF Blight Elimination Program Lacks Important Federal Protections Against Fraud, Waste, and Abuse," June 16, 2016.

federal dollars told SIGTARP that the costs are “pretty much left up to the blight partner.”¹³

In July 2016, members of the House Committee on Oversight and Government Reform including Chairman Jason Chaffetz, Chairman of the Subcommittee Jim Jordan, Representative John J. Duncan, Jr, and Representative Mick Mulvaney, sent a letter to then-Treasury Secretary Lew citing SIGTARP’s audit findings, and their concerns. These members of Congress requested documents and information, including Treasury’s timeline for fully responding to SIGTARP’s recommendation.¹⁴

DEMOLITION COSTS PAID FOR WITH TARP DOLLARS ROSE SIGNIFICANTLY IN MICHIGAN AND OHIO

After analyzing data from TARP-funded demolitions in the three states that have spent the most TARP dollars (Michigan, Ohio, and Indiana), SIGTARP found that costs were on the rise prior to SIGTARP’s audit in Michigan and Ohio. These two states account for 76% of TARP funding for demolitions (\$619 million).¹⁵

Preventing fraud and seeking cost savings for the hundreds of millions of TARP dollars that will be paid in this program is one of SIGTARP’s highest priorities. SIGTARP has already released several audits on this program. SIGTARP’s June 2016 audit received considerable attention in the media, which can provide a deterrent impact on fraud.^{iv}

SIGTARP recommendations to Treasury to require state controls and analysis are particularly important because this TARP program is in a ramp up period. The largest states, Michigan and Ohio, which were recently allocated additional TARP dollars, can have the biggest dollar impact by implementing strong controls. Cities, counties, and states that have not yet started, or are just beginning TARP-funded demolitions, can implement strong controls from the start. Mississippi has not started demolitions, and Alabama and Tennessee have just started. South Carolina has only recently started demolitions, and the following South Carolina counties have not yet started demolitions (Allendale, Anderson, Charleston, Chester, Florence, Hampton, Horry, Kershaw, Lancaster, and Union). Some states have cities in that state that have not begun demolitions. For example in Illinois, the cities of Aurora, Chicago Heights, and Springfield have not yet begun demolitions. In Indiana, the following cities, towns or counties are authorized for TARP-funding, but have not started demolitions (Austin, Bicknell, Columbus, Delphi, Garrett, Muncie, Seymour, Vincennes, Washington, Pulaski, Vigo, Monroe, Noble/Kendallville, Brookville, Cambridge City, Daleville, Edwardsport, Hagerstown, Lagro, Oaktown, St. Joe, Walton).¹⁶

^{iv} This included the major media coverage in the states that were allocated the most TARP dollars for blight demolition – Michigan, Ohio, and Indiana. Media coverage included a local Detroit ABC news television station and The Associated Press story on SIGTARP’s audit, which ran in 29 outlets throughout the nation.

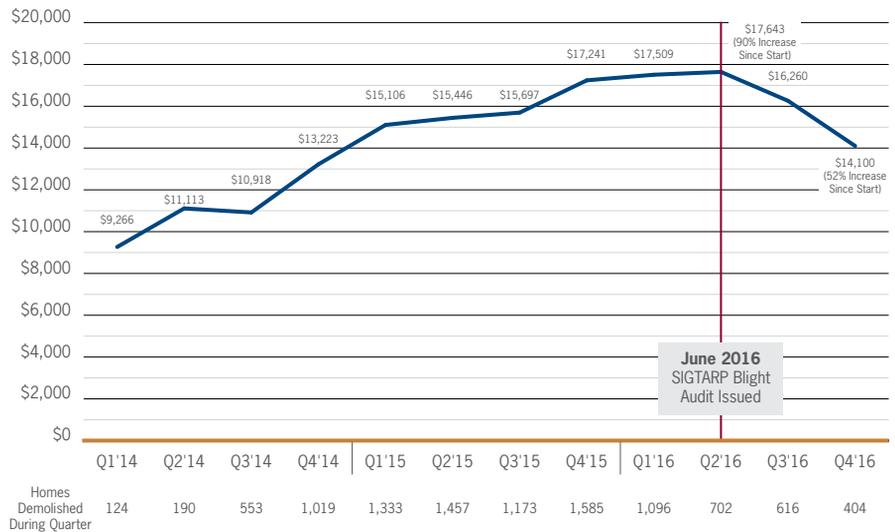
SIGTARP’s data analysis shows rising average costs in Michigan and Ohio, but not in Indiana. The following shows those trends in each state, as well as the largest city in Michigan and Ohio, in terms of TARP dollars.¹⁷

Demolition Costs Funded by TARP Rose 90% in Michigan, Which Accounts for Nearly Half of All TARP-Funded Demolitions, Then Decreased After SIGTARP’s Audit

Rising costs for HHF demolition in Michigan has the largest impact on taxpayers than in any other state because Michigan accounts for nearly half of all TARP dollars for demolition (\$381 million of \$811 million). Demolition costs paid by TARP in the state of Michigan rose 90% from an average cost of \$9,266 per house to \$17,643 per house, as seen in in Figure 3.1 below. This represents a total of \$142 million in TARP dollars spent through June 30, 2016.¹⁸

FIGURE 3.1

AVERAGE COST FOR \$158 MILLION IN TARP-FUNDED DEMOLITIONS (MICHIGAN), AS OF 12/31/2016



Source: SIGTARP analysis of Michigan HHF Blight Demolition data through 12/31/2016, obtained via Michigan State Housing Development Authority response to SIGTARP data call.

The timing of SIGTARP’s audit report directly correlates to a stop in rising costs and the start of decreasing costs. After SIGTARP’s report, the costs billed to TARP dropped by 38%, which has already saved taxpayers more than \$3.6 million in fiscal year 2017.^v Those cost savings should continue in future quarters and years as the program extends to fiscal year 2021. Even with this drop in costs, the average cost still remains 52% higher than two years prior. With Treasury committing to pay an additional \$222.7 million in TARP demolitions in Michigan, mitigating the risk

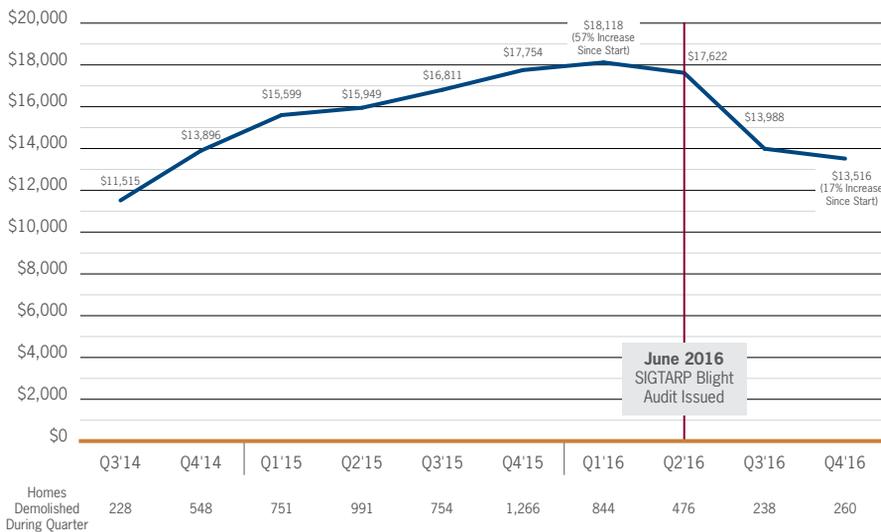
^v With an average cost per house savings of \$3,543 (\$17,643 less \$14,100) for each of 1,020 houses demolished in the first and second quarter of fiscal year 2017, the cost savings are \$3,613,860.

of fraud must remain a high priority for SIGTARP, Treasury, and the Michigan agency.¹⁹

TARP-Funded Demolition Costs Rose 57% in Detroit and Decreased After SIGTARP’s Audit

Detroit, Michigan is the city that receives the largest amount of TARP-funding for demolitions in the nation at \$130 million. In Detroit, the average cost of demolition per house rose 57%. The average cost of TARP-funded demolition in Detroit at the time of SIGTARP’s June 2016 audit was \$17,622, very close to the peak average for the entire state of Michigan, as shown in figure 3.2.

FIGURE 3.2
AVERAGE COST FOR \$103 MILLION IN TARP-FUNDED DEMOLITIONS (DETROIT, MI), AS OF 12/31/2016



Source: SIGTARP analysis of Michigan HHF Blight Demolition data through 12/31/2016, obtained via Michigan State Housing Development Authority response to SIGTARP data call.

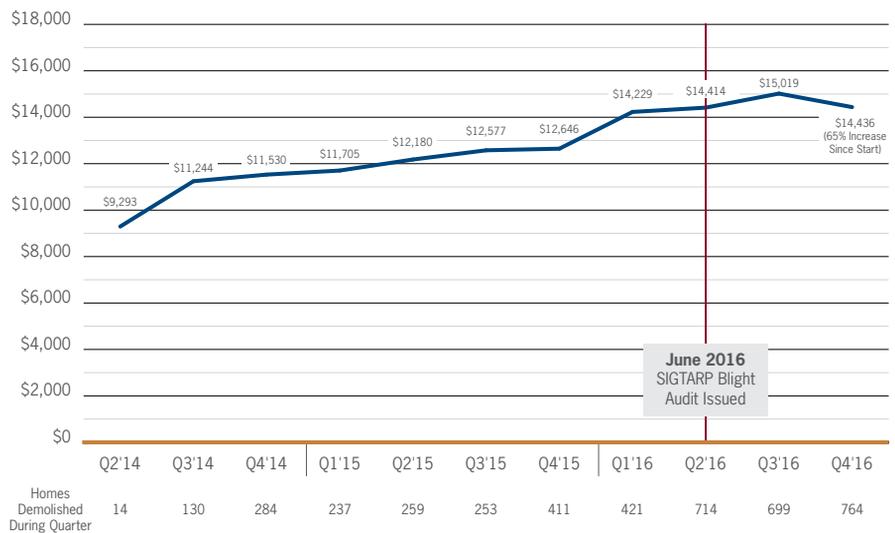
The data shows a direct correlation to the timing of SIGTARP’s June 2016 audit and the decrease in demolition costs. After SIGTARP issued its June 2016 audit, costs immediately dropped, and since then have dropped significantly. In addition, Treasury temporarily suspended all TARP dollars in Detroit for blight demolition in August 2016. With an additional \$67 million in TARP dollars committed to blight demolition in Detroit, cost savings to taxpayers is critical.²⁰

In Ohio, TARP-Funded Demolition Costs Remain On the Rise with a 62% Cost Increase

Like Michigan, the average cost of TARP-funded-demolition in Ohio has been steadily rising. Unlike Michigan, that rise in costs has not stopped. Ohio is the state with the second highest amount of federal TARP dollars committed by Treasury to blight demolition. Treasury committed \$238 million in TARP funds for demolition of abandoned houses in Ohio, which is 28% of the \$811 million program.²¹ Demolition costs for Ohio have risen over time, starting at \$9,293 per house in the quarter ending June 30, 2014 and rising to \$15,019 per house for the quarter ending on September 30, 2016, the latest data available. So far, \$57 million in TARP has been spent for demolitions in Ohio.²²

FIGURE 3.3

AVERAGE COST FOR \$57 MILLION IN TARP-FUNDED DEMOLITIONS (OHIO), AS OF 12/31/2016



Source: SIGTARP analysis of Ohio HHF Blight Demolition data through 12/31/2016, obtained via Ohio Housing Finance Agency response to SIGTARP data call.

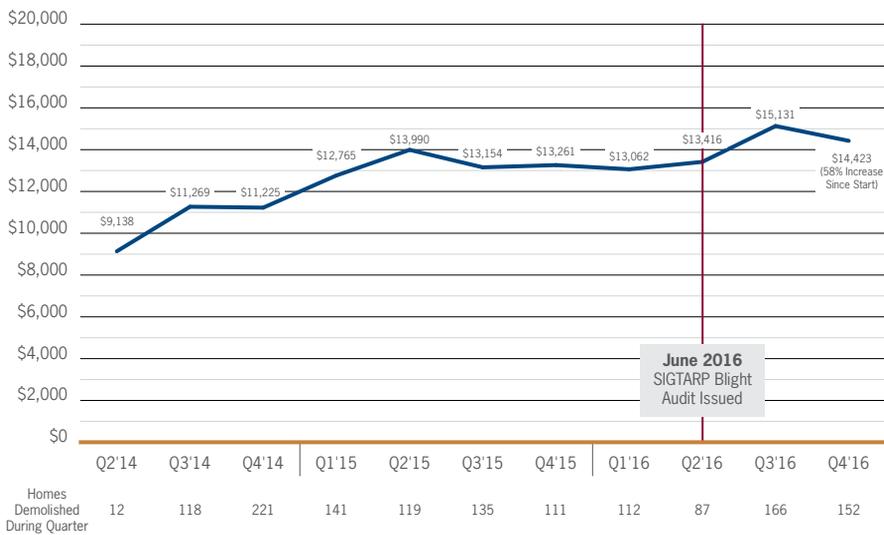
Demolition costs did not decrease in Ohio after SIGTARP's audit. In fact, the average cost continued to rise after the audit. The average cost of demolition rose by 62% in 2 ½ years and only slightly dropped this past quarter.²³ With Treasury committing an additional \$180 million in TARP dollars for demolitions in Ohio, mitigating the risk of fraud must remain a high priority for SIGTARP, Treasury, and the Ohio agency.²⁴

TARP-Funded Demolition Costs Rose 66% in Cleveland

More than a third of the state’s HHF demolitions occurred in Cleveland. The average cost of demolition has risen 66% from \$9,138 per house to \$15,131 in 2 ½ years.²⁵

FIGURE 3.4

AVERAGE COST FOR \$18 MILLION IN TARP-FUNDED DEMOLITIONS (CLEVELAND, OH), AS OF 12/31/2016



Source: SIGTARP analysis of Ohio HHF Blight Demolition data through 12/31/2016, obtained via Ohio Housing Finance Agency response to SIGTARP data call.

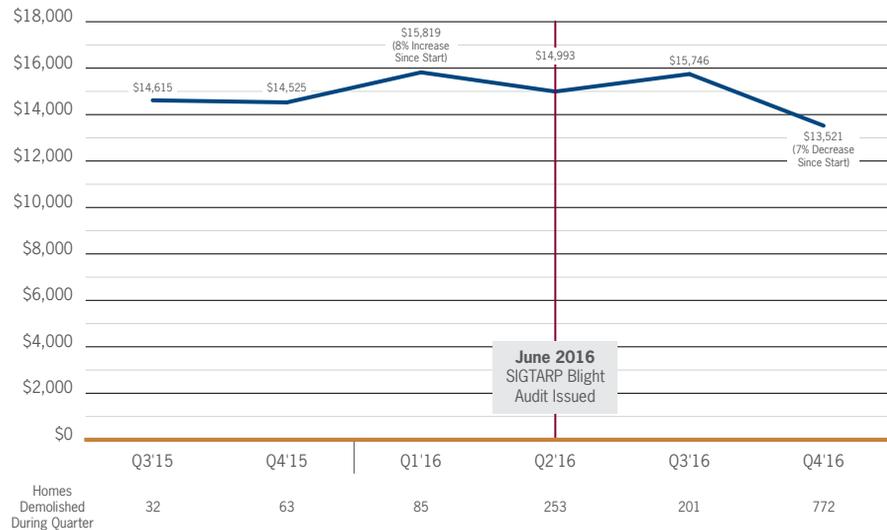
Treasury has already spent \$18 million in TARP in Cleveland.²⁶ There is another \$34 million in TARP dollars planned for demolitions in Cleveland and the surrounding areas.²⁷

TARP-Funded Demolition Costs in Indiana have Stayed Relatively Constant

In Indiana, where Treasury has committed \$75 million in TARP dollars for demolition, costs have remained relatively constant for the \$20 million in TARP funds spent.²⁸

FIGURE 3.5

AVERAGE COST FOR \$20 MILLION IN TARP-FUNDED DEMOLITIONS (INDIANA), AS OF 12/31/2016



Source: SIGTARP analysis of Indiana HHF Blight Demolition data through 12/31/2016, obtained via Indiana Housing and Community Development Authority response to SIGTARP data call.

The fact that costs have not increased in Indiana shows that rising costs are not an inevitable consequence that Treasury (and taxpayers) have to accept.

MITIGATING THE RISK OF OVERCHARGING AND FRAUD REQUIRES STRONG OVERSIGHT

The question of why costs are rising in Michigan and Ohio is one that SIGTARP will be conducting oversight to answer. Even if there may be explanations for certain rising costs, that does not necessarily mean that federal taxpayers have to pay for it with TARP dollars. In order to understand demolition costs at a more granular level, SIGTARP recently announced an audit of demolition costs in Flint, Michigan, the second largest city in TARP blight demolition funding.²⁹

Treasury and state agencies can also conduct more vigorous oversight to mitigate the risk of overcharging and fraud, and that starts with implementing SIGTARP's existing recommendations in its June 2016 audit. Treasury took the

first step in protecting taxpayers from overcharging and fraud by implementing SIGTARP's recommendation to limit TARP dollars to only necessary and reasonable costs, but ensuring that protection will require much stronger action by the state agencies.

As SIGTARP reported in its June 2016 audit, because of the heavy reliance on those receiving the TARP dollars, neither Treasury nor the state agencies administering the TARP dollars are armed with the knowledge to understand and question the rising costs in Michigan and Ohio. SIGTARP made two recommendations in June that Treasury has not implemented that propose a rigorous analysis and strong controls. SIGTARP recommended that Treasury require state agencies to conduct a rigorous analysis for each city to determine the customary necessary and reasonable costs. SIGTARP recommends that the state agencies conduct this analysis by layering three best practices: independent experts, third party fair market value quotes, and current and historical cost information. Second, once the state agency has their own analysis of that city's customary necessary and reasonable costs, as a strong control, Treasury should require them to benchmark all claims against it, and require substantial, written justification for any costs in excess of the customary cost in that city.³⁰

Rather than require that state agencies perform the rigorous analysis and implement strong controls as recommended by SIGTARP, Treasury made a general requirement that state agencies are responsible for ensuring compliance with the new limitation to only reimburse necessary and reasonable costs.³¹ It should be remembered that state housing finance agencies were not in the business of administering demolition programs.

SIGTARP reviewed the new changes by the state agencies provided to SIGTARP, and found significant inconsistencies, and that other than one state agency in South Carolina, the state agencies have not implemented the type of rigorous analysis or strong controls that SIGTARP recommended, leaving taxpayers exposed to the risk of overcharging and fraud.

- South Carolina state agency: *"Costs do not exceed 10% of the approved cost estimate. Costs for asbestos abatement should typically be estimated between \$3 and \$4 per sq. ft. Costs for demolition and site restoration should typically be estimated between \$4 and \$5 per sq. ft." The state agency also requires a broker opinion of value or appraisal for acquisition costs, limits attorney's fees for acquiring property to \$600, limits title search and exam to \$350, and limits the maximum for quieting title to \$3,000. This is the only state agency to conduct their own analysis of necessary and reasonable costs, and they should be recognized as such. As SIGTARP recommended, the state agency analysis should be done at the city level where costs can vary widely.*

In contrast:

- Michigan state agency: *Agency staff will analyze "demolition costs based on size of structure and reasonableness compared to other work being done in each city and areas of the state." This is better than the lax controls before, and is*

focused on costs in each city. However, this methodology still relies too heavily on contractors submitting invoices. If the state agency staff compared a claim for \$17,000 in May 2016, just before SIGTARP's audit, it would have looked reasonable and necessary at that time, without the staff realizing that these costs had increased by 90% over the prior three years.

- Ohio state agency: The state agency did not change its program guidelines to ensure that TARP is only used to pay necessary and reasonable costs. Existing guidelines use general maximum allowable expenses for the entire state which do not provide guidance or controls to agency staff to find the necessary and reasonable costs, and do not allow for differing costs in each city.
- Indiana state agency: *Funding limited to \$15,000 if the house was without a basement or \$25,000 with a basement. The state agency created an "allowable expense chart" stating which categories of expenses will be paid.* The basement difference in costs is a good start, but still relies too heavily on maximum allowable caps, rather than an analysis of customary "reasonable and necessary costs." Also, the caps are at a state level, not allowing for differing costs in each city. This does not give sufficient controls or guidance to the state agency staff when reviewing claims.
- Tennessee state agency: *"All invoices submitted for payment through the BEP will be reviewed by THDA prior to disbursement. THDA, at its sole discretion, will determine if the charges are both necessary and reasonable."* This provides no control, direction or guidance to the staff reviewing claims.
- Illinois state agency: *The state agency shall ensure that all expenditures are reasonable as determined in its sole discretion.* This provides no control, direction or guidance to the staff reviewing claims.
- Alabama state agency: The state agency did not change its program guidelines to ensure that TARP only pays necessary and reasonable costs.
- Mississippi state agency: As the newest state, Mississippi is still working on their guidelines.³²

Federal taxpayers deserve the same strong controls for TARP-funded demolitions regardless of the state where demolitions occur. SIGTARP's recommended methodology is rigorous while allowing for local conditions. In order to protect taxpayers, state agencies must be better informed about what costs are customarily necessary and reasonable for demolitions in each city, rather than relying on a review of invoices post-demolition, with nothing to benchmark those invoices against.

The rising cost of blight elimination raises concerns that require additional oversight to protect TARP dollars. Already, SIGTARP's audit has stopped rising costs in Michigan, and costs have dropped since the audit, representing a savings to taxpayers of \$3.6 million.³³ However, costs are still higher in Michigan and Ohio.³⁴ By adopting SIGTARP's recommendation to limit TARP to necessary and reasonable costs, rather than a maximum allowable cap, Treasury took the first step in protecting taxpayers. However, that step should be executed consistently through the state agencies, by requiring rigorous analysis and controls. For its

part, SIGTARP will continue with its vigorous oversight. SIGTARP will continue to track and report on rising costs in TARP, and work with Treasury through recommendations designed to save taxpayers federal dollars and prevent fraud.

SECTION 4 SIGTARP'S OVERSIGHT
BY TARP PROGRAM

SIGTARP'S OVERSIGHT OVER THE BANK BAILOUT

SIGTARP conducts oversight over the bank bailout primarily through its investigations, with limited audit work. Through the Capital Purchase Program Treasury invested \$204.9 billion in 707 banks (or other financial institutions) and invested in 84 banks or credit unions through the Community Development Capital Initiative (some of which converted from CPP).³⁵

SIGTARP INVESTIGATIONS RELATED TO TARP BANKS

SIGTARP's investigations are focused on bankers in banks where Treasury still holds TARP securities or banks where taxpayers (through Treasury) suffered a loss in TARP. Treasury suffered a loss on the TARP investments in more than a third banks that received TARP funds (only 44% of banks repaid TARP in full).

For example, in March 2017, two bank officers from Gulfsouth Bank, who were indicted by the Department of Justice in December 2016, were convicted in a bank fraud scheme investigated by SIGTARP. When Gulfsouth bank failed, taxpayers (through Treasury) lost the entire \$7.5 million TARP investment. In March 2017, Gulfsouth Bank CEO Anthony Atkins was convicted by a federal jury after trial for bank fraud and other crimes. Gulfsouth Vice President Samuel Cobb pled guilty in the weeks before trial to conspiracy to commit bank fraud and other crimes. Four co-conspirators have been convicted in the case. On February 7, 2017, the Department of Justice filed a felony charge against Lamar Cox, the former Chief Operating Officer and director of Tennessee Commerce Bank for allegedly causing the bank to make a false statement to the FDIC concealing the true condition of the bank.¹ When TCB failed, taxpayers (through Treasury) lost the entire \$30 million TARP investment.

¹ Criminal charges contain allegations that a defendant has committed a crime. Every defendant is presumed innocent unless and until proven guilty.

RESULTS OF SIGTARP'S BANK INVESTIGATIONS



BANKERS

96 INDICTED
76 CONVICTED*
46 SENTENCED**
TO PRISON

BANKER'S CO-CONSPIRATORS

88 INDICTED
57 CONVICTED
38 SENTENCED
TO PRISON

BORROWERS DEFRAUDING BANKS

50 INDICTED
36 CONVICTED
24 SENTENCED
TO PRISON

*As of April 7, 2017.

*Includes one reversed on appeal and one vacated due to cooperation.

**Includes one reversed on appeal.

SIGTARP Investigations of Banks or Credit Unions Where Treasury Holds TARP Securities

As of March 31, 2017, Treasury holds securities in 45 banks. This includes \$300 million in outstanding TARP principal as well as warrants that even if valued at \$1 a share (the face value) is \$6.5 million. As shown in Table 4.1, SIGTARP's investigations have resulted in criminal prosecutions in 8 of these banks.

TABLE 4.1

TREASURY HOLDINGS OF TARP SECURITIES IN BANKS, AS OF 3/31/2017					
Program	Bank	Outstanding Principal Investment	Warrants Remaining	Missed Dividends	SIGTARP Investigation
	First Bancorp (PR)	\$124,966,504	\$1,285,900	\$0	
	One Financial Corporation	\$17,300,000		\$9,863,437	✓
	One United Bank	\$12,063,000		\$6,272,760	
	Cecil Bancorp, Inc.	\$11,560,000	\$523,076	\$5,577,700	✓
	Broadway Financial Corporation	\$8,047,221		\$0	✓
	Harbor Bankshares Corporation	\$6,800,000		\$2,975,000	✓
	Pinnacle Bank Holding Company, Inc.	\$4,389,000		\$2,097,120	✓
	Grand Mountain Bancshares, Inc.	\$3,076,000		\$1,600,445	
	St. Johns Bancshares, Inc.	\$3,000,000		\$0	
Capital Purchase Program (CPP)	Saigon National Bank / California International Bank, N.A.	\$1,549,000		\$873,108	✓
	Hampton Roads Bankshares, Inc.	\$0	\$75,763	\$4,017,350	
	Pacific International Bancorp / BBCN Bancorp, Inc.	\$0	\$19,420	\$0	
	Porter Bancorp, Inc.(PBI) Louisville, Ky	\$0	\$330,561	\$6,737,500	✓
	Royal Bancshares Of Pennsylvania, Inc.	\$0	\$1,368,041	\$7,601,750	
	Severn Bancorp, Inc.	\$0	\$556,976	\$1,754,475	
	Synovus Financial Corp.	\$0	\$2,215,820	\$0	
	Village Bank And Trust Financial Corp.	\$0	\$31,189	\$2,026,475	
	Wilmington Trust Corporation / M&T Bank Corporation	\$0	\$95,383	\$0	✓
	CPP Total	\$192,750,724	\$6,502,129	\$51,397,120	
	Carver Bancorp, Inc	\$18,980,000			
	First American International Corp.	\$17,000,000			
	Mission Valley Bancorp	\$10,336,000			
	IBC Bancorp, Inc.	\$8,086,000			
Community Development Capital Initiative (CDCI)	Fairfax County Federal Credit Union	\$8,044,000			
	Citizens Bancshares Corporation	\$7,462,000			
	Hope Federal Credit Union	\$4,520,000			
	The Magnolia State Corporation	\$4,222,000			
	Community Bank of the Bay	\$4,060,000		\$20,300	
	Carter Federal Credit Union	\$3,800,000			

Continued on next page

TREASURY HOLDINGS OF TARP SECURITIES IN BANKS, AS OF 3/31/2017 (\$ MILLIONS) (CONTINUED)					
Institution	TARP Investment	Outstanding Investment	Warrants Remaining	Missed Dividends	SIGTARP Investigation
	Cooperative Center Federal Credit Union	\$2,799,000			
	Tri-State Bank of Memphis	\$2,795,000		\$153,725	
	Community First Guam Federal Credit Union	\$2,650,000			
	Opportunities Credit Union	\$1,091,000			
	D.C. Federal Credit Union	\$500,000			
	Tulane-Loyola Federal Credit Union	\$424,000			
	Northeast Community Federal Credit Union	\$350,000			
	North Side Community Federal Credit Union	\$325,000			
Community Development Capital Initiative (CDCI)	Neighborhood Trust Federal Credit Union	\$283,000			
	Buffalo Cooperative Federal Credit Union	\$145,000			
	Vigo County Federal Credit Union	\$102,450			
	Episcopal Community Federal Credit Union	\$100,000			
	Hill District Federal Credit Union	\$100,000			
	Liberty County Teachers Federal Credit Union	\$87,000			
	Renaissance Community Development Credit Union	\$31,000			
	Union Baptist Church Federal Credit Union	\$10,000			
	East End Baptist Tabernacle Federal Credit Union	\$7,000			
		CDCI Total	\$98,309,450	—	\$174,025
	TOTAL BANKS	\$291,060,174	\$6,502,129	\$51,571,145	

For exampleⁱⁱ:

Wilmington Trust: Following a SIGTARP investigation, on January 6, 2016, TARP recipient Wilmington Trust Corporation was indicted, charged with concealing from the Federal Reserve, the Securities and Exchange Commission (SEC) and the investing public the total quantity of past due loans on its books from October 2009 through November 2010. Four senior bank officers were indicted in 2015, President Robert V.A. Harra, CFO David Gibson, CCO William North, and Controller Kevyn Rakowski.

According to the indictment, Wilmington Trust, through the actions of defendants Harra, Gibson, North, and Rakowski, concealed the truth about the health of its loan portfolio from the SEC, the investing public and from Wilmington Trust's regulators. During the course of the alleged conspiracy, in February 2010, Wilmington Trust raised approximately \$273.9 million through a public stock offering.

In November 2010, Wilmington Trust announced an agreement to be acquired by M&T Bank at a price of \$3.84 per share, a discount of approximately 46% from the bank's share price the prior trading day, and approximately \$9.41 per share less than at the time of Wilmington Trust's capital raise in February 2010. The decline in price from February represented a loss of \$204 million in total market value of the shares bought during the capital raise.³⁶

Three Wilmington Trust bank officers have already been convicted of crimes including Vice President Joseph Terranova, Delaware Market Officer Brian Bailey, and Loan Officer Pete Hayes. Co-conspirator Dover real estate developer Michael Zimmerman was also indicted.³⁷

Two co-conspirators were sentenced to prison. James Ladio, the former CEO of MidCoast Community Bank was sentenced to two years in prison and ordered to pay \$700,000 restitution.

Salvatore Leone was sentenced to one year and one day in prison and ordered to pay \$784,568.

Saigon National Bank: Saigon National Bank is still in TARP. In December 2015, SIGTARP agents, with other Federal law enforcement authorities, arrested 15 defendants (and charged 20 defendants across three indictments) in Operation "Phantom Bank," a series of alleged money laundering schemes that involved international narcotics trafficking and money laundering; some through Saigon National Bank.ⁱⁱⁱ A total of 25 defendants have been indicted. One of the indictments—a 16 defendant, 109 page racketeering indictment—charged six individuals with violating the Federal Racketeer-Influenced and Corrupt Organizations Act by playing key roles in a series of schemes to launder drug proceeds, allegedly orchestrated by former bank CEO and President Tu Chau "Bill" Lu while the bank was in TARP.

ⁱⁱ An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty.

ⁱⁱⁱ An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty.

The RICO count alleges that Lu and 5 other defendants were members of a criminal organization that was involved in narcotics trafficking and international money laundering in countries that included the United States, China, Cambodia, Liechtenstein, Mexico, and Switzerland. The indictment alleges that Lu used his “insider knowledge, position as an official at Saigon National Bank, and network of connections to promote and facilitate money laundering transactions involving members and associates of the enterprise.” According to the indictment, several members of the organization engaged in separate money laundering schemes, but “all working with, through, or at the instigation of defendant Lu.”

In one scheme, in the indictment it is alleged that an undercover informant delivered cash represented to be drug proceeds to defendants, who arranged for the cash to be converted to cashier’s checks made out to a company the informant allegedly owned. The indictment also alleges the delivery of cash from the informant, and that money was allegedly converted into cashier’s checks. As part of the racketeering enterprise, Lu and others named in the RICO count allegedly floated a plan in which the informant and his boss (an undercover law enforcement officer) would purchase a controlling interest in Saigon National Bank so they could have a financial institution which could easily facilitate money laundering operations. In another aspect of the RICO conspiracy, Lu allegedly played a critical role in introducing to the informant, and other RICO defendants, operatives from a drug cartel who wanted to launder millions of dollars every month. According to the indictment, Lu also had conversations with cartel operatives about purchasing Saigon National Bank, and one of the operatives said the cartel had already invested \$1 million in the bank. The indictment details money laundering transactions involving a total of \$3.75 million.

Since the arrests in December 2015, three additional defendants were charged with money laundering. Saigon National Bank was one of 12 TARP banks to reject Treasury’s request to send an observer to the bank’s board meetings.

One Financial Corp: Following a SIGTARP investigation, DOJ filed a False Claims Act suit and a forfeiture action, alleging that the late Layton P. Stuart, former CEO and President of One Financial Corp., in Little Rock, Arkansas, obtained \$17.3 million in TARP funds under false pretenses and diverted some of those funds for personal use including the purchase of luxury vehicles for his wife and children. Within two weeks of receiving TARP funds, Stuart diverted \$2.185 million into his personal accounts. On September 30, 2015, CEO Stuart’s estate paid the Government \$4 million and \$6.9 million to One Financial’s subsidiary One Bank. In January 2016, the Government won a \$47 million default judgment against One Financial. The luxury vehicles have been seized and are pictured in Section 1 of this report.

In an unrelated scheme regarding a bank loan to borrower Alberto Solaroli, following a SIGTARP investigation, Senior Executive Vice President Gary Rickenbach was convicted, and sentenced to probation in December 2016 and on March 2, 2016, Solaroli was sentenced to one year in prison and required to pay \$120,000 in restitution.

Broadway Bank: Following a SIGTARP investigation, on October 26, 2016, Broadway Bank Loan Officer Paul Ryan was sentenced to 18 months in prison. The bank, according to a L.A. Times story, “had long provided loans to local houses of worship, but in 2007, with Ryan’s help, it started lending to churches across the country.” Many of those loans defaulted, causing at least \$5 million in losses. Ryan abused his position of trust and caused bank losses by using inflated financial information for borrowers in loan applications. In this mortgage scheme aimed at predominately African-American churches, he demanded more than \$350,000 in bribes from brokers. One of the brokers who paid kickbacks—Chester Peggese—was sentenced in February 2016 to one year and one day in prison and was ordered to pay \$4.2 million to the bank. When investigators closed in, Ryan tried to cover up his crimes by telling a co-conspirator to lie on his behalf. Bank CEO Wayne-Kent Bradshaw reportedly told the L.A. Times about the church loans, “It was by far the major basis for problems at the institution. It was a big and bad operation. Broadway had a large church portfolio, and it fell apart. We found out it was the making of a rogue lender.” With the bank unable to repay TARP, in 2013, Treasury agreed to swap its debt for Broadway stock and remains a large shareholder in the bank.

Porter Bancorp (PBI): Following a SIGTARP investigation, on May 5, 2016, Joseph Tobin loan officer at TARP bank Porter Bancorp was charged along with bank borrowers Daniel Sexton, Jonathan Williams, and Sheila Flynn for a scheme to defraud PBI and other banks. The scheme allegedly resulted in PBI Bank funding millions in loans based on false information. Treasury took a loss of \$31.5 million on the TARP investment along with 13 missed dividend payments totaling \$6,737,500. Treasury continues to hold warrants in the bank.

Harbor Bank: Following a SIGTARP investigation, Harbor Bank employee Rodney Dunn and co-conspirator Darryl Clements and David Odom were convicted in 2016 and 2017 for defrauding the bank to secure \$13 million in financing for a movie.

SIGTARP Investigations Related to Failed or Bankrupt TARP Banks-Full or Near Full TARP Loss

SIGTARP investigations have resulted in criminal prosecutions related to 14 of 33 failed TARP banks. For the 33 TARP banks that failed, as shown in Table 4.2, Treasury suffered a full loss of the whole TARP investment or Treasury received a small amount in the liquidation of the failed bank. Treasury also suffered losses of unpaid TARP dividends owed by banks that failed.

TABLE 4.2

BANKRUPT OR WITH FAILED SUBSIDIARY TARP BANKS, AS OF 3/31/2017 (\$ MILLIONS)

Company	TARP Loss	SIGTARP Investigation
CIT Group Inc., New York, NY	\$2,330.0	
UCBH Holdings Inc., San Francisco, CA	298.7	✓
Anchor BanCorp Wisconsin Inc.	110.0	✓
Midwest Banc Holdings, Inc., Melrose Park, IL	89.4	
Integra Bank Corporation, Evansville, IN	83.6	✓
First Place Financial Corporation	72.9	
Superior Bancorp, Inc., Birmingham, AL	69.0	✓
Tennessee Commerce Bancorp, Inc., Franklin, TN	30.0	✓
Princeton National Bancorp	25.1	✓
Rogers Bancshares, Inc.	25.0	
TCB Holding Company	11.7	
Citizens Bancorp, Nevada City, CA	10.4	✓
Premier Bank Holding Company	9.5	
Sonoma Valley Bancorp, Sonoma, CA	8.7	✓
Syringa Bancorp	8.0	
GulfSouth Private Bank	7.5	✓
Western Community Bancshares, Inc., Palm Desert, CA	7.3	
Idaho Bancorp, Boise, ID	6.9	
Pierce County Bancorp, Tacoma, WA	6.8	✓
Premier Bancorp, Inc., Wilmette, IL	6.8	✓
Rising Sun Bancorp, Rising Sun, MD	6.0	
FPB Bancorp, Port Saint Lucie, FL	5.8	
Legacy Bancorp, Inc., Milwaukee, WI	5.5	
One Georgia Bank, Atlanta, GA	5.5	
Blue River Bancshares, Inc., Shelbyville, IN	5.0	
Pacific Coast National Bancorp, San Clemente, CA	4.1	
CB Holding Corp., Aledo, IL	4.1	✓
Investors Financial Corporation of Pettis County, Inc.	4.0	✓
Tifton Banking Company, Tifton, GA	3.8	✓
Gold Canyon Bank	1.6	

Continued on next page

BANKRUPT OR WITH FAILED SUBSIDIARY TARP BANKS, AS OF 3/31/2017 (\$ MILLIONS) (CONTINUED)

Company	TARP Loss	SIGTARP Investigation
Fort Lee Federal Savings Bank	\$1.3	
Indiana Bank Corp.	1.3	
Gregg Bancshares, Inc.	0.9	
Total	\$3,259.4	14

Notes: Numbers may not total due to rounding.

Sources: Treasury, *Transactions Report*, 3/1/2017.

SIGTARP investigations led to criminal charges against bank officials in 12 failed/bankrupt TARP banks (11 CPP banks and 1 CDCI bank) and against borrowers who defrauded 7 TARP banks that later failed. Also as a result of SIGTARP investigations, the SEC has brought civil securities fraud charges related to failed TARP banks. Key investigations include:

UCBH Holdings Inc./United Commercial Bank, San Francisco, California:

Following a SIGTARP investigation, United Commercial Bank Holdings, Inc. (“UCBH”) COO and Chief Credit Officer Ebrahim Shabudin was sentenced to 8 years and 1 month in prison. Former Senior Vice President, Thomas Yu was convicted, and sentenced to probation on DOJ’s recommendation in August 2016. He testified at trial against Shabudin. CFO Craig On was convicted and awaits sentencing. DOJ deferred prosecution of two other bank officers. Both testified at trial. UCBH was the 9th largest bank to fail since 2008 and Treasury took a nearly \$300 million loss on its TARP investment in UCBH. From 2004 to 2007, United Commercial Bank began aggressively expanding, nearly doubling its loans, with a goal to be a \$10 billion bank so that it could become a bank in China. During the crisis, in an attempt to have the bank appear to “break even,” COO Shabudin and co-conspirators manipulated the bank’s books and records, and issued false press releases, filings with examiners, and false financial statements. He fraudulently delayed downgrading the risk ratings of loans. He hid that the inventory of electronics that served as collateral for a major loan turned out to be fake even though bank officials found a warehouse of empty boxes. He hid that other loans had real property as collateral that had significantly declined in value. Then U.S. Attorney Melinda Haag, the prosecutor on the case at the time, said, “UCB is one of the largest criminal prosecutions brought by the U.S. Department of Justice of wrongdoing by bank officers arising out of the 2008 financial crisis.”

Sonoma Valley Bancorp, Sonoma, California: As a result of a SIGTARP investigation, on March 31, 2014, Sean Cutting, the former bank President and CEO; Brian Melland, bank Senior Vice President; bank borrower Bijan Madjlessi (now deceased) and David Lonich (attorney for Madjlessi), and in a recent indictment in March 2017, were charged for their roles in an alleged bank fraud scheme.

From approximately 2009 to 2012, Cutting and Melland are alleged to have defrauded the bank by loaning \$9.5 million to a straw purchaser, concealing that Madjlessi and his attorney Lonich were the beneficiaries. The defendants allegedly used the proceeds of the loan to purchase from the FDIC the rights to a \$30 million IndyMac Bank condominium construction loan which Madjlessi had defaulted.

Premier Bank, Wilmette, Illinois: On July 10, 2013, SIGTARP federal agents participated in the arrest of all four defendants, who were charged with a massive hidden six-year bank fraud conspiracy and criminal enterprise that led to the collapse of the bank. The indictment alleges that the defendants hid the poor financial condition of Premier Bank from regulators. It is alleged that Zulfikar Esmail engaged in a criminal shakedown scheme. It is also alleged that Esmail ordered construction and improvements to his home and rental properties, including construction of an underground tunnel at his home, and directed the contractor to prepare invoices that fraudulently showed the work was done at the bank in order to bill the bank for the work. By late 2008, when the bank was near failure, the bank applied for and received the first of two payments from TARP in order to further the criminal scheme.³⁸

On November 1, 2016, Zulfikar Esmail, the bank's Chairman of the Board, was sentenced to five years in prison. His wife, Shamim Esmail, who was the bank's general counsel and director, was sentenced to probation.³⁹ The scheme defrauded Treasury out of \$6.784 million in TARP funds lost when the bank failed, in addition to \$64.1 million estimated cost to the FDIC due to the bank's failure.^{40,41} Board members Robert McCarty and William Brannin were indicted and face trial.

SIGTARP's investigation also resulted in the indictment of Angelica Demetropolis, the former bank President of Premier Bank in October 2013 for allegedly filing or causing to be filed false and misleading financial information with the FDIC to make past due loans appear current. Demetropolis allegedly instructed the destruction of documents two weeks before the bank closed. The indictment alleges that in order to obtain \$6.784 million in TARP funds, Demetropolis and others caused the bank to submit documents that materially misrepresented the financial condition of the bank to Treasury to exchange TARP securities. Demetropolis fled the county and currently awaits extradition.

Conviction after jury trial of Premier Bank Chairman Zulfikar Esmail for Defrauding TARP Recipient First Midwest Bank: On December 15, 2015, after a six-day trial, a jury found Zulfikar Esmail and Shamim Esmail guilty of defrauding another TARP bank, First Midwest Bank in an \$8 million loan. On March 30, 2016, the court entered a judgment notwithstanding the jury's guilty verdict for Shamim Esmail. Zulfikar Esmail was sentenced to two years of probation.

Pierce County Bancorp, Tacoma, Washington: Following a SIGTARP investigation, on January 28, 2013, Shawn Portmann, former Senior Vice President

and Loan Officer at Pierce Commercial Bank was sentenced to 10 years in prison for a mortgage fraud scheme that resulted in the collapse of the bank. Loan underwriter Jeanette Salsi was sentenced to 7 months in prison, personal assistant Lorraine Barney was sentenced to two months in prison, and Pierce Commercial Vice President and Residential Lending Manager Sonja Lightfoot was sentenced to one month in prison. On January 26, 2017, four additional loan officers at the mortgage subsidiary were indicted. Since then, three of the four pled guilty. Portmann with these co-conspirators falsified information about the borrowers' qualifications as well as their intention to reside in the homes being financed. For more than 300 loans, more than half the loans defaulted or caused bank losses. Portman was compensated for each loan's total value. Pierce Commercial Bank received \$6.8 million in TARP funds in January 2009, all of which was lost when the bank failed.

Tifton Banking Co., Tifton, Georgia: Following a SIGTARP investigation, bank CEO Pat Hall was sentenced to 7 years in prison for concealing past-due loans. Hall obtained \$3.8 million in TARP to fill holes in the bank's books caused by his fraud, all of which was lost when the bank failed.

Superior Bancorp, Inc., Birmingham, Alabama: On January 13, 2016, 11 former high-ranking executives and board members at TARP recipient, Superior Bancorp, Inc., were charged by the SEC with defrauding shareholders in connection with various schemes to conceal the extent of loan losses. In an unrelated scheme, as a result of a SIGTARP investigation, Superior Bank branch manager Phillip Owen was sentenced to six months in prison for conspiring to commit bank fraud. Superior Bank failed resulting in the loss of the \$69 million in TARP.

Anchor Bancorp Wisconsin, Inc., Madison, Wisconsin: Following a SIGTARP investigation, on June 16, 2015, bank officer David Weimert, was sentenced to 18 months in prison after a jury trial for a fraud scheme. The Seventh Circuit reversed his conviction on appeal.

SIGTARP Investigations Related to TARP Banks Where Treasury Suffered a Partial Loss on TARP

Only about half of TARP banks repaid TARP in full. For the remaining banks, Treasury wrote off some amount of loss on the TARP investment from sale at an auction (168 banks) or a loss in a restructuring or exchange (44 banks).⁴² This quarter, Treasury exited its investment in 3 CDCI institutions, taking a loss in 2 cases, a \$220,000 loss at Santa Cruz Community Credit Union and a \$48,000 loss at Tongass Federal Credit Union. SIGTARP also investigates crime and civil fraud in banks where Treasury took a partial loss. Recent examples include:

Wilshire Bank: On January 13, 2016, Ataollah "John" Aminpour, former Chief Marketing Officer of Mirae Bank, was indicted for a \$150 million loan fraud

scheme that contributed to the failure of Mirae Bank and caused \$33 million in losses to TARP recipient, Wilshire Bank, which acquired Mirae. SIGTARP's investigation, revealed that, from 2005 through 2009, Aminpour allegedly created \$150 million in inflated loans to gas stations and car washes, skimmed money off the top, and generated over a million dollars in commissions. Aminpour allegedly concealed the true loan amounts from the bank, arranged for fake down payments and encouraged some borrowers to stop making payments so he could purchase those distressed loans at a discount. Prior to its acquisition of Mirae in 2009, Wilshire received \$62 million in TARP funds. Treasury suffered a loss of more than \$3.5 million.

SIGTARP'S OVERSIGHT OVER TRADING IN MORTGAGE-BACKED SECURITIES

Treasury's original TARP proposal presented to Congress was that the Government purchase toxic assets (mortgage backed securities) held by banks. SIGTARP conducts oversight over mortgage backed securities related to TARP in two ways: (1) SIGTARP investigations over the Public Private Investment Program, a TARP program known as "PPIP", that purchased and sold mortgage backed securities using TARP funds through nine investment firms to unlock frozen credit markets; and (2) SIGTARP investigations of the largest TARP institutions in the business of packaging and selling residential mortgage backed securities (RMBS) where taxpayers suffered losses when those securities traded through PPIP.

SIGTARP Investigations into TARP Institutions for Misrepresentations to RMBS Investors

SIGTARP investigated the largest TARP-recipient institutions for misrepresentations in the packaging, securitization, marketing, sale, and issuance of RMBS. The RMBS at issue also traded through the PPIP program. As a result of these investigations, DOJ brought actions under the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA"), which authorizes the Federal government to impose civil remedies against financial institutions that commit mail and wire fraud. Taxpayers suffered losses when the securities traded through PPIP.⁴³ Most recent cases include:



In April 2016, DOJ brought an enforcement action against Goldman Sachs ("Goldman") for fraudulent representations to investors that mortgage loans that went into RMBS met the loan originator's underwriting guidelines. However, Goldman admits that from its sampling, it knew that significant percentages of the loans reviewed in due diligence did not conform to those investor representations. Some of the securities traded at a loss through TARP's PPIP.

Goldman admitted to the misconduct, paid a \$2.385 billion civil penalty, \$1.8 billion relief in homeowner relief, and \$1.75 billion to National Credit Union Administration, various states and Federal Home Loan Banks.⁴⁴

Morgan Stanley

In February 2016, DOJ brought an enforcement action against Morgan Stanley for misleading investors about the subprime mortgage loans underlying the RMBS it sold. Some of the securities traded at a loss through TARP's PPIP.

Morgan Stanley admitted to the misconduct, paid \$2.6 billion penalty, \$225 million for credit union purchasers of RMBS, \$1.25 billion for RMBS purchases by Fannie Mae and Freddie Mac, and \$86.95 million to the FDIC for purchases of RMBS by failed banks.⁴⁵



Ally Financial (formerly GMAC): In November 2016, DOJ brought an enforcement action against Ally resulting from SIGTARP's investigation into Ally's packaging, securitizing, marketing, selling, and issuing subprime RMBS. Ally paid \$52 million and discontinued operations of its broker-dealer Ally Securities, LLC, which was the lead underwriter on the subprime RMBS that we investigated. Ally received \$17.2 billion in TARP funds. Treasury wrote-off a \$2.47 billion loss on the principal TARP investment. These investors included taxpayers when some of the securities traded at a loss through TARP's PPIP.

SIGTARP Investigation of Wall Street Traders Buying and Selling to PPIP Managers

SIGTARP investigates Wall Street traders that traded through PPIP or were TARP recipients. SIGTARP was the first to bring these type of securities cases.

Recent cases include:

- **Jefferies trader Jesse Litvak:** Following a SIGTARP investigation after a three week trial in 2014, Jefferies trader Jesse Litvak was convicted of securities fraud, TARP fraud and making false statements to the Federal government, for defrauding customers trading in RMBS, including through the PPIP program. The court sentenced him to two years in prison.⁴⁶ On appeal, the Second Circuit upheld the securities fraud conviction, reversed on the TARP fraud conviction, and remanded to the lower court to hold a new trial. After a second trial in January 2017, the jury convicted Litvak of securities fraud.



NOMURA

CANTOR
Fitzgerald

- **RBS Securities trader Matthew Katke:** Following a SIGTARP investigation, in March 2015, Matthew Katke, managing director at RBS Securities, Inc. (“RBS”) pled guilty to a multimillion dollar securities fraud scheme. Between 2008 and 2013, Katke admitted that he and others conspiring to increase RBS’s profits on collateral loan obligations bond trades at the expense of customers. In certain transactions, Katke misrepresented the seller’s asking price to the buyer (or vice versa), keeping the difference. In other transactions, Katke misrepresented to the buyer that bonds held in RBS’s inventory were being sold by a fictitious third-party, which allowed Katke to charge an extra commission. The multi-million dollar securities fraud had at least 20 customers who were victims—including TARP recipients.⁴⁷
- **RBS Securities supervisor Adam Siegel:** Following a SIGTARP investigation, in December 2015, Adam Siegel, Matthew Katke’s boss and head mortgage backed securities trader, pled guilty to a multimillion dollar securities fraud scheme. Between 2008 and 2014, Siegel admitted that he and others conspired to increase RBS’s profits on trades at the expense of customers. In certain transactions, Siegel misrepresented the seller’s asking price to the buyer (or vice versa), keeping the difference. In other transactions, Siegel misrepresented to the buyer that bonds held in RBS’s inventory were being offered for sale by a fictitious third-party seller, which allowed RBS to charge the buyer an extra, unearned commission. The multi-million dollar securities fraud had at least 35 customers who were victims, including TARP recipients.⁴⁸
- **Nomura Securities traders Ross Shapiro, Michael Gramins, and Tyler Peters:** Following a SIGTARP investigation, in September 2015, three Nomura Securities International (“Nomura”) RMBS traders, Ross Shapiro, Michael Gramins, and Tyler Peters, who formerly worked at Lehman Brothers, were indicted for fraud. The traders allegedly conspired to overcharge their customers, which included an investment firm that was managing a PPIP fund. As alleged in the indictment, Shapiro, Gramins, and Peters fraudulently inflated the purchase price at which Nomura could buy a RMBS bond to induce their victim-customers to pay a higher price for the bond, and fraudulently deflated the price at which Nomura could sell a RMBS bond to induce their victim-customers to sell bonds at cheaper prices, each causing Nomura and the three defendants to profit illegally. The defendants are also alleged to have created fictitious third parties in an effort to increase their profits.⁴⁹ Trial is scheduled for May 2017.
- **Cantor Fitzgerald Trader David Demos:** Following a SIGTARP investigation, on December 7, 2016, Cantor Fitzgerald Managing Director David Demos was charged in an alleged scheme to overcharge customers trading in RMBS, including through the PPIP program. Demos allegedly fraudulently inflated the purchase price at which Cantor Fitzgerald could buy a RMBS bond to induce their victim-customers to pay a higher price for the bond, and fraudulently

deflated the price at which Cantor Fitzgerald could sell a RMBS bond to induce their victim-customers to sell bonds at cheaper prices, causing losses to victims.

SIGTARP'S OVERSIGHT OF THE MAKING HOME AFFORDABLE PROGRAM

SIGTARP conducts audits and investigations of the Making Home Affordable program ("MHA"), which pays mortgage servicers and investors to take certain action for homeowners, including lowering high mortgage interest rates (permanently) for participating homeowners in the signature MHA program, the Home Affordable Modification Program ("HAMP") and related HAMP programs through the GSEs, the Department of Agriculture and the Department of Veterans Affairs.

Treasury is spending approximately \$650 million a quarter on MHA.⁵⁰ MHA, including HAMP, is terminated for homeowner applications. However, under contracts between Treasury and 140 mortgage servicers, Treasury has TARP obligations related to more than one million homeowners in HAMP and related programs.⁵¹ Under the 140 Treasury contracts, Treasury is obligated to pay \$7.01 billion in TARP dollars over the next 7 years for existing homeowners in MHA. In addition, Treasury is committed to pay up to an additional \$3.93 billion based on homeowners who applied for the program by December 31, 2016.⁵² These TARP payments do not go out all at once because they are not yet earned under the Treasury contracts. These TARP payments do not go out automatically, but instead are based on continuous reporting to Treasury and compliance with Treasury MHA and HAMP rules.⁵³

TABLE 4.3

**TREASURY CONTRACTS FOR TARP DOLLARS TO BE PAID TO MHA MORTGAGE SERVICERS UNTIL 2023,
AS OF 3/31/2017**

	\$4.2 Billion <i>TARP dollars paid</i>	+	\$2.0 Billion <i>Obligated to be paid</i>	+	\$924 Million <i>Committed</i>
	\$2.8 Billion <i>TARP dollars paid</i>	+	\$1.0 Billion <i>Obligated to be paid</i>	+	\$664 Million <i>Committed</i>
	\$2.7 Billion <i>TARP dollars paid</i>	+	\$659 Million <i>Obligated to be paid</i>	+	\$549 Million <i>Committed</i>
	\$2.0 Billion <i>TARP dollars paid</i>	+	\$440 Million <i>Obligated to be paid</i>	+	\$451 Million <i>Committed</i>
	\$1.1 Billion <i>TARP dollars paid</i>	+	\$810 Million <i>Obligated to be paid</i>	+	\$262 Million <i>Committed</i>
	\$1.1 Billion <i>TARP dollars paid</i>	+	\$717 Million <i>Obligated to be paid</i>	+	\$235 Million <i>Committed</i>
	\$682 Million <i>TARP dollars paid</i>	+	\$141 Million <i>Obligated to be paid</i>	+	\$115 Million <i>Committed</i>
Other Servicers	\$2.1 Billion <i>TARP dollars paid</i>	+	\$1.3 Billion <i>Obligated to be paid</i>	+	\$726 Million <i>Committed</i>
TOTAL	\$16.83 Billion <i>TARP dollars paid</i>		\$7.01 Billion <i>TARP Obligated to be paid</i>		\$3.93 Billion <i>TARP Committed</i>

Sources: Treasury, Aggregate Cap Monitoring Report - March 2017; SIGTARP analysis of Treasury MHA data.

Significant oversight is required because of the risk of waste, fraud, and abuse due to the poor track record of these large banks and non-bank servicers. Some servicers have been the subject of law enforcement action, including investigations by SIGTARP. SIGTARP has also reported that some servicers have repeatedly broken Treasury's rules in HAMP.

SIGTARP Audit Oversight Over HAMP

SIGTARP's audit priorities in HAMP are to:

- Identify vulnerabilities to fraud by servicers
- Identify waste and abuse by servicers
- Identify inefficiencies and mismanagement that could lead to cost savings

In addition to identifying servicer mismanagement and abuse to homeowners applying to HAMP, SIGTARP has identified the following servicer mismanagement and abuse by servicers of homeowners already in HAMP:

- Wrongfully terminating people out of HAMP
- Lost paperwork
- Misapplying mortgage payments made in HAMP which causes delinquency that incur late fees
- Transferring the mortgage without transferring the HAMP paperwork. The new servicer does not know the person is in HAMP so only sees underpayment, or fails to honor the HAMP lowered interest rate
- Failing to notify homeowners, as Treasury requires, when their interest rate and monthly payment is going to rise after 5 years
- Failing to notify homeowners, as Treasury requires, that after 6 years in HAMP they can lower their mortgage payment by re-amortizing the mortgage
- Overcharging Treasury for extinguishing second liens when those liens were not extinguished
- Failing to reduce principal on mortgages despite being paid by Treasury to do so
- Charging Treasury for mortgages that are not eligible for HAMP

SIGTARP has made cost saving recommendations related to MHA.

SIGTARP recommended that Treasury hold servicers in HAMP accountable by developing performance metrics and publicly reporting against them, which Treasury implemented in 2011. SIGTARP made a recommendation that Treasury permanently withhold TARP dollars related to the time period that servicers failed to perform at an acceptable level, which Treasury did not implement. This single recommendation had a cost savings of \$448 million if implemented by Treasury. Treasury has found that the following large servicers' performance needed "substantial improvement:" Bank of America, Wells Fargo, JPMorgan Chase, Ocwen, CitiMortgage, and Nationstar, some of them for multiple quarters. Treasury paid those servicers \$448 million for those quarters.⁵⁴ Even where

Treasury withheld TARP dollars, it soon gave those withheld TARP dollars back to the servicers.⁵⁵

\$448 MILLION

COST SAVINGS TO THE GOVERNMENT

SIGTARP has made several recommendations to assess and stop servicer mismanagement and abuse that leads to wrongfully canceling people out of HAMP. Taxpayers paid \$2.4 billion mostly to servicers and investors for 575,000 homeowners cancelled out of HAMP.⁵⁶ At least 155,000 of these homeowners were foreclosed or otherwise lost their home.⁵⁷ Others were put into less advantageous private mortgage modifications. Treasury has partially implemented SIGTARP's recommendation to determine how servicer mismanagement leads to canceling people out of the program by finding that 6 of the largest 7 servicers in HAMP have wrongfully cancelled homeowners out of the program. However, Treasury's compliance group only looks on a small sample basis of 150 homeowner files per quarter, and does not know the full extent of the problem. Treasury requires the servicer to put any wronged-homeowner found in Treasury's sample back into HAMP. This mismanagement and abuse leads to inefficiency in government payments. In order to determine the full scope of mismanagement, Treasury could start with requiring servicers found in violation to conduct an independent review and self-report to Treasury on other homeowners wrongfully cancelled out of the program.

Servicer Track Records Evidence High Risk Areas



Source: Treasury, IMP Program Volumes - March 2017, accessed 4/19/2017; Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of Treasury HAMP data.

Ocwen is the largest recipient of federal TARP dollars, but also has one of the worst track records in foreclosure mitigation, including HAMP. Ocwen had an enforcement action in December 2013 for significant and systemic “deception and shortcuts in mortgage servicing”, which included improperly denying homeowner’s a mortgage modification and failing to properly apply a homeowner’s payment, both of which are extremely relevant to conducting oversight over Ocwen in HAMP.⁵⁸ During the last two years, Treasury has found that Ocwen wrongfully denied homeowners help from HAMP and wrongfully cancelled homeowners out of HAMP.⁵⁹

- **Wrongfully canceling homeowners out of HAMP:** Treasury continued to find in recent years that Ocwen has wrongfully cancelled homeowners out of HAMP. More than 130,000 homeowners who were in HAMP with Ocwen have fallen out of the program. Treasury paid Ocwen in excess of \$757 million in TARP dollars for these cancelled homeowners. More than 31,000 of these homeowners went into foreclosure or otherwise lost their home.⁶⁰

Ocwen’s wrongfully cancelation of people out of HAMP is similar to the conduct in Ocwen’s enforcement action. Ocwen cancelled homeowners out of HAMP on the basis that they had missed three payments, when in reality homeowners made the payments. Ocwen held mortgage payments in suspense, improperly reversed and later reapplied mortgage payments, and did not timely post payments made to an Ocwen lockbox.

Treasury does not know how many homeowners Ocwen has wrongfully cancelled out of HAMP. Treasury’s findings on a sample basis should be viewed in light of the December 2013 enforcement action that found, in part that Ocwen failed “to timely and accurately apply payments made by borrowers and

failing to maintain accurate account statements.”⁶¹ In order to determine the full extent of mismanagement, Treasury could require Ocwen to conduct an independent review (paid for by Ocwen) and report on all people wrongfully cancelled out of HAMP, while also requiring additional controls to ensure that Ocwen timely and accurately posts homeowner payments.

- ***Wrongfully denying homeowners admission in HAMP:*** Ocwen has until September 2017 to determine which homeowners who applied by December 30, 2016 are admitted into HAMP. Ocwen’s denied of 68% of homeowners who applied for HAMP. The enforcement action found that Ocwen “improperly denied mortgage modifications.”⁶² This included: Failing to provide accurate information about mortgage modifications and other loss mitigation services; Failing to properly process borrowers’ applications and calculate their eligibility for mortgage modifications; Providing false or misleading reasons for denying mortgage modifications; Failing to honor previously agreed upon trial modifications with prior servicers; and Deceptively seeking to collect payments under the mortgage’s original unmodified terms after the consumer had already begun a mortgage modification with the prior servicer. In recent years, Treasury found that Ocwen denied homeowners for HAMP that should have been admitted and/or failed to offer homeowners a HAMP modification.⁶³
- ***Risk of Waste — Overcharging Treasury:*** Recently, Treasury found Ocwen misrepresentations to and overcharging of Treasury for payments to investors.
- ***Failure to notify homeowners in their 6th year of HAMP that they can lower their monthly payment:*** Ocwen recently failed to provide timely and accurate notices to homeowners who had successfully made their mortgage payments in HAMP for six years that the homeowners could lower their mortgage payment by re-amortizing (recasting) their unpaid principal balance. As a result, homeowners who has successfully performed their obligation in HAMP paid a higher payment than was necessary.

With Treasury obligated to pay \$2 billion and committed to pay up to an additional \$924 million to Ocwen, continued oversight remains critical.⁶⁴




Source: Treasury, 1MP Program Volumes - March 2017, accessed 4/19/2017; Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of Treasury HAMP data.

Wells Fargo is the second largest receiver of TARP funds. Wells Fargo has broken HAMP's rules by canceling people out of HAMP who made their payments on time, and by failing to notify homeowners in HAMP, as Treasury requires, on a timely basis that their mortgage payment was going to increase.⁶⁵

- **Wrongfully canceling homeowners out of HAMP:** Recently, Treasury found that Wells Fargo wrongfully canceled people out of HAMP by not timely and accurately applying homeowner's payments. More than 65,000 homeowners in HAMP with Wells Fargo have canceled out of HAMP costing taxpayers \$296 million. Almost 22,000 homeowners went into foreclosure or otherwise lost their home. Treasury does not know how many total homeowners Wells Fargo wrongfully canceled out of the program. In order to determine the full extent of mismanagement, Treasury could start with requiring Wells Fargo to conduct an independent review (paid for by Wells Fargo) and report on other people wrongfully canceled out of HAMP, to ensure that Wells Fargo timely and accurately posts homeowner payments.⁶⁶
- **Failure to consider homeowners for other programs:** Treasury found that Wells Fargo failed to follow HAMP rules to help homeowners falling out of HAMP avoid foreclosure by considering them for other MHA programs.
- **Failing to notify homeowners timely that their mortgage was increasing:** Wells Fargo failed to notify homeowners of upcoming increases to their mortgage payments in accordance with HAMP rules. Treasury requires that the servicer give a 120 day notice and a 60 day notice before the payment increase giving homeowners an opportunity to find means to pay their mortgage.
- **Failure to notify homeowners in their sixth year of HAMP that they can lower their mortgage payment:** Wells Fargo failed to notify on a timely basis homeowners that had successfully made their HAMP mortgage payment for six years that the homeowner could lower their mortgage payment by re-amortizing

(recasting) their unpaid principal balance. As a result, homeowner's who had successfully performed their obligations in HAMP may have paid a higher payment than was necessary. Given that Treasury does not know how many other homeowners did not receive timely notice given Treasury's small sample size of 25, Treasury could start with requiring Wells Fargo to self-report these violations.

With Treasury obligated to pay \$1 billion and committed to pay up to an additional \$664 million to Wells Fargo, continued oversight remains critical.⁶⁷



Source: Treasury, 1MP Program Volumes - March 2017, accessed 4/19/2017; Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of Treasury HAMP data.

JPMorgan denied nearly 1 million people for HAMP—84% of all who applied.⁶⁸ According to Treasury, JPMorgan went from a history of one of the worst offenders of breaking Federal rules governing HAMP, to recently improving. If this is the case, it shows that it is possible for a large bank or non-bank servicer to follow Federal rules governing HAMP. For example, Treasury did not find that JPMorgan miscalculated homeowner income over the past year, showing that it is possible for a large bank to put controls in place to calculate income correctly.⁶⁹ However, JPMorgan's extremely high rate of denying people for HAMP will require oversight while it continues to assess homeowner applications.⁷⁰

Treasury has recently found on several occasions that JPMorgan failed to notify homeowners that successfully made their mortgage payments in HAMP for six years that they were eligible to re-amortize their mortgage and lower their payment.

Bank of America®



Source: Treasury, 1MP Program Volumes - March 2017, accessed 4/19/2017; Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of Treasury HAMP data.

Bank of America has one of the worst track records in HAMP. SIGTARP's investigation of Bank of America defrauding HAMP led to a 2012 Department of Justice enforcement action against Bank of America.⁷¹ Treasury found that Bank of America needed substantial improvement in complying with HAMP's rules, repeatedly, even in recent years.⁷²

- **Risk of Waste — Overcharging Treasury:** In 2016, Treasury found that Bank of America overcharged Treasury by hundreds of thousands of dollars found in Treasury's sample. Bank of America reported incorrect information about the delinquency status of several second liens that were extinguished, resulting in more than \$400,000 in wasted tax dollars, including almost \$150,000 on a single loan. Treasury requested that Bank of America perform a lookback analysis to determine whether there were other instances of misreporting.
- **Wrongfully denying homeowners admission into HAMP:** Bank of America denied 79% of all who applied for HAMP. Bank of America has repeatedly wrongfully denied homeowners for HAMP. Bank of America's extremely high rate of denying people for HAMP requires oversight while it continues to assess homeowners applications.
- **Miscalculation of income:** Bank of America repeatedly miscalculated homeowner income. Miscalculation can lead to Bank of America denying a qualified homeowner for HAMP or setting a higher mortgage payment for people than is sustainable.
- **Risk of waste—Failing to reduce principal despite being paid by Treasury to do so:** In the HAMP principal reduction program, Treasury pays servicers typically several thousand tax dollars per mortgage to reduce the outstanding balance of underwater mortgages. Bank of America failed to reduce the principal despite being paid by Treasury about \$4,500 on average to do so. Bank of America did not reduce these homeowners' underwater balances until Treasury later inquired about the status of these homeowners.

- **Failure to notify homeowners in their 6th year of HAMP that they can lower their monthly payment:** Bank of America failed to notify homeowners on a timely basis and provided inaccurate information to homeowners who had successfully made their mortgage payments in HAMP for six years that the homeowners could lower their mortgage payment by re-amortizing (recasting) their unpaid principal balance. As a result, homeowners who successfully performed their obligation in HAMP may have paid a higher payment than was necessary.



Source: Treasury, 1MP Program Volumes - March 2017, accessed 4/19/2017; Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of Treasury HAMP data.

Nationstar has one of the worst track record in HAMP. Nationstar's violations of Treasury rules have been widespread spanning multiple quarters. Nationstar has shown little improvement and, even appears to be getting worse. Treasury recently found that Nationstar needed substantial improvement in complying with HAMP's rules.

- **Wrongful denying or failing to offer homeowners HAMP admission:** Nationstar has repeatedly wrongfully denied or failed to offer homeowners admission into HAMP.
- **Wrongful cancellation of homeowners out of HAMP:** Nationstar has wrongfully canceled homeowners out of HAMP. More than 58,000 homeowners who were in HAMP with Nationstar have fallen out of HAMP. Nationstar was paid \$178 million in TARP dollars for these canceled homeowners. More than 25,000 of these homeowners went into foreclosure or otherwise lost their home. Treasury does not know how many homeowners Nationstar has wrongfully terminated out of HAMP given their small sample size. In order to determine the full extent of mismanagement, Treasury could require Nationstar to conduct an independent review (paid for by Nationstar) and report on all people wrongfully canceled out of HAMP, while also requiring

additional controls to ensure that Nationstar timely and accurately posts homeowner payments.

- **Misreporting of homeowner payments:** Nationstar has repeatedly misreported homeowner payment information to Treasury that resulted in homeowner harm of lost TARP payments or wasted tax dollars. In some cases, Nationstar reported homeowners as delinquent when they had not missed payments.
- **Risk of Waste — Overcharging Treasury:** Treasury found, even recently, that it overpaid Nationstar due to Nationstar's faulty reporting. Nationstar modified ineligible mortgages, overcharging Treasury. Nationstar also misreported to Treasury leading to the overpayment of homeowner relocation incentives to homeowners who did not even live in the properties.
- **Failure to notify homeowners on timely basis about increase in mortgage payment:** Nationstar has repeatedly failed to timely notify homeowners in HAMP, as Treasury requires, that their interest rate was rising and therefore their mortgage payment was also rising.
- **Failure to notify homeowners in their 6th year of HAMP that they can lower their monthly payment:** Nationstar has not followed Treasury rules to provide timely notification to homeowners of their ability to re-amortize their mortgage, and lower their payment.
- **Miscalculation of income:** Nationstar has repeatedly miscalculated homeowner income. Miscalculation can lead to Nationstar denying a qualified homeowner for HAMP or setting a higher mortgage payment than is sustainable.



43%
Homeowners
denied for HAMP

146,174
People in HAMP
now or before

57,440
Homeowners fell
out of HAMP (39%)
costing taxpayers
\$397 million

Source: Treasury, 1MP Program Volumes - March 2017, accessed 4/19/2017; Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of Treasury HAMP data.

Select Portfolio is the only servicer out of the largest 7 servicers in HAMP that Treasury has not found to have wrongfully terminated homeowners out of HAMP. It also is the only one of the 7 servicers who denied admission to less than half of all homeowners that applied to HAMP.⁷³ Previously, Treasury has found that some instances where SPS misreported information that impacts the TARP funds that investors receive for current homeowners. Fixing that could represent a cost savings. However, that would require Treasury to determine the full extent of misreporting and TARP dollars.



88%
Homeowners
denied for HAMP

36,010
People in HAMP
now or before

12,905
Homeowners fell
out of HAMP (36%)
costing taxpayers
\$46 million

Source: Treasury, 1MP Program Volumes - March 2017, accessed 4/19/2017; Treasury, response to SIGTARP data call 4/7/2017; SIGTARP analysis of Treasury HAMP data.

CitiMortgage has had a track record of not following the Federal rules governing HAMP.

- **Risk of Waste — Late reporting homeowners who fell out of HAMP/ overcharging TARP:** CitiMortgage has wrongfully terminated homeowners out of HAMP. However, Treasury is not aware of the full extent of the problem, given its small sample size. Treasury found that in some instances CitiMortgage

delayed reporting the termination to Treasury, delaying sometimes more than 100 days, in one case delaying reporting to Treasury for more than 2 years and in another case more than 5 years. During this time, CitiMortgage would have received “pay for success” TARP payments, including \$1,000 each year to put towards principal, servicer payments (if the HAMP modification was in its first three years), and investor payments. These payments represent waste. Treasury also found other instances where CitiMortgage received TARP funds based on inaccurate reporting. Treasury is requiring CitiMortgage to identify the total population of mortgages that were part of misreporting related to termination of HAMP modifications.

- **Misapplication of investor payments:** CitiMortgage repeatedly misapplied payments causing homeowners to be reported as delinquent when they were not.
- **Denied 88% of homeowners seeking help in HAMP:** CitiMortgage has the highest rate of denying homeowners for admission to HAMP – 88%, which are 341,474 homeowners. CitiMortgage has one of the lengthiest delays of any major servicer in reviewing HAMP applications – up to 15 months, which could cause it to rush and wrongfully deny others for HAMP. This requires oversight.
- **Failure to notify homeowners in their 6th year of HAMP that they can lower their monthly payment:** CitiMortgage has repeatedly failed to provide homeowners who had successfully made their mortgage payments in HAMP for six years that they could re-amortize and reduce their mortgage payment.

SIGTARP Investigations Related to HAMP

SIGTARP’s investigations related to HAMP have: (1) shut down scams, bringing justice to 98 convicted scammers stealing homeowners’ money on a false promise that they can get a homeowner into HAMP, and then do little to nothing; and (2) led to DOJ actions against HAMP servicers related to misconduct and false representations to Treasury and/or homeowners. With the application period expired, SIGTARP will focus on investigations of mortgage servicers being paid with TARP dollars.

Investigations of HAMP Mortgage Servicers

SIGTARP’s investigations resulted into three DOJ actions against mortgage servicers, SunTrust Bank, JP Morgan and Bank of America.



Criminal conduct by SunTrust Bank: SIGTARP’s investigation of HAMP mortgage servicer SunTrust Mortgage, Inc., a subsidiary of TARP recipient SunTrust Bank, uncovered criminal conduct by SunTrust including that SunTrust made misrepresentations to homeowners seeking help from HAMP. SunTrust

failed to process HAMP applications timely, instead piling so many unopened FedEx packages of HAMP applications and homeowner documents in a room that the floor eventually buckled. SunTrust mass denied homeowners for HAMP, and then lied to Treasury about the reason why those homeowners were denied. The U.S. Attorney for the Western District of Virginia entered into a non-prosecution agreement of charges of mail fraud, wire fraud, and false statements to Treasury, with SunTrust Bank who paid \$225 million in restitution to victims and made significant corporate changes to prevent fraud.

Investigation into JP Morgan Chase's Misconduct in HAMP: DOJ brought an enforcement action against JP Morgan Chase for its failure to engage in adequate loss mitigation efforts (HAMP) for past due homeowners. Of this \$6,187,500 was attributed to SIGTARP's investigation.

Investigation into Bank of America's Misconduct in HAMP: DOJ brought an enforcement action against Bank of America for defrauding HAMP. Of this amount, \$6.5 million was attributed to SIGTARP's investigation.

SIGTARP will continue to investigate mortgage servicers participating in HAMP.

SIGTARP'S OVERSIGHT OVER THE HARDEST HIT FUND

SIGTARP conducts oversight through audits and investigations of the Hardest Hit Fund (“HHF”), a \$9.6 billion program that is in a ramp-up stage.

SIGTARP Investigations Related to HHF

SIGTARP is actively conducting criminal investigations related to the Hardest Hit Fund. In fiscal year 2017, two homeowners who received HHF dollars were indicted for false statements. One allegedly falsified his HHF application saying he was single when his wife worked at the state agency in charge of HHF. Another allegedly under reported cash savings to qualify for HHF.

SIGTARP Prioritizes Investigations in the More Than \$800 Million TARP-Funded Demolition Program.⁷⁴

Right now, we are analyzing data and conducting trend analysis to find crime proactively in the more than \$800 million blight demolition program.

SIGTARP's audits identified vulnerabilities to criminal behavior, including unfair competitive practices and fraud. SIGTARP's investigations root out these crimes.

SIGTARP Audit Oversight of HHF

The majority of SIGTARP's audit work is in response to concerns raised by members of Congress after SIGTARP identified waste, abuse or risks of fraud. SIGTARP works to identify cost saving recommendations. SIGTARP also identified previously spent federal funds that were wasted or abused, so that Treasury can seek repayment of those dollars. SIGTARP forensic auditors also refer potential fraud to SIGTARP agents. SIGTARP's audit priorities in the Hardest Hit Fund are to:

- Identify vulnerabilities to fraud in the HHF demolition programs
- Identify possible fraud by contractors, city or state agencies, or other local partners
- Identify waste by demolition contractors, city or state agencies, or other local partners
- Identify wasteful spending by state agencies paid with HHF dollars or their contractors
- Identify abuse by city or state agencies, or other local partners
- Identify mismanagement or inefficiency by state agencies paid with TARP dollars
- Identify potential cost savings and make recommendations

SIGTARP Identified Abuse in HHF Demolition Program

\$246,490

COST SAVINGS FROM SIGTARP RECOMMENDATIONS



Occupied house in Evansville, Indiana, demolished using TARP funds, photo provided to SIGTARP.

SIGTARP alert: As reported in Section 2, in December 2015, SIGTARP identified abuse by a city and state agency using TARP dollars to demolish occupied homes, rather than abandoned homes. SIGTARP uncovered that in Evansville, Indiana; people in 18 houses were evicted or asked to move to have the house qualify for TARP funding so that a car dealership could move to the site. The Indiana agency

administering HHF was aware that people lived in the homes. City inspection reports presented to the Indiana agency listed the homes as occupied. Despite Treasury's contract with the Indiana agency limiting HHF funds to vacant and abandoned houses, the Indiana agency approved the use of TARP. SIGTARP recommended that Treasury direct state agencies to limit HHF to demolish abandoned properties only in line with their contract, and claw back \$246,490 used to demolish the lived-in residences.⁷⁵

January 8, 2016 – Hearing to examine Treasury's oversight of the Hardest Hit Fund, Treasury's policies to ensure accountability and measure the effectiveness of the HHF program, and Treasury's policies to prevent misuse of program funds.

Chairman Jason Chaffetz

After SIGTARP's report: After notifying Treasury of this abuse, Chairman Jason Chaffetz of the House Oversight Committee scheduled a hearing on January 8, 2016.ⁱ

On January 15, 2016, Treasury issued state agencies a directive that the house must have been abandoned prior to initiating a demolition, the hearing did not go forward.⁷⁶ Treasury has not clawed back the \$246,490.

ⁱ United States House of Representatives, Hearing: Treasury Oversight of TARP's Hardest Hit Fund, www.house.gov/legislative/date/2016-01-08, accessed 4/10/2017.

SIGTARP Identified Vulnerabilities in HHF Demolition Program to Unfair Competitive Practices and Overcharging, Potentially Leading to Fraud and Waste

\$161 MILLION

COST SAVINGS FROM SIGTARP RECOMMENDATIONS



Blighted house used in PowerPoint for Evansville, Indiana, public meeting about HHF demolitions, photo provided to SIGTARP.

SIGTARP's June 2016 Report:

SIGTARP identified that the HHF subprogram for blight demolition is significantly vulnerable to the substantial risks of unfair competitive practices and overcharging. There is no requirement that limits reimbursement to only necessary and reasonable costs, or requirement for competition, which risks criminal behavior, fraud, and waste.⁷⁷

Treasury does not limit federal payments to costs that are necessary and reasonable—the normal standard in demolition contracts. Instead, Treasury set a worst-case-scenario maximum allowable cost of \$15,000 to \$35,000 per house, depending on the state.

Federal requirements for competition are critically important to keep programs fair, drive down costs, motivate better contractor performance, and help curb fraud, waste, abuse, favoritism, undue influence, contract steering, bid rigging, and other closed-door contract processes. SIGTARP identified that TARP's demolition program is vulnerable to the risk of these backroom unfair competitive practices. The TARP program had no federal requirements for competition in the awarding of contracts, and 5 of 7 state agencies did not have their own competition requirements.

After SIGTARP's report: In July 2016, members of the House Committee on Oversight and Government Reform including Chairman Jason Chaffetz, Chairman of Subcommittee Jim Jordan,

“Approximately \$458 million remains to be spent in the Blight Elimination Program. Treasury can still take action to implement SIGTARP's recommendations and create federal requirements to protect against waste, fraud, and abuse, while allowing for locally-tailored solutions and flexibility.”

Chairman Jason Chaffetz, Chairman Jim Jordan, Representative John J. Duncan, Jr., Representative Mick Mulvaney

Representative John J. Duncan, Jr., and Representative Mick Mulvaney, sent a letter to Treasury Secretary Lew citing to SIGTARP's audit findings, and their concerns. These members of Congress requested documents and information, including Treasury's timeline for fully responding to SIGTARP's recommendations.

After SIGTARP's report, Treasury implemented 2 out of 20 SIGTARP recommendations in the audit (1) limit TARP reimbursement to necessary and reasonable costs, and (2) require full and open competition. **Implementation of these two recommendations will save the government up to \$161 million.**

SIGTARP has 18 unimplemented recommendations in its audit, including those described in Section 2 of this report, that state agencies use best practices to determine necessary and reasonable costs and other recommendations to ensure full and open competition.

SIGTARP Identified \$8.2 Million in Wasteful Spending of HHF Dollars in Nevada

\$8.2 MILLION

COST SAVINGS FROM SIGTARP RECOMMENDATIONS

SIGTARP's September 2016 Report:

SIGTARP identified \$8.2 million in wasted TARP dollars and abuse by the Nevada Affordable Housing Assistance Corporation (NAHAC), the contractor selected by the Nevada Housing Division to administer HHF. SIGTARP found a deliberate attempt to use the TARP program as a cash cow for every expense imaginable, while NAHAC all but stopped admitting new homeowners.

SIGTARP recommended Treasury seek repayment of the following waste:

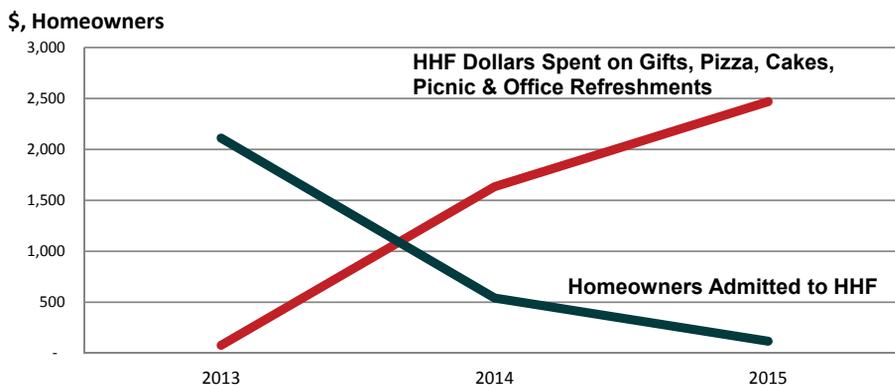
- \$11,000 for the CEO's car allowance for a Mercedes Benz
- \$20,000 for severance to the terminated CEO
- \$10,963.68 spent on **employee bonuses, employee gifts, employee outings, staff lunches and other employee perks.**
 - SIGTARP found that NAHAC used TARP funds to treat their employees to extravagant gifts and perks, all of which was charged to the HHF. NAHAC spent these funds at restaurants, a casino, a country club, on catering and employee gifts, and on an executive's bonus. Establishments where funds were spent include Herbs & Rye, named the nation's best "high volume cocktail bar," and the Dragon Ridge Country Club and Golf Course, which provides "championship golf, luxurious amenities and elegant service."
- \$5,811.27 spent for **holiday parties and gifts**
- \$100,385.20 wasted on **excessive rent, relocation and related costs**

- \$184,319.21 spent on **legal expenses** to defend violations and alleged violations of the law
 - HHF funds were used to pay lawyers to settle a federal investigation by the Department of Labor who found that NAHAC violated Federal law: employee discrimination lawsuits (block-billed at \$123,217), and for an ethics investigation (block-billed at \$18,160).
- \$26,395.70 to pay for **forensic auditors** to reconcile its books
- \$10,812.00 for the **independent auditor** to reconcile non-HHF bank accounts
- \$19,874.75 paid for the terminated CEO's **severance package**
- \$10,840.18 spent on **non-HHF expenses** identified by Treasury
- \$23,838.25 identified by Treasury for **unsupported and non-HHF expenses**
- \$2,241,396 in wasted excessive administrative expenses during 2015, which exceeded the per-homeowner-cost in 2013, and
- \$7,459,626.22 in overhead as NAHAC charged 100% of its overhead to HHF.

Taxpayers should not pay for non-performance under a government contract or pay for wasteful spending. In 2015, NAHAC kept one TARP dollar for every TARP dollar it gave to a homeowner. It kept for itself more than \$1.4 million of the \$2.4 million in TARP dollars spent. SIGTARP found that NAHAC dropped homeowner admissions to HHF to only 6% of admissions at its peak year, but still sought 100% of their overhead from TARP, while the number of homeowners admitted to the program plummeted 94 percent.⁷⁸ See Figure 4.1.

FIGURE 4.1

SPENDING BY HARDEST HIT FUND NEVADA COMPARED TO HOMEOWNERS APPROVED FOR HHF



Source: SIGTARP, Audit Report: "Waste and Abuse in the Hardest Hit Fund in Nevada", 9/9/2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 1/13/2017.

SIGTARP recommended that Treasury prohibit this contractor from HHF.
The Nevada Housing Division outsourced this work to this contractor, which is rare in HHF.

After SIGTARP's Report: Treasury has Only Sought Repayment of 1% of Waste and NAHAC Continues to Administer HHF

After the report, Senator Chuck Grassley sent a letter to Treasury expressing concerns about Treasury's oversight to prevent waste.⁷⁹ After receiving Treasury's

"The Treasury Department tiptoes around its responsibility to ensure that \$9.6 billion in taxpayer funding is used effectively to help vulnerable homeowners stay in their homes. Treasury writes the checks and relies on states to spend the money. If states don't pay attention to whether the money is spent properly, abuse can and does occur, as we saw in Nevada. This is unacceptable for both homeowners who were supposed to be helped by this program and the taxpayers. SIGTARP and the Government Accountability Office are right to conduct oversight and fill the void left by the Treasury Department."⁸⁰

Senator Chuck Grassley

response, Senator Grassley issued the following comment on Treasury's response:

The Nevada Housing Division released to the press an October 2015 letter sent to Treasury one year before SIGTARP's report where it suggested removing NAHAC from HHF based on a "List of State of Nevada Concerns" about NAHAC including:

- Lack of transparency, including private board decisions that led to the contraction of the program and the inability to disburse Treasury funding
- Poor customer service, including that NAHAC had an unpublished phone number, does not publish their office location, and does not encourage face-to-face communication with borrowers
- Complicated intake process compared to other states in HHF
- NAHAC has alienated prior working relationships with counseling agencies
- NAHAC's leadership is more concerned with funding than its customers and programs
- Key staff turnover
- The Nevada Housing Division is frustrated with the lack of communication with NAHAC
- NAHAC has not demonstrated it can meet its mission, goals, and timelines⁸¹

The Nevada Housing Division's representative told the press after SIGTARP's audit that he warned Treasury about NAHAC and "from that point forward [two years ago] the money stopped flowing and the housing division's attempts to try to intervene were blocked. We've been working with Treasury for two years to get NAHAC to change its ways." The Nevada Housing Division admits that NAHAC stopped flowing the TARP money out to homeowners, but still claims that NAHAC

should be entitled to expenses, despite the fact that Treasury's contract only allows those expenses that are necessary for the purpose of the program.⁸²

If Treasury had taken action to remove NAHAC after being warned by the state agency in October 2015, taxpayers could have saved one year of abused and wasted TARP dollars. In that year, Treasury paid NAHAC \$1.66 million while NAHAC only admitted a very small number of homeowners.⁸³

NAHAC issued a statement to the press saying, “[T]he new leadership team have been shifting the organization’s culture into one of accountability and transparency like never before to prevent such abuse and bad judgment from ever occurring again.”⁸⁴ NAHAC admits abuse (abuse that happened over a large timeframe with multiple CEOs), but refuses to pay back the money. And even with NAHAC’s admitted abuse, it continues administering HHF in Nevada, putting this program and these dollars at significant risk of waste and abuse. Any entity that has shown itself willing to waste Federal dollars should be removed from receiving more Federal dollars.

In April 2017, Treasury requested that NAHAC repay \$82,000 only 1% of \$8.2 million in TARP funds for expenses identified in SIGTARP’s audit.

Ongoing Priority Audit

In October 2016, at the request of Senator Grassley, SIGTARP opened an audit into expenses of 19 state agencies that were reimbursed with TARP funds: Having already found substantial waste in HHF Nevada, SIGTARP has honed its expertise to find any additional wasteful spending or spending by state agencies that is not “necessary to carry out the purpose” of HHF, which is the requirement in the contract with Treasury. Treasury has paid state agencies \$704 million as shown in Table 4.4.

Efficiency Controls Identified by SIGTARP

\$79.4 MILLION

COST SAVINGS FROM SIGTARP RECOMMENDATIONS

In April 2012, SIGTARP issued an audit that after two years, state agencies had only spent 3% of TARP dollars for the Hardest Hit Fund. In that audit, SIGTARP made five recommendations for Treasury to set performance goals for state agencies, measure state agencies against those goals, and develop an action plan to increase performance. Treasury implemented some of these recommendations by issuing action plans for certain underperforming state agencies, but did not always hold these state agencies accountable for meeting those goals. Taxpayers have paid greater costs for state agencies that have not been efficient in administering the program. By January 2015, seven of the 19 state agencies had either exhausted their allocated TARP dollars or stopped taking new homeowner applications,

TABLE 4.4

TARP DOLLARS FOR STATE AGENCY EXPENSES, AS OF 12/31/2016

State Agency	Administrative Expenses
Alabama	\$10,515,378
Arizona	23,603,831
California	161,932,922
Florida	70,879,322
Georgia	30,737,838
Illinois	37,357,036
Indiana	30,578,465
Kentucky	15,966,513
Michigan	38,662,336
Mississippi	12,612,410
Nevada	17,927,899
New Jersey	26,893,847
North Carolina	67,884,206
Ohio	52,034,798
Oregon	38,478,048
Rhode Island	10,163,889
South Carolina	34,422,922
Tennessee	19,677,566
Washington, DC	3,709,930
Total	\$704,039,156

Note: Administrative expenses are as reported on the states Quarterly Financial Reports.

Source: Treasury, response to SIGTARP data call, 4/4/2017.

which reduced their expenses by an average of 59%, expenses paid with TARP dollars. The remaining 12 state agencies were not as efficient in administering the program. This inefficiency resulted in \$79.4 million in excess administrative expenses through calendar years 2015 and 2016; expenses that were paid with TARP dollars and could have been saved if SIGTARP's recommendations had been fully implemented.

SIGTARP Identified Disproportionate Spending by State Agencies

\$54 MILLION

COST SAVINGS FROM SIGTARP RECOMMENDATIONS

After finding that the Nevada state agency contractor kept \$1 for its expenses for every \$1 it distributed to homeowners in 2015; SIGTARP recommended that Treasury disallow any administrative expenses claimed by state agencies that are disproportionate to the dollars provided to homeowners. On average, state agencies had spent approximately \$1 on their own administrative expenses for every \$10 in HHF assistance (10%), some spent more, and some less. If Treasury limits state agency administrative expenses reimbursed by TARP to only 10%, the Government would save up to \$54 million until 2020, based on current spending patterns.

October 2015 report on HHF Florida: At the request of Senator Bill Nelson, SIGTARP audited the Florida agency in HHF. Despite being paid more than \$53 million to distribute Federal dollars; SIGTARP reported in October 2015, that only 20% of the people who applied in Florida received assistance, the lowest of any state, and took nearly 6 months to provide assistance to applying homeowners. The state agency has since increased its admission rate to 29%.⁸⁵ While the admission rate in Florida still remains the lowest of all the HHF states, it shows that increased oversight over inefficient or mismanaged state agencies can lead to change.⁸⁶

State Agencies Inefficiency and/or Mismanagement in Providing HHF Assistance to American Workers

SIGTARP Quarterly Reports to Congress October 2015 through Present: HHF dollars have been slow to flow in many states and more than 170,000 people were denied HHF assistance. Starting October 2015, SIGTARP reported on low performing state agencies in homeowner admission rates, homeowner denial rates, and withdrawn homeowner application rates.

Fewer than half (42%) (276,083) of all 649,796 homeowners who sought HHF assistance were admitted to the program. Table 4.5 shows those state agencies who admitted less than 42% of applying homeowners.

TABLE 4.5

INEFFICIENT HHF STATE AGENCIES – LOW PERCENTAGE OF APPROVED APPLICATIONS, AS OF 12/31/2016

State Agency	Homeowners That Applied	Homeowners That Received Assistance	Homeowner Admission Rate
Florida	129,275	27,790	21.5%
Alabama	22,770	5,282	23.2%
Arizona	19,216	4,721	24.6%
Georgia	28,760	8,728	30.3%
Nevada	15,094	5,444	36.1%
New Jersey	15,315	6,250	40.8%
Oregon	29,241	12,005	41.1%

Sources: Treasury's Q4 2016 Quarterly Performance Reports, accessed from Treasury's Hardest Hit Fund – State by State Information website, www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx, accessed 4/3/2017; Treasury, "HFA Aggregate Quarterly Report Q4 2016," no date, www.treasury.gov/initiatives/financial-stability/reports/Documents/HFA%20Aggregate%20Q32016%20Report_v2.pdf, accessed 4/3/2017.

On a cumulative basis, HHF Florida, HHF Alabama, HHF Arizona were the most inefficient. Some state agencies are letting into the program far fewer than they had in the past, including HHF in Alabama at 19%, nearly half of the rate in 2014. HHF Florida helped 29% of unemployed and underemployed workers who applied, which is progress from 17% in the preceding year, but could open up even more. HHF Georgia admitted more unemployed and underemployed homeowners this year after a letter from their Congressman John Lewis, but is still very low at helping less than 40% of Georgia workers who apply.⁸⁷

State Agencies Inefficiency and/or Mismanagement – Denying High Numbers of Homeowners for HHF

Throughout the nation, state agencies denied 170,281 people – 26% of all who applied. Some state agencies denied higher rates of people, as listed in Table 4.6.

TABLE 4.6

INEFFICIENT STATE AGENCIES – HIGH PERCENTAGE OF DENIED HOMEOWNERS, AS OF 12/31/2016

State Agency	Homeowners That Applied	Homeowners Denied Assistance	Homeowner Denial Rate
Arizona	19,216	13,041	67.9%
New Jersey	15,315	8,022	52.4%
Georgia	28,760	11,438	39.8%
South Carolina	26,901	9,061	33.7%
Rhode Island	5,061	1,542	30.5%
Michigan	67,844	20,499	30.2%
California	157,844	44,431	28.1%

Sources: Treasury's Q4 2016 Quarterly Performance Reports, accessed from Treasury's Hardest Hit Fund – State by State Information website, www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx, accessed 4/3/2017; Treasury, "HFA Aggregate Quarterly Report Q4 2016," no date, www.treasury.gov/initiatives/financial-stability/reports/Documents/HFA%20Aggregate%20Q32016%20Report_v2.pdf, accessed 4/3/2017.

HHF Arizona, HHF New Jersey and HHF Georgia denied homeowners at the highest rate.

Some state agencies have recently started turning down more American workers than in the past, including HHF New Jersey at 77%, much higher than 47% in 2013, and HHF DC at 44%, far higher than 18% in 2014.⁸⁸

State Agencies Seeing High Numbers of Withdrawn Applications

There were 180,990 people saw their application withdrawn – 29% of all who applied to HHF. Some state agencies had an even higher amount of withdrawn applications, as shown in Table 4.7.

TABLE 4.7

INEFFICIENT STATE AGENCIES – HIGH PERCENTAGE OF WITHDRAWN APPLICATIONS, AS OF 12/31/2016

State Agency	Homeowners That Applied	Homeowner Applications Withdrawn	Homeowner Withdrawal Rate
Alabama	22,770	14,993	65.8%
Oregon	29,241	14,423	49.3%
Florida	129,275	55,819	43.2%
Nevada	15,094	5,884	39.0%
California	157,844	44,680	28.3%

Sources: Treasury's Q4 2016 Quarterly Performance Reports, accessed from Treasury's Hardest Hit Fund – State by State Information website, www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx, accessed 4/3/2017; Treasury, "HFA Aggregate Quarterly Report Q4 2016," no date, www.treasury.gov/initiatives/financial-stability/reports/Documents/HFA%20Aggregate%20Q32016%20Report_v2.pdf, accessed 4/3/2017.

“Resources are unused and SIGTARP’s negative audits and recommendations for HHF improvement have been disregarded.”

Representatives John Lewis, John Conyers, David Scott, Marcy Kaptur, Dina Titus, Brenda Lawrence, Henry C. Johnson, Jr., Alan Grayson, Mike Thompson, Corrine Brown, and Terri Sewell

The percentage of homeowners who withdrew their applications or had their applications withdrawn, were the highest in Alabama, Oregon, Florida and Nevada – 66% in Alabama, 49% in Oregon, 43% in Florida, and 39% in Nevada. This has gotten worse in Alabama, Ohio, and Florida. This could signal inefficiency or mismanagement, lengthy wait times, or program criteria that do not match the reality of workers in that state.⁸⁹

After SIGTARP’s reports: In March 2016, 11 Congressmen led by

Representative John Lewis, sent a letter to President Obama saying that the results presented by SIGTARP were “very troubling.”

These Members of Congress expressed concern that that: (1) fewer than half of homeowners who applied received help, and far fewer than that in certain states; (2) there were long waiting periods to receive assistance, and (3) that more than half of homeowners were ultimately denied help or had their applications withdrawn. Those Congressmen included Representatives John Lewis, John Conyers, David Scott, Marcy Kaptur, Dina Titus, Brenda Lawrence, Henry C. Johnson, Jr., Alan Grayson, Mike Thompson, Corrine Brown, and Terri Sewell.⁹⁰

The 11 Congressmen asked for executive action for Treasury to amend their HHF contracts with state agencies to implement SIGTARP's recommendations. However, SIGTARP's recommendations can be implemented without amending contracts, as long as Treasury issues guidance to the state agencies, just as it did related to houses being abandoned or related to blight.

Ongoing Priority Audit

At the request of Congressman John Lewis, SIGTARP opened an audit of HHF in three counties in Georgia: In September 2016, SIGTARP opened an audit of HHF in DeKalb, Fulton, and Clayton Counties in Georgia, at the request of Congressman John Lewis.

Preventing Fraud, Waste, and Abuse in HHF Homebuyer Assistance Programs

\$51.2 MILLION

COST SAVINGS FROM SIGTARP RECOMMENDATIONS

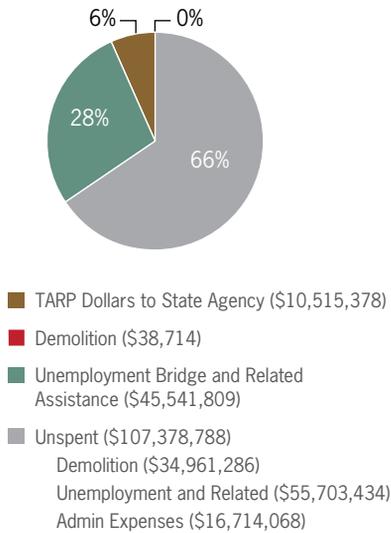
HHF also provides \$512 million in down payment assistance, ranging from \$7,500 to \$20,000 to homebuyers, and in 2015, SIGTARP made recommendations to Treasury to prevent fraud, waste, and abuse in homebuyer programs. Among these were recommendations to prevent fraud, such as requiring detailed reporting on who was receiving these dollars, whether they were buying the house in a non-arms-length transaction, whether there was commingling with state down payment assistance dollars, and the buyer certifying that they met the eligibility requirements. We also recommended that the state agency conduct background checks to determine if an applicant was convicted of a crime of dishonesty.⁹¹ These unimplemented recommendations can save the Government \$51.2 million based on the average 10% fraud found in Government programs.

HHF in Alabama

SIGTARP has identified significant inefficiencies at the Alabama state agency, despite being paid \$10.5 million in TARP. For example:

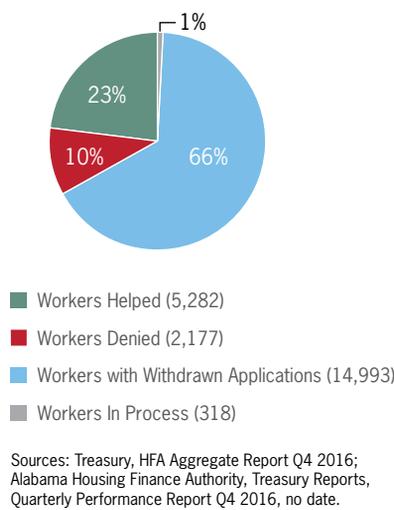
- In 6 years, HHF has helped only 5,282 Alabama homeowners and 66% of TARP dollars has not been spent
- Workers estimated being helped with HHF was cut by half
- Only 905 new Alabama homeowners were admitted last year
- Alabama’s HHF program has an application withdrawal rate of 66%, the highest of all 19 HHF states
- Only 23% of all people who applied received help—the second lowest of any state agency in HHF⁹²
- No one was admitted to an HHF program to help unemployed workers with a short sale, despite 203 people applying and only admitted 3% (134 of 3,844) of workers applying to an HHF program to modify mortgages
- After more than two years, only 3 houses have been demolished⁹³

FIGURE 4.2
HARDEST HIT FUND – USE OF FUNDS IN ALABAMA, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.3
STATUS OF ALABAMA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



TARP-Funded Demolition

After more than two years, the Alabama state agency has only demolished 3 houses using \$38,713, out of \$35 million.⁹⁴

TABLE 4.8

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN ALABAMA, AS OF 12/31/2016**

		Most Recent Quarter	Cumulative	
Properties Demolished/Removed		0	3	
City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Alabama (Statewide)	Alabama Association of Habitat for Humanity	\$—	0	0
Autauga County	Habitat for Humanity of Autauga and Chilton County	\$—	0	0
Birmingham	Greater Birmingham Habitat for Humanity	\$—	0	0
	Birmingham Land Bank	\$—		
Chilton County	Habitat for Humanity of Autauga and Chilton County	\$—	0	0
Hale County	Habitat for Humanity of Hale County	\$—	0	0
Jefferson	Greater Birmingham Habitat for Humanity	\$38,714	3	3

^a Alabama Housing Finance Authority.

^b Alabama HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

** Alabama Housing Finance Authority, Treasury Reports, Quarterly Performance Report, Q4 2016, no date.

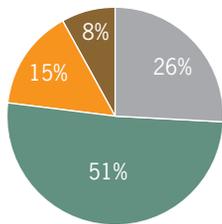
HHF in Arizona

SIGTARP has identified significant inefficiencies at the Arizona state agency, despite being paid \$23.6 million in TARP. For example:

- In 6 years, HHF has helped only 4,721 Arizona homeowners, 26% of TARP dollars has not been spent
- The Arizona state agency has not helped 14,308 or 74% of all workers who applied for help. In contrast, every home buyer who applied for assistance from the Arizona state agency to purchase a home received assistance (2,843 homebuyers)
- Only 24% of all people who applied received help—the third lowest of any HHF state
- Workers estimated being helped with HHF was cut by nearly half
- SIGTARP reported in January 2017 that it takes 51 to 131 days to process an application and many cannot withstand such a lengthy delay.⁹⁵ Arizona subsequently stopped reporting wait time.

FIGURE 4.4

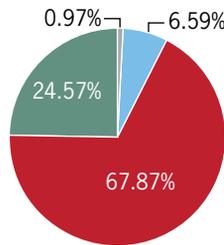
HARDEST HIT FUND – USE OF FUNDS IN ARIZONA, AS OF 12/31/2016



- TARP Dollars to State Agency (\$23,603,831)
- Homebuyer Assistance (\$43,501,003)
- Unemployment Bridge and Related Assistance (\$153,020,793)
- Unspent (\$78,489,041)
 Homebuyer Assistance (\$27,866,725)
 Unemployment and Related (\$34,446,402)
 Admin Expenses (\$16,175,914)

FIGURE 4.5

STATUS OF ARIZONA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (4,721)
- Workers Denied (13,041)
- Workers with Withdrawn Applications (1,267)
- Workers In Process (187)

Sources: Treasury, HFA Aggregate Report Q4 2016; Arizona (Home) Foreclosure Prevention Funding Corporation, Hardest Hit Fund Reporting (quarterly performance reports), Quarterly Performance Report Q4 2016, no date.

Source: Treasury, response to SIGTARP data call, 4/4/2017.

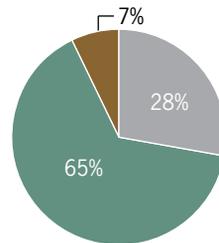
HHF in California

SIGTARP has identified inefficiencies at the California state agency, despite being paid \$162 million by Treasury to distribute \$2,358,590,320 in TARP funds.⁹⁶ For example:

- 44,680 of the 157,844 homeowners who applied for HHF either withdrew or were withdrawn by the state agency – one of the highest rates for HHF states.
- Over the past year, 6,007 of the 21,651 homeowners who applied for HHF in California withdrew their applications or had them withdrawn.
- Two programs were closed and defunded – one to help homeowners short sell their home and the other to help workers get principal reduction on their mortgage – neither program helped a single California homeowner.⁹⁷

FIGURE 4.6

HARDEST HIT FUND – USE OF FUNDS IN CALIFORNIA, AS OF 12/31/2016

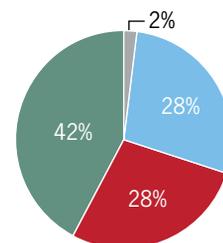


- TARP Dollars to State Agency (\$161,932,922)
- Unemployment Bridge and Related Assistance (\$1,578,287,230)
- Unspent (\$673,304,052)
Unemployment and Related (\$593,418,365)
Admin Expenses (\$79,885,687)

Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.7

STATUS OF CALIFORNIA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (65,544)
- Workers Denied (44,431)
- Workers with Withdrawn Applications (44,680)
- Workers In Process (3,189)

Sources: Treasury, HFA Aggregate Report Q4 2016; CalHFA Mortgage Assistance Corporation, "Keep Your Home California, Reports & Statistics, Quarterly Reports," Quarterly Performance Reports Q4 2016, no date.

HHF in Florida

SIGTARP has found significant inefficiencies in the Florida state agency, despite being paid \$70.8 million by Treasury to distribute TARP funds. In October, 2015, SIGTARP issued an audit report making findings about problems at the state agency.⁹⁸ Some of the problems with HHF in Florida include:

- Only 21% of workers seeking unemployment help from the Florida state agency actually received that help (27,790 of 129,275), while 98% (6,287) of homebuyers received help
- The Florida state agency had the third highest withdrawal rate (43%) of all the HHF states
- Over the last year 57% of homeowners withdrew their HHF application or had their application withdrawn
- In January 2017, SIGTARP reported that Florida homeowners had to wait between 160 and 238 days to get HHF assistance (depending on the program the homeowner applied for). Florida subsequently stopped reporting wait times.
- Only 1,532 homeowners received help from Florida’s HHF unemployment bridge program last year, while Florida currently has 500,666 unemployed workers
- Only 26% of the estimated number of homeowners received HHF help.⁹⁹

FIGURE 4.8
HARDEST HIT FUND – USE OF FUNDS IN FLORIDA, AS OF 12/31/2016

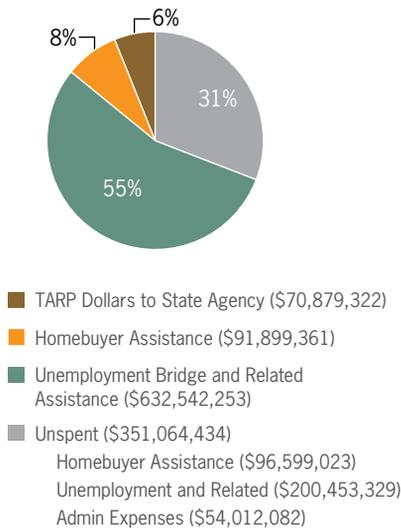
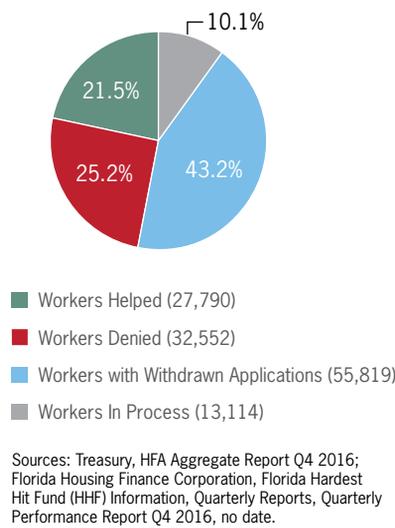


FIGURE 4.9
STATUS OF FLORIDA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

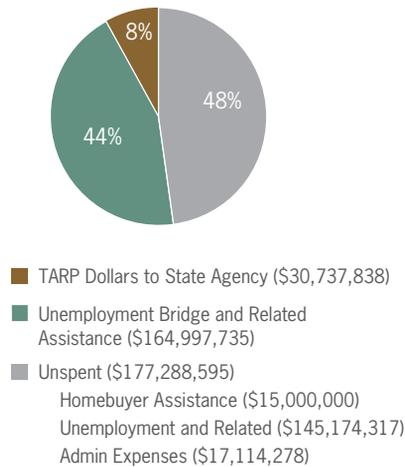
HHF in Georgia

SIGTARP has identified significant inefficiencies at the Georgia state agency, despite being paid \$30.7 million by Treasury to distribute Federal HHF dollars.¹⁰⁰ For example:

- More than two-thirds (67%) (19,390) of homeowners who applied did not receive HHF help
- In 6 years, only 8,728 homeowners received help from HHF - among the lowest rate of any HHF state
- 40% of workers who sought HHF help were denied by the state agency - among the highest in of all the HHF states.
- Over the last year only 1,287 workers were approved for the unemployment bridge and related programs
- Almost half of the TARP funds allocated to Georgia has not been spent
- The Georgia state agency lowered the number of workers it estimated helping with HHF by 31%
- In January 2017, SIGTARP reported that Georgia workers had to wait up to 6 months to receive that help.¹⁰¹ Georgia subsequently stopped reporting wait times

FIGURE 4.10

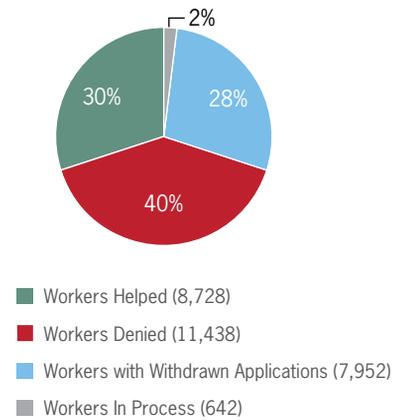
HARDEST HIT FUND – USE OF FUNDS IN GEORGIA, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.11

STATUS OF GEORGIA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



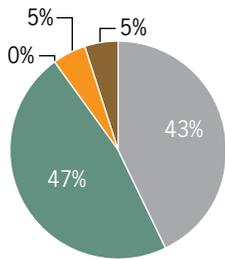
Sources: Treasury, HFA Aggregate Report Q4 2016; GHFA Affordable Housing Inc., HomeSafe Georgia, US Treasury Reports, Quarterly Performance Report Q4 2016, no date.

HHF in Illinois

SIGTARP has identified inefficiencies at the Illinois state agency, despite being paid \$37 million by Treasury. For example:

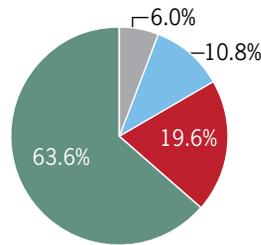
- In 6 years, HHF has helped only 14,474 Illinois homeowners
- 30% of all workers who have applied for assistance did not receive help
- Illinois homeowners who received HHF assistance had to wait between 67 to 165 days (depending on the program they applied for) to receive assistance
- Over the last year, the Illinois state agency only approved 23 workers for HHF assistance, while 352,376 workers are unemployed in Illinois
- Only 73 properties were demolished since the program started.¹⁰²

FIGURE 4.12
HARDEST HIT FUND – USE OF FUNDS IN ILLINOIS, AS OF 12/31/2016



- TARP Dollars to State Agency (\$37,357,036)
- Homebuyer Assistance (\$38,017,500)
- Demolition (\$1,929,572)
- Unemployment Bridge and Related Assistance (\$343,406,618)
- Unspent (\$313,220,388)
 - Homebuyer Assistance (\$34,982,500)
 - Unemployment and Related (\$232,245,280)
 - Demolition (\$15,070,428)
 - Admin Expenses (\$30,922,180)

FIGURE 4.13
STATUS OF ILLINOIS WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (14,474)
- Workers Denied (4,461)
- Workers with Withdrawn Applications (2,455)
- Workers In Process (1,371)

Sources: Treasury, HFA Aggregate Report Q4 2016; Illinois Housing Development Authority, Illinois Hardest Hit Program, Reporting, Quarterly Performance Report Q4 2016, no date.

Source: Treasury, response to SIGTARP data call, 4/4/2017.

TARP-Funded Demolition

After more than two years, the \$17 million TARP-funded demolition program in Illinois has just barely gotten off the ground. The Illinois state agency has only demolished 73 abandoned houses using \$1.9 million.¹⁰³

TABLE 4.9

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN ILLINOIS, AS OF 12/31/2016**

		Most Recent Quarter	Cumulative	
Properties Demolished/Removed		26	73	
City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Aurora	Fox Valley Habitat for Humanity	\$—		
	Joseph Corporation	\$—	0	0
	Northern Lights Development	\$—		
Centralia	BCMW Community	\$—		
	Services, Inc.	\$—	0	0
Chicago	Greater Englewood CDC	\$—		
	Sunshine Gospel Ministries	\$120,275	5	5
Chicago Heights	Cook County Land Bank Authority	\$—	0	0
Danville	Habitat for Humanity Danville	\$—	0	0
Evanston	Community Partners for Affordable Housing	\$—	0	0
	Northwestern Illinois Community Action Agency	\$—		
Freeport	NW Homestart, Inc.	\$278,853	0	11
Joliet	South Suburban Land Bank and Devt. Authority	\$209,163	5	8
Macomb	Western Illinois Regional Council Community Action Agency	\$—	0	0
Moline	Moline Community Development Corporation	\$117,550	0	4
Ottawa	Starved Rock Homes Development Corp	\$131,548	0	4
Park Forest	South Suburban Land Bank and Devt. Authority	\$65,022	2	2
Peoria	Peoria Citizens Community for Economic Opportunity	\$—	0	0
Riverdale	Cook County Land Bank Authority	\$144,700	8	8
Rock Island	Rock Island Economic Growth Corp.	\$286,560	0	9
Rockford	Rockford Corridor Improvement, Inc.	\$—	6	12
Round Lake Beach	The Fuller Center for Housing—Hero Project Lake County	\$—	0	0
	Enos Park Neighborhood Improvement Association	\$—		
Springfield	Nehemiah Expansion	\$—	0	0
	The Springfield Project	\$—		
Sterling	Rock Island Economic Growth Corp.	\$171,991	0	7
Urbana	Habitat for Humanity of Champaign County	\$81,162	0	3
Winnebago County	Comprehensive Community Solutions, Inc.	\$322,747	0	12

^a Illinois Housing Development Authority.

^b Illinois HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

** Illinois Housing Development Authority, Illinois Hardest Hit Program, Reporting, Quarterly Performance Report, Q4 2016, no date.

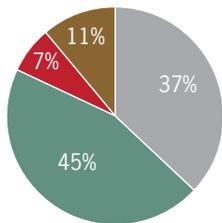
HHF in Indiana

SIGTARP has identified inefficiencies at the Indiana state agency, despite being paid \$31 million in TARP. For example:

- In 6 years, HHF has helped only 8,722 Indiana workers and 37% of TARP dollars has not been spent
- The Indiana state agency lowered the number of workers it estimated helping with HHF from 16,257 workers to 11,335 workers, as it shifted more TARP funds to demolition

FIGURE 4.14

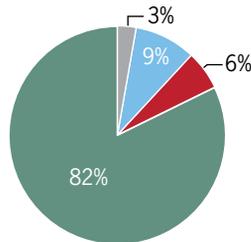
HARDEST HIT FUND – USE OF FUNDS IN INDIANA, AS OF 12/31/2016



- TARP Dollars to State Agency (\$30,578,465)
- Demolition (19,851,194)
- Unemployment Bridge and Related Assistance (\$130,370,225)
- Unspent (\$104,721,321)
Demolition (\$55,148,806)
Unemployment and Related (\$41,849,531)
Admin Expenses (\$7,722,984)

FIGURE 4.15

STATUS OF INDIANA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (8,722)
- Workers Denied (634)
- Workers with Withdrawn Applications (966)
- Workers In Process (282)

Sources: Treasury, HFA Aggregate Report Q4 2016; Indiana Housing and Community Development Authority, Indiana's Hardest Hit Fund, Quarterly Reports to the U.S. Treasury, Quarterly Performance Report Q4 2016, no date.

Source: Treasury, response to SIGTARP data call, 4/4/2017.

TARP-Funded Demolition

The \$75 million TARP-funded demolition program in Indiana has demolished 1,406 properties, spending almost \$20 million in TARP.¹⁰⁴

TABLE 4.10

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA, AS OF 12/31/2016**

			Most Recent Quarter	Cumulative		
Properties Demolished/Removed			207	1,217 ^b		
Locality	Partner^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date^c	Demolished in Most Recent Quarter	Demolished, Cumulative	
City of Alexandria	Alexandria Redevelopment Commission		\$272,586	0	19	
	Madison County Council of Governments		\$—			
		Miller's Excavating & Demolition				
City of Anderson	Anderson Community Development Corporation		\$220,219			
	Anderson Redevelopment Commission		\$265,231			
	Bethesda Missionary Baptist Church		\$21,734	5	33	
	Habitat for Humanity of Madison County		\$—			
	Operation MOVE-In, LLC		\$—			
	South Meridian Church of God		\$—			
			Shepherd Homes General Contractor			
			Gerry's Construction Services			
		Apfel, Inc.				
		Davis Excavating, Inc.				
City of Arcadia	Curtis and Mary Parr		\$21,015	0	1	
City of Auburn	City of Auburn Redevelopment Commission		\$—	0	1	
	Habitat for Humanity of Northeast Indiana		\$21,341			
		Knott Drainage & Excavating Inc.				
City of Austin	Austin Redevelopment Commission (ARC)		\$—	0	0	
	Southern Indiana Housing & Community Development Corp.		\$—			
City of Bicknell	Bicknell Bulldog Development Corporation		\$—	0	0	
City of Brazil	Clay County Economic Redevelopment Commission		\$79,520	9	9	
City of Brookville	Brookville Redevelopment Commission		\$—			
	Kara Knapp		\$—	0	0	
	Tammy Davis, III		\$—			
City of Cambridge City	Carla Boyles		\$—			
	Jonathan Winchester		\$—	0	0	
	Robert Fortman		\$—			
City of Coatesville	National Road Heritage Trail		\$14,736	0	1	
City of Columbus	ARA (Administrative Resources Association)		\$—			
	Southern Indiana Housing & Community Development Corporation		\$—	0	0	
	Thrive Alliance, Inc.		\$—			
City of Connersville	Connersville Urban Enterprise Association		\$99,499			
	House of Ruth		\$—	0	8	
	Whole Family Community Initiative, Inc./House of Ruth of Connersville		\$69,531			
		Frank Construction & Excavating, Inc.				
City of Daleville	Daleville Parks, Inc.		\$—	0	0	
City of Dearborn	Aurora Development Corporation		\$19,403			
	Casey Kaiser		\$11,109			
	City of Aurora Redevelopment Commission		\$—			
	John & Darlene Albright		\$8,672			
	Joseph Fette		\$—	0	8	
	Laura Williams		\$11,666			
	Linda Ketterman Revocable Trust		\$—			
	Moores Hill Redevelopment Commission		\$30,612			
	Robert and Janice Fehrman Revocable Trust		\$8,963			
	Victor C. Fay, III		\$14,328			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 12/31/2016 (CONTINUED)**

Locality	Partner*	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^c	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Decker	Cathy Griffith		\$—	0	1
	Darrell & Robin Lindsay		\$—		
	David & Bonnie Wehmeier		\$6,442		
	Decker Community Center		\$—		
	Doug Deyoe		\$—		
	Kathy Hartigan		\$—		
	William Beamon		\$—		
City of Delphi	Habitat for Humanity of Lafayette, Inc.		\$—	0	0
City of Dunkirk	Dunkirk Industrial Development Corporation	Kesler Excavating, LLC	\$96,959	0	9
City of East Chicago	East Chicago Department of Redevelopment	JM Industrial Services, Inc.	\$582,961	0	43
		Actin Contracting, LLC			
City of Edwardsport	Keith Martin		\$—	0	0
City of Elkhart	La Casa Real Estate Holding, LLC		\$255,455	0	13
		Elwood Redevelopment Commission		\$271,282	0
City of Elwood		Miller's Excavating & Demolition Renascent, Inc.			
City of Evansville	Amanda Hanna		\$—	0	64
	Comfort Homes		\$—		
	Community One, Inc.		\$25,000		
	David Clark		\$—		
	Echo Housing Corporation		\$102,876		
	Evansville Brownfields Corporation		\$529,890		
	Evansville Housing Authority		\$—		
	Full Gospel Mission, Inc.		\$19,572		
	Gethsemane Temple, Inc.		\$27,941		
	Gloria Peek		\$—		
	Habitat for Humanity of Evansville		\$83,574		
	Hope of Evansville		\$—		
	James Bradley		\$—		
	JBELL Properties, LLC		\$—		
	Jonathan Page		\$—		
	Memorial Community Development Corporation		\$26,279		
	New Odyssey Investments, LLC		\$384,383		
Ozanam Family Shelter Corp		\$17,738			
Pleasant Chapel General Baptist Church		\$—			
City of Fort Wayne		Hazex Construction Co.	\$3,461,014	43	179
		Diamond Green Group Inc.			
		Martin Enterprises Inc.			
		Patriot Engineering			
		Paul Davis Restoration			
		Protechs, Inc.			
		Rothberg Logan & Warsco LLP			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 12/31/2016** (CONTINUED)

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^c	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Gary	Broadway Area Community Development Corp.		\$97,808		
	City of Gary Redevelopment Commission		\$2,803,489		
	Fuller Center for Housing of Gary		\$182,011	28	317
	Sojourner Truth House		\$107,083		
	The Sojourner Truth House		\$—		
		C. Lee Construction Services			
		Gary Material Supply			
	Aavatar Enterprises				
	Actin Contracting, LLC				
	JM Industrial Services, Inc.				
	Spirit Wrecking & Excavation, Inc.				
City of Greens Fork	Diana & David L. Mosier		\$7,265		
	Mendy Rose		\$8,265	0	3
	Monty & Mary York		\$14,765		
City of Hagerstown	Edward Nugent		\$—		
	Joe Smith, Jefferson Township Trustee		\$—	0	0
	Randy Moles		\$—		
City of Hammond	Hammond Redevelopment Commission		\$—		
	United Neighborhoods, Inc.		\$346,412	6	21
		JM Industrial Services, Inc.			
	RSR Demolition, LLC				
City of Hartford City	Blackford Development Corporation		\$176,337		
	Community & Family Services		\$—		
	Jay Dawson		\$—	0	19
	Rosalie Adkins		\$—		
		Shroyer Bros Inc.			
City of Howard	Howard Redevelopment Commission		\$19,569		
	Jessee Trine		\$—	0	1
City of Indianapolis	Community Alliance of Far Eastside		\$—		
	Mapleton-Fall Creek Development Corporation		\$57,639		
	Near East Area Renewal, Inc.		\$95,704	42	95
	Near North Development Corporation		\$109,580		
	Renew Indianapolis		\$1,043,556		
	Riley Area Development Corporation		\$28,496		
		C&M Wrecking Inc.			
	Ray's Demolition LLC				
	Nel Main Interiors, Inc.				
	Construction Waste				
	Renascant, Inc.				
City of Kendallville	Campbell and Fetter Bank		\$—	0	0
City of Knox	Starke County Economic Development Foundation		\$53,273	0	4
	Kokomo Community Development Corp.		\$869,565	1	75
City of Kokomo		Freedom First Excavation and Demo LLC			
		Vincent Concrete			
		Merritt's Truck & Auto Repair			
		Donathon's Inspections			
		City of Firsts Excavating and Demo LLC			
		Yardberry Landscape Excavating			
	LA Excavating				
City of Lagro	David Pefley		\$—		
	Kevin Campbell		\$—	0	0

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 12/31/2016 (CONTINUED)**

Locality	Partner*	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^c	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Lawrence	Lawrence Community Development Corporation	Ray's Demolition LLC	\$57,351	0	5
City of Lebanon	Lebanon Community Development Corporation		\$38,550	2	3
City of Logansport	Logansport Municipal Building Corporation	Allback Construction LLC	\$565,552	0	33
		B&G Construction			
City of Marion	Marion Redevelopment Commission		\$1,070,751	0	63
		Keith Sullivan Excavating, Inc.			
		Dave's Excavating			
		Affordable Housing Corporation			
		Republic Services			
		Grant County Lawn Care			
		Randal Miller & Associates			
City of Montpelier	Blackford Development Corporation		\$30,578		
	Community and Family Services		\$—	0	3
City of Muncie		Shroyer Bros Inc.			
	Faith Builders		\$—		
City of New Castle	Muncie Redevelopment Commission		\$—	0	0
	Healthy Communities of Henry County		\$78,623		
	Henry County Redevelopment Commission		\$20,012		
	Interlocal Community Action Program, Inc.		\$72,074	6	30
	New Castle Housing Authority		\$—		
	Westminster Community Center		\$69,998		
City of Oaktown		Neal Scrap Metals LLC			
	Knox County Housing Authority		\$—	0	0
City of Peru	Habitat for Humanity of Miami County, Inc.		\$—		
	Miami County Economic Development Authority		\$20,643		
	Miami County Master Gardener Association		\$—	1	1
	Scratching Post Cat Rescue		\$—		
City of Portland	Community and Family Services		\$42,588	3	3
City of Pulaski	White's General Contracting		\$—	0	0
City of Richland City	The Friends of Richland		\$61,670	0	4
	Good News Habitat for Humanity, Inc. (Formerly Habitat for Humanity of Greater Richmond)		\$203,478	0	103
City of Richmond	Neighborhood Services Clearinghouse		\$1,370,777		
		Culy Contracting, Inc.			
		Mikesell Excavating Inc			
		Cox Excavating Plus			
		Complete Demolition Services LLC			
City of Rising Sun		Pro Lawn Care & Landscaping			
	Redevelopment Commission of the City of Rising Sun, IN		\$116,536		
	RSOC Senior Citizen Housing Inc.		\$—	0	5
City of Rushville		Total Property Care, LLC			
City of Shelbyville	Southern Indiana Housing & Community Development Corp	Holman Excavating LLC	\$151,916	3	9
City of Silver Lake	Habitat for Humanity of Shelby County		\$85,635	0	5
City of South Bend	Silver Lake Education Foundation		\$29,252	0	3
	Near Northwest Neighborhood, Inc.	Indiana Earth, Inc	\$153,522		
City of St. Joe	South Bend Heritage Foundation		\$174,675	1	61
	Urban Enterprise Association		\$699,216		
	Habitat for Humanity of Northeast Indiana		\$—		
City of St. Joe	Larry Griffin		\$—	0	0
	Michael Mills		\$—		

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 12/31/2016** (CONTINUED)

Locality	Partner*	Contractors/Subcontractors	Disbursements to Partners, Program to Date*	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Sullivan		Freedom First Excavating and Demo LLC			
City of Sweetser	Sweetser Redevelopment Commission		\$24,898	0	2
	Terre Haute Department of Redevelopment		\$192,693		
City of Terre Haute	West Terre Haute Redevelopment Commission		\$—	0	16
		Bell & Bell Demolition Inc.			
		Hoggatt Excavating & Demolition			
City of Vigo	West Terre Haute Redevelopment Commission		\$—	0	0
	Carol Anderson		\$—		
	Chris Case		\$—		
	Dan Vories		\$—		
	Forest and Charity Davis		\$—		
	Jack Stilwell		\$—		
	Karen Evans		\$—		
	Larry Stuckman		\$—		
	Leonard Stevenson		\$—		
City of Vincennes	Mark Loveman		\$—		
	Matt McCoy		\$—	0	0
	Priscilla Wissell		\$—		
	Randall E. Madison		\$—		
	Rick Szudy		\$—		
	Spiritwoman Greywolfe		\$—		
	Steven Kramer		\$—		
	Thursday Church		\$—		
	United Pentecostal Tabernacle		\$—		
	William Ridge		\$—		
City of Walton	Cass County Redevelopment Commission		\$—	0	0
	Alan, Daryl & Elizabeth (Griggs) Saltzman		\$—		
	Andy & Donna VanWinkle		\$15,012		
	Barbara & Kenneth Klippel		\$—		
	Bettye Lee		\$13,466		
	Boonville Now		\$259,008		
	Brian Hendrickson		\$12,070		
	Charles L. Allen		\$—		
	Chris Lunn		\$25,000		
	Clifford Hayden		\$12,108		
	Habitat For Humanity of Warrick County		\$20,282		
City of Warrick	James B. Decker, II		\$13,579	8	33
	Josh Barnett		\$22,166		
	Larry & Karen Willis		\$15,487		
	Larry D. Speicher & Scott R. Speicher		\$14,336		
	Lori Lamar		\$15,618		
	Ronald & Annis M. Marshall		\$10,057		
	Ronald Evans		\$—		
	Scott Speicher		\$—		
	Terry D. Cline and Kathy J. Cline		\$11,966		
	Tim A McKinney		\$11,364		
	Wesle & Maureen Hack		\$13,916		
	Zachary Lee Bailey		\$—		

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 12/31/2016 (CONTINUED)**

Locality	Partner*	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^c	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Washington	Davies County Economic Development Foundation, Inc.		\$—		
	Habitat for Humanity of Daviess County, Inc.		\$—	0	0
	Washington Housing Authority		\$—		
City of Waterloo	Habitat for Humanity of Northeast Indiana		\$50,428		
	RP Wakefield Co.		\$15,699	0	9
	Waterloo Redevelopment Commission		\$106,317		
Town of Silver Lake		Greene Excavating			
Town of Waterloo		Knott Drainage & Excavating Inc.			
Dearborn County		Probst Excavating Inc.	\$—	1	8
Elkhart County		Pelley Excavating	\$—	6	13
Gibson County	Anna Keil		\$10,842		
	Barnaby Knoll		\$58,808		
	Billy Ray Walden		\$22,473		
	Brandon & Jane Taylor		\$10,775		
	Brenda Boyer		\$—		
	Brenda Farber		\$18,000		
	Brian C. Dawson		\$16,388		
	Chris Schmidt		\$14,720		
	Daniel & Sherry Engler		\$18,756		
	Daniel R. Engler and Sherry L. Engler		\$—		
	David Hill		\$13,700		
	Donald Keith & Wilma Newcome		\$9,811		
	Elizabeth Schlacks		\$—		
	Gloria & Jose Garcia		\$14,495		
	Jason Spindler		\$—		
	Jay & Richard Stevens		\$14,831		
	John D. Young		\$18,540		
	Joseph & Judith Gardner		\$17,062		
	Keith Perkins		\$—		
	Kenneth Wolf		\$12,575	14	41
	Leslie Marshall		\$16,869		
	Lillie E. Gardner Wheelhouse, Joseph H. Gardner and Judith L. Gardner		\$—		
	Mark A. Tooley		\$—		
	Nancy Carsey, Jay and Richard Stevens		\$—		
	Nicholas Burns		\$29,656		
	Princeton Redevelopment Commission		\$145,576		
	Ralph Debord		\$26,450		
	Randall A. Scales		\$15,425		
	Richard Ellis		\$16,899		
	Richard Kolb		\$—		
	Rick and Elaine Sides		\$—		
	Scott & Kathryn St. Clair		\$9,942		
	Shela Besing		\$19,793		
Sheryl & Allen Isakson		\$12,204			
Steven & Brian Dyson		\$17,887			
Thomas Johnstone		\$30,250			
Tim Thompson		\$31,675			
Timothy A. Beadles		\$—			
		Naas & Son, LLC			
Greene County	Greene Redevelopment Commission	Carr-Thomas Construction Inc.	\$51,085	0	4

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 12/31/2016 (CONTINUED)**

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^c	Demolished in Most Recent Quarter	Demolished, Cumulative
Posey County	Allen and Erma Roedel		\$—		
	Beverly Stone & Katrina Wagner		\$13,645		
	Brett Newman		\$—		
	Bruce and Kathy Martin		\$—		
	Dale Reuter		\$22,382		
	James C. Welch, Jr		\$—	0	16
	Karen Baker		\$—		
	Mt. Vernon Redevelopment Commission		\$165,668		
	Randall Yeida and Susan Marshall		\$—		
	Sherriell Thompson		\$—		
			Naas & Son, LLC		
		Earth Services			
Sullivan County	Sullivan City Redevelopment Commission		\$135,760	9	10
Warrick County		Jerry Aigner Construction, Inc.			

^a Indiana Housing and Community Development Authority.

^b From Indiana's Quarterly Performance Report: "Due to human error, the cumulative demolished/removed value in the Q1-2016 report was understated by 234 properties."

^c Indiana HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

**Indiana Housing and Community Development Authority, Indiana's Hardest Hit Fund, Quarterly Reports to the U.S. Treasury, Quarterly Performance Report, Q4 2016, no date

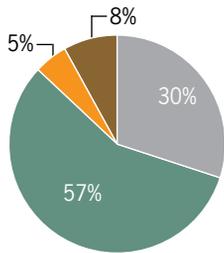
HHF in Kentucky

The Kentucky state agency has been paid \$16 million by Treasury to distribute these Federal dollars. For example:

- Last year, only 1,205 Kentucky workers received HHF help through Kentucky's unemployment program, despite there being approximately 100,000 unemployed workers in Kentucky
- 92% of homebuyers received help, while 17% of homeowners were denied and 12% of homeowners had their applications withdrawn
- In January 2017, SIGTARP reported that Kentucky homeowners had to wait 51 days to receive help.¹⁰⁵ Kentucky subsequently stopped reporting wait times.

FIGURE 4.16

HARDEST HIT FUND – USE OF FUNDS IN KENTUCKY, AS OF 12/31/2016

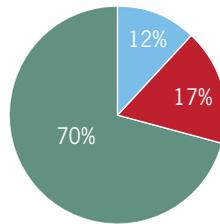


- TARP Dollars to State Agency (\$15,966,513)
- Homebuyer Assistance (\$11,219,977)
- Unemployment Bridge and Related Assistance (\$120,186,075)
- Unspent (\$62,768,751)
- Homebuyer Assistance (\$13,030,023)
- Unemployment and Related (\$45,729,856)
- Admin Expenses (\$4,008,872)

Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.17

STATUS OF KENTUCKY WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (8,757)
- Workers Denied (2,169)
- Workers with Withdrawn Applications (1,523)
- Workers In Process (0)

Sources: Treasury, HFA Aggregate Report Q4 2016; Kentucky Housing Corporation, Quarterly Performance Report Q4 2016.

HHF in Michigan

SIGTARP has identified significant inefficiencies at the Michigan state agency, despite being paid \$38.6 million in TARP.¹⁰⁶ For example:

- In 6 years, HHF has helped only 33,285 Michigan homeowners
- Half of all workers seeking help from the state agency were not helped
- 12,653 people who earned less than \$30,000 per year were denied assistance, 71% of those who were denied, but 1,176 people earning more than \$90,000 per year, and 1,884 people making between \$70-\$89,999 per year received HHF help.^{iv,107}
- Treasury suspended payments for blight demolition in Detroit

FIGURE 4.18

HARDEST HIT FUND – USE OF FUNDS IN MICHIGAN, AS OF 12/31/2016

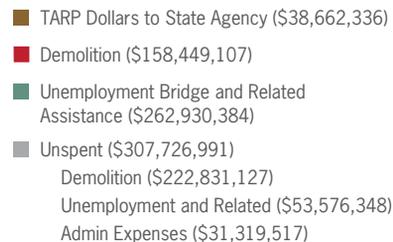
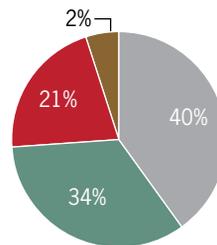
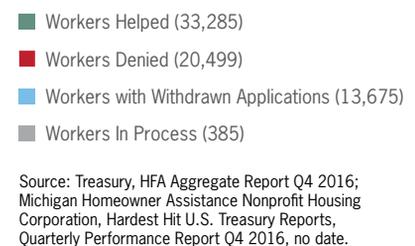
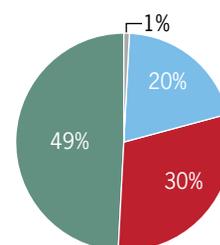


FIGURE 4.19

STATUS OF MICHIGAN WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

TARP-Funded Demolition

The \$381.2 million TARP-funded demolition program has demolished 10,253 homes in Michigan, after more than three years, spending \$158.4 million on demolition.¹⁰⁸

^{iv} Data as of June 30, 2016. See SIGTARP's January 11, 2017, evaluation "Improving TARP's Investment in American Workers".

TABLE 4.11

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN, AS OF 12/31/2016 ***

							Most Recent Quarter	Cumulative				
Properties Demolished/Removed							404	10,253				
City	Partner ^a	Primary Demolition Contractor	Demolitions	TARP Dollars Used	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative					
Adrian	Lenawee County Land Bank Authority	Slusarski Excavating & Paving Inc.	8	\$160,257	\$160,257	0	8					
		Adamo	2,073	\$34,454,180								
		Homich	1,575	\$26,501,242								
		DMC Group	579	\$9,196,448								
		Rickman Enterprise Group, LLC	371	\$6,703,625								
		Able Demolition	400	\$6,369,995								
		MCM Mangement Corp	333	\$5,050,110								
		ABC DEMOLITION COMPANY, INC.	292	\$4,222,778								
		Farrow Group	167	\$2,854,729								
		BLUE STAR	191	\$2,728,453								
Detroit	Detroit Land Bank Authority	Esso Wrecking	108	\$1,683,443	\$103,435,460	260	6,356					
		Salenbien Trucking and Excavating, INC	116	\$1,659,113								
		Jenkins	46	\$494,084								
		313 Construction, LLC	27	\$431,505								
		ESSO	26	\$399,227								
		Direct Construction Services, LLC	24	\$350,079								
		Smalley Construction	19	\$193,828								
		Time Savers	6	\$94,070								
		C	1	\$19,850								
		Rademacher	1	\$16,522								
		Not Provided	1	\$12,180								
		Ecorse	Wayne Metro – Ecorse	International Construction Inc				42	\$558,564	\$981,706	4	72
				Lyle Demolition LLC				20	\$263,443			
				Salenbien Trucking and Excavating, INC				10	\$159,699			
North American Dlstmantling Corp.	654			\$8,647,858								
Fick Excavating, Inc.	376			\$4,463,435								
L Zellar and Sons Excavating, Inc.	350			\$4,363,327								
Salenbien Trucking and Excavating, INC	193			\$2,956,927								
L.A. Construction Corp	220			\$2,892,539								
S.C. Environmental Services, LLC	60			\$789,852								
Kristine Sue Stanley	57			\$724,054								
Flint	Genesee County Land Bank Authority	W. T. Stevens Construction, Inc.	54	\$489,436	\$25,513,263	71	1,980					
		Efficient Demolition, Inc.	9	\$104,113								
		Jack Fick Excavating Inc.	4	\$55,484								
		Jennifer	2	\$17,732								
		Fleta Mitchell	1	\$8,506								

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN, AS OF 12/31/2016** (CONTINUED)

City	Partner ^a	Primary Demolition Contractor	Demolitions	TARP Dollars Used	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
		Specialized Demolition, Inc.	15	\$364,890			
	Habitat for Humanity of Kent County	Pitsch Companies, Inc.	11	\$253,934	\$631,744	0	117
		Not Provided	1	\$12,920			
Grand Rapids		Pitsch Companies, Inc.	51	\$908,183			
		Specialized Demolition, Inc.	29	\$586,609			
	Kent County Land Bank Authority	ECO Demolition	5	\$119,284	\$1,720,383	0	90
		River City Excavating	3	\$59,625			
		F Lax Construction	1	\$25,000			
		Not Provided	1	\$21,682			
Highland Park	Michigan Land Bank (Highland Park)	Salenbien Trucking and Excavating, INC	86	\$1,912,443	\$1,912,443	3	86
Inkster	Michigan Land Bank (Inkster)	Salenbien Trucking and Excavating, INC	13	\$275,211	\$275,211	2	13
		Snow Country Contracting, Inc.	15	\$289,248			
Ironwood	Gogebic County Land Bank Authority	Angelo Luppino, Inc.	8	\$172,856	\$522,003	0	27
		Associated Constructors, LLC	4	\$59,899			
		Smalley Construction	109	\$2,399,304			
		Salenbien Trucking and Excavating, INC	41	\$949,452			
Jackson	John George Home, Inc.	Dunigan Brothers	26	\$584,316	\$4,321,228	15	195
		R A Baker	16	\$330,514			
		Lester Brothers	3	\$57,642			
Lansing	Ingham County Land Bank Fast Track Authority	S.C. Environmental Services, LLC	136	\$1,942,909	\$2,766,446	3	193
		Bolle Contracting, Inc	57	\$823,537			
Muskegon Heights	Muskegon County Land Bank Authority	Melching	110	\$1,215,517	\$1,543,232	41	144
		JMB	34	\$327,715			
		Able Demolition	74	\$1,024,528			
		BLUE STAR	38	\$555,583			
		Salenbien Trucking and Excavating, INC	9	\$215,787			
Pontiac	Michigan Land Bank (Pontiac)	313 Construction, LLC	9	\$94,866	\$1,992,968	2	137
		Homich	2	\$47,140			
		O'Brien Construction c/o ADR Consultants, LLC	4	\$44,788			
		Merlo Construction	1	\$10,276			
Port Huron	Port Huron Neighborhood Housing Corporation	S.A. Torello	24	\$558,140	\$771,362	2	35
		L&J Construction	6	\$113,004			
		Hammar's Contracting	5	\$100,218			
		Salenbien Trucking and Excavating, INC	30	\$502,050			
River Rouge	Wayne Metro (River Rouge)	Superior Wrecking Inc.	9	\$110,605	\$718,675	1	48
		E Gilbert & Sons	9	\$106,020			
		Rodney Woods Builder	578	\$7,784,722			
Saginaw	Saginaw County Land Bank Authority	Rohde Brothers Excavation	131	\$1,569,697	\$11,196,003	0	842
		Mead & Sons Contracting, Inc	99	\$1,317,713			
		Braddock Demolition	34	\$523,871			
TOTAL			10,253	\$158,462,386			

Notes:

^a Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA).^b Michigan HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

** Michigan Homeowner Assistance Nonprofit Housing Corporation, Hardest Hit U.S. Treasury Reports, Quarterly Performance Report Q4 2016, no date.

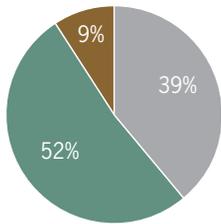
HHF in Mississippi

SIGTARP has identified inefficiencies at the Mississippi state agency, despite being paid \$12.6 million in TARP. For example:

- In 6 years, HHF has helped only 4,118 Mississippi homeowners and 39% of TARP dollars has not been spent.
- SIGTARP reported in January 2017 that Mississippi homeowners typically had to wait about 100 days to get HHF assistance. Mississippi subsequently stopped reporting wait times
- Only 529 new Mississippi homeowners were admitted to HHF last year
- 33% of 6,315 Mississippi workers who applied for HHF help did not receive it.¹⁰⁹

FIGURE 4.20

HARDEST HIT FUND – USE OF FUNDS IN MISSISSIPPI, AS OF 12/31/2016

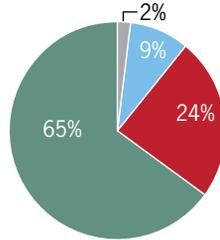


- TARP Dollars to State Agency (\$12,612,410)
- Unemployment Bridge and Related Assistance (\$75,870,901)
- Unspent (\$56,334,188)
Demolition (\$20,000,000)
Unemployment and Related (\$27,420,270)
Admin Expenses (\$8,913,917)

Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.21

STATUS OF MISSISSIPPI WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (4,118)
- Workers Denied (1,488)
- Workers with Withdrawn Applications (569)
- Workers In Process (140)

Sources: Treasury, HFA Aggregate Report Q4 2016; Mississippi Home Corporation, Hardest Hit Fund Performance Data Report, Quarterly Performance Report Q4 2016, no date.

TARP-Funded Demolition

The Mississippi state agency’s \$20 million TARP-funded demolition program is brand new, as of December 19, 2016, and has not yet gotten off the ground.¹¹⁰

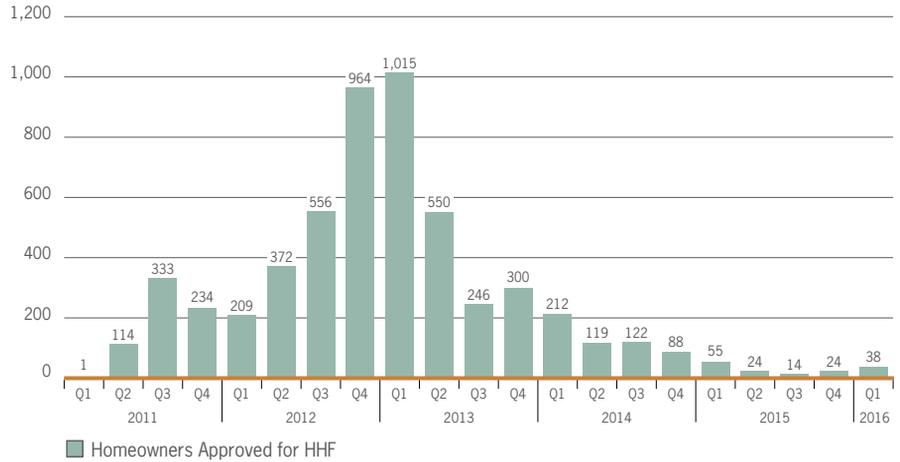
HHF in Nevada

SIGTARP has identified the Nevada state agency as one of the worst in HHF, despite being paid \$17.9 million in TARP. For example:

- Nevada had a 94% drop in number of homeowners helped from 2013-2015, see Figure 4.22.
- In the fourth quarter of 2016, only 27 homeowners in the entire state received help from HHF¹¹¹
- Almost half of the TARP dollars have not been spent

FIGURE 4.22

NEVADA HOMEOWNERS APPROVED FOR HHF, BY QUARTER

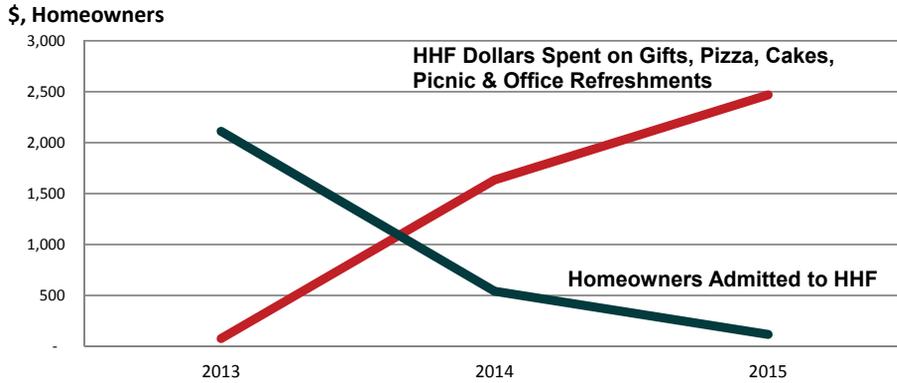


Source: SIGTARP Audit Report, "Waste and Abuse in the Hardest Hit Fund in Nevada", 9/9/2016, https://www.sigtarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 1/25/2017.

- The number of workers estimated being helped by HHF was lowered by 54%
- Since 2013 spending by the Nevada state agency has increased while the number of homeowners helped has decreased, see Figure 4.23

FIGURE 4.23

SPENDING BY HARDEST HIT FUND NEVADA COMPARED TO HOMEOWNERS APPROVED FOR HHF

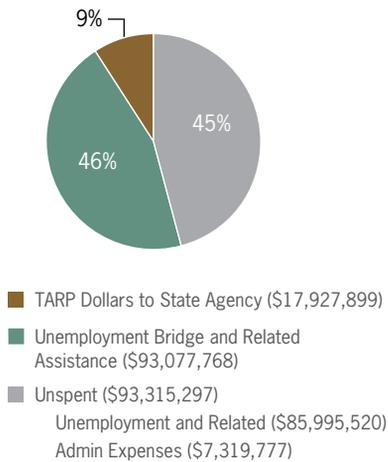


Source: SIGTARP, Audit Report: "Waste and Abuse in the Hardest Hit Fund in Nevada", 9/9/2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 1/13/2017.

- Only 36% of all people who applied got HHF help, despite the state’s persistently high mortgage delinquencies, foreclosures and unemployment
- In the last year, 87% of those who applied for help did not receive it
- 39% of homeowners withdrew or had their application withdrawn – one of the worst HHF withdrawal rates
- Not a single homeowner was admitted to a Nevada HHF program to help unemployed workers recast and refinance their mortgage or to a home retention program¹¹²

FIGURE 4.24

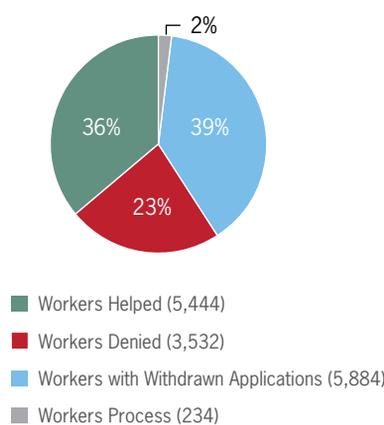
HARDEST HIT FUND – USE OF FUNDS IN NEVADA, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.25

STATUS OF NEVADA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



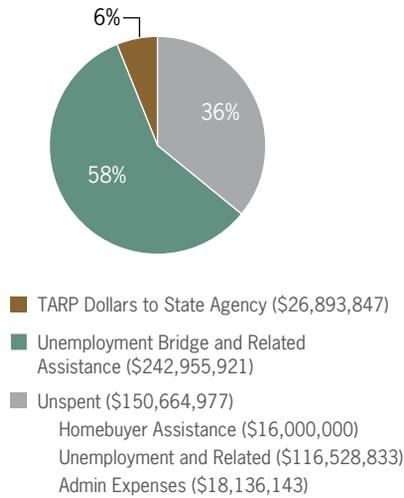
Sources: Treasury, HFA Aggregate Report Q4 2016; Nevada Affordable Housing Assistance Corporation, Quarterly Performance Report Q4 2016, no date.

HHF in New Jersey

SIGTARP has identified significant inefficiencies at the New Jersey state agency, despite being paid \$26.9 million in TARP.¹¹³ For example:

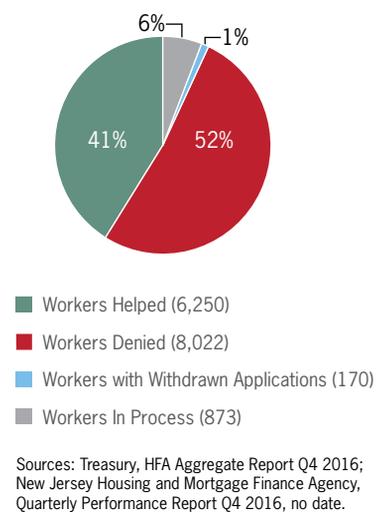
- In 6 years, HHF has helped only 6,250 New Jersey homeowners, less than half of applicants and 35% of TARP dollars has not been spent
- 52% of workers who sought help in New Jersey were denied HHF help – one of highest denial rates in HHF states
- Only 20% of those who applied for help last year received it - among the very lowest of the HHF states
- 8 out of 10 workers seeking help last year were denied, one of the highest denial rates of all 19 HHF states.
- New Jersey workers had to wait 188 days to get HHF assistance¹¹⁴

FIGURE 4.26
HARDEST HIT FUND – USE OF FUNDS IN NEW JERSEY, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.27
STATUS OF NEW JERSEY WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



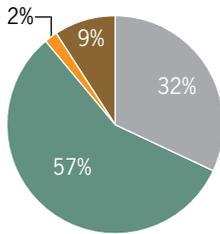
HHF in North Carolina

SIGTARP has identified inefficiencies at the North Carolina state agency, despite being paid more than \$67.8 million in TARP.¹¹⁵ For example:

- In 6 years, HHF has helped 23,470 North Carolina homeowners
- Two programs designed to help homeowners modify their loans and recast their monthly payments were closed without helping a single homeowner
- The state agency has provided assistance to 78% of first-time homebuyers who applied for HHF down payment assistance, paying up to \$15,000 each
- SIGTARP reported in January 2017 that homeowners seeking help in North Carolina had to wait from 62 to 112 days to receive assistance. North Carolina subsequently stopped reporting wait time.¹¹⁶

FIGURE 4.28

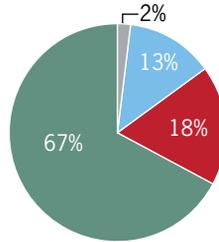
HARDEST HIT FUND – USE OF FUNDS IN NORTH CAROLINA, AS OF 12/31/2016



- TARP Dollars to State Agency (\$67,884,206)
- Homebuyer Assistance (\$14,955,000)
- Unemployment Bridge and Related Assistance (\$408,687,171)
- Unspent (\$228,585,530)
Homebuyer Assistance (\$45,062,494)
Unemployment and Related (\$155,598,994)
Admin Expenses (\$27,924,042)

FIGURE 4.29

STATUS OF NORTH CAROLINA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (23,470)
 - Workers Denied (6,445)
 - Workers with Withdrawn Applications (4,510)
 - Workers In Process (533)
- Sources: Treasury, HFA Aggregate Report Q4 2016; North Carolina Housing Finance Agency, Quarterly Performance Report Q4 2016, no date.

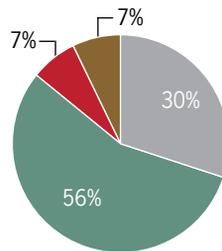
Source: Treasury, response to SIGTARP data call, 4/4/2017.

HHF in Ohio

SIGTARP has identified inefficiencies at the the Ohio state agency, despite being paid \$52 million in TARP.¹¹⁷ For example:

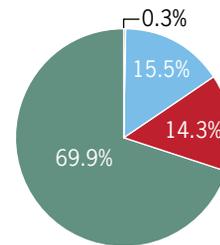
- While the Ohio state agency assisted 24,541 Ohio homeowners with HHF, it has not helped nearly one out of every three applicants
- An HHF program to help homeowners refinance their homes ended without helping a single person; while another program designed to help homeowners with transition assistance only helped 75 homeowners over the last five years
- In January 2017, SIGTARP reported that Ohio workers seeking help from HHF had to wait up to 233 to 366 days before receiving assistance. Subsequently, Ohio stopped reporting on wait times.

FIGURE 4.30
HARDEST HIT FUND – USE OF FUNDS IN OHIO, AS OF 12/31/2016



- TARP Dollars to State Agency (\$52,034,798)
- Demolition (\$57,557,887)
- Unemployment Bridge and Related Assistance (\$427,604,988)
- Unspent (\$230,664,104)
Demolition (\$180,470,815)
Unemployment and Related (\$35,669,351)
Admin Expenses (\$14,523,938)

FIGURE 4.31
STATUS OF OHIO WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (24,541)
 - Workers Denied (5,020)
 - Workers with Withdrawn Applications (5,435)
 - Workers In Process (112)
- Sources: Treasury, HFA Aggregate Report Q4 2016; Ohio Homeowner Assistance LLC, Quarterly Performance Report Q4 2016, no date.

Source: Treasury, response to SIGTARP data call, 4/4/2017.

TARP-Funded Demolition

The \$238 million TARP-funded demolition program in Ohio, has demolished 4,186 abandoned houses using \$57 million, since August 2013. This is the second highest number of demolitions in the HHF program.¹¹⁸

TABLE 4.12

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016**

			Most Recent Quarter	Cumulative	
Properties Demolished/Removed			699	3,422	
City/County	Partner^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date^b	Demolished in Most Recent Quarter	Demolished, Cumulative
	Ashtabula County Land Reutilization Corporation		\$917,886	18	57
Ashtabula		Adams Services Inc.			
		Ashtabula County Port Authority			
		Lower Cork Co.			
		McCall and Spero Environmental Inc.			
		Medico Systems Inc			
		Monit-Air Group Inc.			
	Butler County Land Reutilization Corporation		\$540,921	23	36
Butler		Evans Landscaping			
		Humble Environmental Service			
		S/R Industries aka Sharon Roth			
		Timothy W. Carlson Attorney			
		Vickers Demolition			
		Watson Gravel Inc			
	Clark County Land Reutilization Corporation		\$537,929	10	35
Clark		Bonnie's Nursery & Garden Center			
		Clark County Auditor's Office			
		Clark County Clerk of Courts			
		Clark County Community Development			
		EHS Laboratories - Environmental Hazard Services			
		Huffman Tree Company LLC			
		KC Fencing Unlimited LLC			
		Law Office Mark F. Roberts			
		Neighborhood Housing Partnership of Greater Springfield, Inc.			
		Perry's Lawncare & Landscaping			
	Tony Smith Wrecking				
	Columbiana County Land Reutilization Corporation		\$448,338	7	26
Columbiana		Yarian Brothers Construction, Inc.			
	Cuyahoga County Land Reutilization Corporation		\$20,960,990	198	1,601
Cuyahoga		23823 Ltd LLC			
		A&D Contracting			
		ABC Construction, LLC			
		Aero Abatement Services, Inc			
		AL's Home Repair Services			
		American Metal and Wood Salvage, Inc.			
		American Railroad Tie & Stone Co			
		AMJ Construction			
		AMW Salvage			
		Arbor Pro Tree Care			
		Arick's Services			
		Baumann Enterprises, Inc.			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
		Behr Geo Environmental LLC			
		Beneficial Properties Inc.			
		Broadway D&R Contracting			
		C & J Contractors Inc			
		Carey Roofing and Construction Corporation			
		CarTeCor Management LLC			
		Chemtron Corporation			
		Cherokee Demolition			
		CLB Services LLC			
		Coleman Trucking Inc			
		Danzey Landscaping, Inc.			
		ETA Development Inc.			
		Everest Land Title Agency Inc.			
		Expert Reclaim Inc			
		Foresight EHS			
		Glenn A Smith Sr Consulting			
		Great Lakes Contracting			
		HEZ Enterprises LLC			
		Hooks Landscaping & Snow Plowing, LLC			
		Integrity Environmental Development, LLC			
		JF Construction and Environmental LLC			
		JJK Environmental Cleaning			
		Jubilee Excavation			
		King's Sons 820, Inc.			
		Kingsway Contracting			
		Kurtz Brothers, Inc			
		L & S Lab Consulting Inc.			
		Lawrence Properties & Rehab. Inc			
		Lee Environmental Cleaning LLC			
		Liberty Tire Recycling			
		Lightening General Contractors			
		Lightning Demolition			
		M & R Industries, Inc.			
		m.a.c. Paran Consulting			
		Mark Brookins/Ginmark Inc.			
		Midtown Demolition			
		Miles Builders			
		New Vista Enterprises			
		O.B.O. Demolition and Construction			
		OBON			
		One Reliable Home Solutions			
		Operation Clean Sweep			
		Otis Maintenance			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
		Paran Consulting			
		Partners Environmental Consulting Inc.			
		Precision Environmental Co			
		R.C.I. Services			
		SafeAir Contractors			
		T & T Demolition			
		The Afco Group			
		The Barker Group			
		The Opal Industrial Group, LLC			
		Uptown Environmental Services LLC			
		Urban Recycling 216			
		Vlora Construction Inc.			
		XL Excavating			
	Erie County Land Reutilization Corporation		\$144,854	0	10
Erie		Great Lakes Demolition Co.			
		Holcomb Enterprises LLC			
		Stone Environmental, LLC			
	Fairfield County Land Reutilization Corp		\$297,168	4	17
Fairfield		Fairfield County Treasurer			
		Fairfield County Clerk of Courts			
		Fairfield County Port Authority			
		Fairhaven Lawn Care			
		Krikbride Lawn Care			
		LEPI Enterprises Inc			
		Ricketts Excavating, Inc.			
		Vinton County National Bank			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Franklin	Central Ohio Community Improvement Corporation		\$5,678,962	53	356
		Bronze Star Construction			
		City of Columbus			
		Colvin Gravel Company			
		CTL Engineering, Inc.			
		Demo Construction, LLC			
		Department of Development; City of Columbus			
		DSS Services LLC			
		Egner Construction			
		Franklin County, Ohio			
		Friends of the Hilltop			
		H & H Environmental			
		Hina Environmental Solutions, LLC			
		Lowendick, LLC			
		Luper Neidenthal & Logan			
		McCall and Spero Environmental Inc.			
		McDaniel's Construction Corporation, Inc.			
		Miles-McClellan Construction Company, Inc.			
		North American Environmental Services, LLC			
		Ohio Technical Service, Inc.			
	Poindexter Community Renaissance LLC				
	R3 Inc				
	Rain Brothers, LLC				
	Ransom Company				
	Savaas or Savvas Ramone LLC				
	Superior Enterprises Unlimited LLC				
	Watson General Contracting				
Hamilton	Hamilton County Land Reutilization Corporation		\$2,324,336	46	151
		Allgeier and Sons Inc			
		Battle Axe Construction LLC			
		Building Value, LLC			
		City of Cincinnati Code Enforcement			
		Fiscus Trucking & Excavating, Inc.			
		Just Right Construction & Lawn Care Service			
		Lawn Life			
		Logan Creek LLC			
		Port of Greater Cincinnati Development Authority			
		R & J Construction Services			
		Rainbow Environmental Services			
		SRW Environmental Services, Inc.			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Jefferson	Jefferson County Land Reutilization Corporation		\$310,929	0	24
		Bruzzese & Calabria Attorneys at Law			
		CT Consultants			
		D&L Unlimited Construction			
		Dave Buckmaster Plumbing & Heating			
		Jefferson County Auditor			
		Jefferson County Regional Planning Commission			
		Lawrence T. Piergallini			
		Littlejohn Law, LLC			
		Office of the Prosecuting Attorney			
		Raze International, Inc			
		Thomas Wilson			
	X-Treme Demolition				
Lake	Lake County Land Reutilization Corp		\$342,049	2	22
		Blackmore's Security Inc			
		Conway Land Title Company			
		Crisp Analytical, LLC			
		Cuyahoga HHF Acquisitions, LLC			
		Jim Hall Tree Service			
		JMW Trucking			
		Lake Erie Lawn Service			
	Pillar Excavating				
Lorain	Lorain County Land Reutilization Corporation		\$1,549,556	77	109
		Diamond Services, Inc.			
		JP Environmental Consulting, Inc.			
	Old Republic National Title Insurance Company				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
	Lucas County Land Reutilization Corporation		\$9,106,805	106	782
		All Aspects			
		DMD Environmental, Inc.			
		E&H Taylor Construction, Inc.			
		ESI Ecological Services, Inc			
		Hazcorp Environmental Services, Inc.			
		Jackson Industries Corp.			
		LCLRC Holdings LLC			
		Midwest Environmental Control, Inc.			
		Paxton Demolition			
Lucas		SL Hauling & Renovations LLC			
		Total Environmental Services, LLC			
		TTL Associates Inc.			
		City of Toledo			
		J Walker Construction			
		Mike's Hauling and Demolition			
		PB Fabrication & Dismantling			
		T. Smidi Hauling			
		TJRS-LLC			
		Wes Boykin Trucking			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Mahoning	Mahoning County Land Reutilization Corp		\$2,213,524	12	152
		Adamczak LLC			
		Battle Axe Construction LLC			
		Canfield Fence Company			
		Capital Title Services., Inc.			
		Cyclone Services, Inc.			
		Environmental Protection Systems LLC			
		Howland Company, LLC			
		Lien Forward Ohio			
		Logan Creek LLC			
		Mahoning County Prosecuting Attorney			
		McCall and Spero Environmental, Inc.			
		MCM Services (Maximus Consulting LLC)			
		Metro Land Title Agency, Inc.			
		Ron's Tree & Lawn Service, Inc.			
		SAFECO Environmental, Inc.			
		Safeguard Title Agency			
		Siegel Excavating LLC			
		SKW Prep, LLC			
		Sly's Landscaping			
	Steve Biroshak				
	Triple-Diamond Trucking & Excavating, LLC				
	Upscale Landscaping & Lawn Maintenance Inc.				
	Western Reserve Title & Escrow Inc.				
	White Inc. Associates				
	Youngstown Neighborhood Development				
Montgomery	Montgomery County Land Reutilization Corp		\$3,358,596	51	225
		Bladecutters Lawn Service, Inc.			
		Central Insulation Systems			
		Charles Jergens Construction			
		Chicago Title Company, LLC			
		City of Dayton			
		Coolidge Wall Co			
		CountyCorp			
		Hart Environmental Resources			
		Montgomery County Clerk of Courts			
		Ohio Technical Service, Inc.			
		Rainbow Home Environmental Services			
		Sierra Environmental Group, Inc.			
		Tall View Palladium Inc.			
		The Evans Group			
	Turn-Key Environmental Consultants, Inc.				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Portage	Portage County Land Reutilization Corporation		\$196,245	8	14
		Butcher and Sons Excavating			
		Diamond Environmental			
		Neighborhood Development Services, Inc.			
		Woodford Excavating LLC			
Richland	Richland County Land Reutilization Corp		\$885,908	14	65
		Accurate Key & Lock Service			
		Certified Environmental, Inc.			
		Chem-Tech Consultants, Inc.			
		H & T Demolition			
		Lowe's Home Centers, LLC			
		Ours Excavating			
		Page Excavating, Inc.			
		Rex's Landscaping & Construction, LLC.			
		Richland County Habitat for Humanity			
	Southern Title of Ohio, Ltd.				
	Wallace Turf Care				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
	Stark County Land Reutilization Corp		\$2,816,389	50	190
		Al's General Building Contractor, LLC			
		american title associates agency,, Inc			
		Analytical Services			
		AWI, Inc.			
		Bertolini Trucking			
		Boswell Concrete, Inc.			
		Campbell Excavating			
		Cardinal Environmental Services, Inc.			
		City of Canton			
		Cottrill Wrecking			
		CRS General Contracting			
		Cutler Homes			
		Danmar Services			
		DCV Construction			
		DDH Construction			
		Emerald Environmental, Inc.			
		FER Title Agency, LLC			
Stark		HEPA Environmental Services Inc.			
		Heritage Union Title			
		Howland Company, LLC			
		John D. Ferrero			
		L & L General Contractors			
		Moore Title Group			
		Paramount Inc.			
		Phillip Schandel			
		PS Construction			
		Quality Care Construction			
		SAG Construction			
		Stark County Clerk of Courts			
		Steve Martin Construction			
		T & L Pest Control			
		The Dell Group, Inc.			
		The Press News			
		Title One Agency, Inc.			
		Urban Green Solutions			

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TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
	Summit County Land Reutilization Corp		\$1,979,771	5	132
		AC Lawncare & Landscaping			
		Akron Legal News			
		Assured Abatement Removal			
		Butcher and Son, Inc.			
		Cardinal Environmental Services, Inc.			
		CLB Services LLC			
		Development Finance Authority of Summit County			
		Diamond Environmental			
		Diamond Services, Inc.			
		Emerald Environmental, Inc.			
		First Security Title Corporation			
		Foresight EHS			
		GCS Industrial Services, Ltd			
		Habitat for Humanity of Summit County			
		HEPA Environmental Services Inc.			
		Howland Company, LLC			
Summit		HZW Environmental Consultants LLC			
		Jim Gangle Bulldozing & Excavating Co Inc			
		M & R Industries, Inc.			
		Mark Hostetler Masonry Contractor			
		Minnesota Insured Title			
		Obsidian Environmental Corp			
		Partners Environmental Consulting Inc.			
		Perkins Lawn Maintenance			
		Quality Landscape Services			
		Ray Bertolini Trucking Co			
		SafeAir Contractors			
		Summit County Clerk of Courts			
		Taylor Companies of Ohio			
		The Dell Group, Inc.			
		Titanium Title Agency, LLC			
		TRW Construction LLC			
		Zollinger Sand & Gravel Co			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 9/30/2016 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
	Trumbull County Land Reutilization Corp		\$2,216,872	15	172
		ABS Environmental, Inc.			
		Bauman Land Title Agency, Inc.			
		Diamond Environmental			
		Harrington House & Gardens			
		Hoffman & Walker Co. LPA			
		Holton Inc			
		Howland Company, LLC			
		HZW Environmental Consultants LLC			
		Jireh Properties, LTD			
		M & R Industries, Inc.			
Trumbull		Schubert Title Agency, Inc.			
		South Park Title Agency, Inc.			
		The Title Company of Warren			
		Trumbull County Legal News			
		Valley Title & Escrow Agency, Inc.			
		Jireh Properties, LTD			
		M & R Industries, Inc.			
		Schubert Title Agency, Inc.			
		South Park Title Agency, Inc.			
		The Title Company of Warren			
		Trumbull County Legal News			
		Valley Title & Escrow Agency, Inc.			

^a Ohio Homeowner Assistance LLC.^b Ohio HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

** Ohio Homeowner Assistance LLC, Save the Dream Ohio: Quarterly Reports, Quarterly Performance Report, Q3 2016, no date.

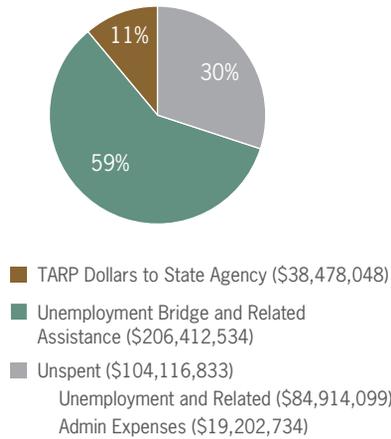
HHF in Oregon

The Oregon state agency has been paid \$38.4 million in TARP.¹¹⁹ There can be improvements:

- The state agency did not approve a single homeowner for HHF unemployment last year for 2016 – while 82,353 people remain unemployed in Oregon
- The Oregon state agency has not helped over half of workers who applied
- 14,423 of the workers seeking help from HHF in Oregon have had their application withdrawn – 49% of all applications
- Oregon homeowners receiving HHF assistance waited 159 days to receive assistance. Oregon has stopped reporting wait times.¹²⁰

FIGURE 4.32

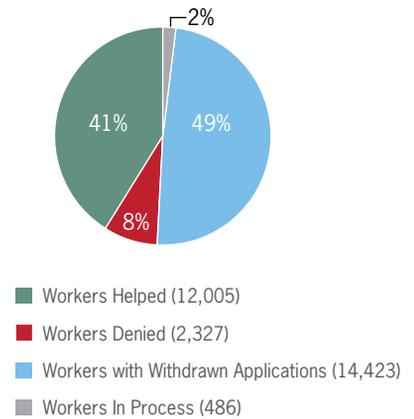
HARDEST HIT FUND – USE OF FUNDS IN OREGON, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.33

STATUS OF OREGON WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



Sources: Treasury, HFA Aggregate Report Q4 2016; Oregon Affordable Housing Assistance Corporation, Quarterly Performance Report Q4 2016, no date.

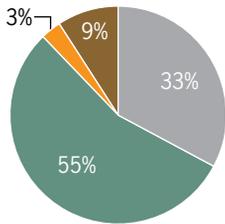
HHF in Rhode Island

SIGTARP has identified significant inefficiencies at the Rhode Island state agency, despite being paid \$10.1 million in TARP.¹²¹ For example:

- In 6 years, HHF, has helped only 3,091 Rhode Island homeowners
- The number of workers estimated to be helped with HHF was reduced by 68%
- Rhode Island homeowners receiving HHF help waited 143 days from application to receive that assistance. Rhode Island has stopped reporting wait times.
- The state agency helped just over one half of workers seeking help to buy a home¹²²

FIGURE 4.34

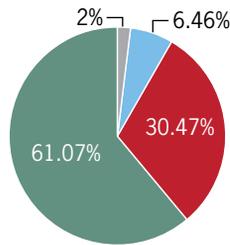
HARDEST HIT FUND – USE OF FUNDS IN RHODE ISLAND, AS OF 12/31/2016



- TARP Dollars to State Agency (\$10,163,889)
- Homebuyer Assistance (\$3,280,000)
- Unemployment Bridge and Related Assistance (\$64,991,736)
- Unspent (\$39,091,637)
- Homebuyer Assistance (\$1,420,877)
- Unemployment and Related (\$30,422,690)
- Admin Expenses (\$7,248,070)

FIGURE 4.35

STATUS OF RHODE ISLAND WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (3,091)
 - Workers Denied (1,542)
 - Workers with Withdrawn Applications (327)
 - Workers In Process (101)
- Sources: Treasury, HFA Aggregate Report Q4 2016; Rhode Island Housing and Mortgage Finance Corporation, Quarterly Performance Report Q4 2016, no date.

Source: Treasury, response to SIGTARP data call, 4/4/2017.

HHF in South Carolina

SIGTARP has identified significant inefficiencies at the South Carolina state agency, despite being being paid \$34.4 million by Treasury to distribute these Federal dollars.¹²³ For example:

- In 6 years, HHF in South Carolina has helped less than half of the homeowners seeking assistance
- One of three workers were denied help, the 4th highest rate of denying homeowners of all 19 HHF states, in the past year
- 21% of workers seeking help withdrew their application or saw their application withdrawn
- SIGTARP reported in January 2017 that South Carolina homeowners waited 139 to 288 days from application to get assistance. South Carolina subsequently stopped reporting wait times.
- Through December 2016, just 34.5% of the state’s peak estimate of helping 34,100 homeowners have received help
- Two HHF programs did not help a single homeowner, the Second Mortgage Assistance Program, and the HAMP Assistance Program, before closing in 2011 and 2013, respectively
- A transition program only helped 340 people despite a peak estimate of 6,000

FIGURE 4.36

HARDEST HIT FUND – USE OF FUNDS IN SOUTH CAROLINA, AS OF 12/31/2016

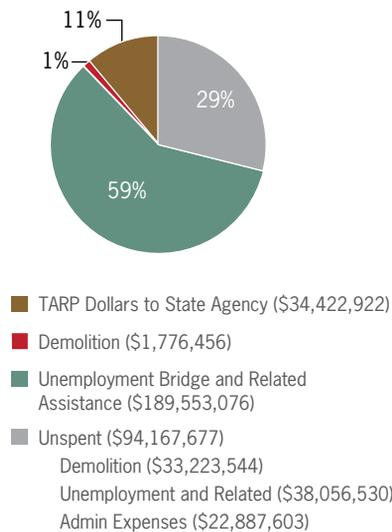
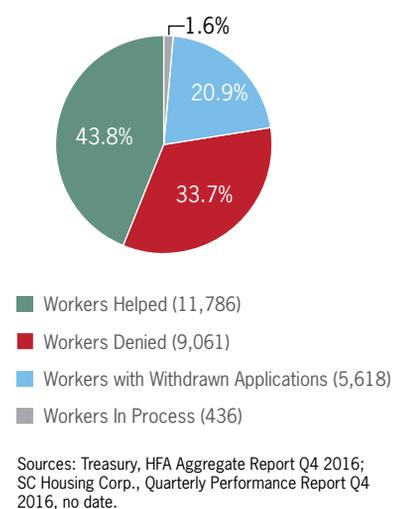


FIGURE 4.37

STATUS OF SOUTH CAROLINA WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



Source: Treasury, response to SIGTARP data call, 4/4/2017.

TARP-Funded Demolition

In more than two years, it has only demolished 90 abandoned houses, using \$1.7 million out of \$35 million.¹²⁴

TABLE 4.13

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN SOUTH CAROLINA, AS OF 12/31/2016**

Properties Demolished/Removed			Most Recent Quarter	Cumulative
			30	90
City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Aiken County	Nehemiah Community Revitalization Corp.	\$—	7	7
	Second Baptist CDC	\$138,730		
Allendale County	Allendale County Alive	\$—	0	0
	Southeastern Housing Foundation	\$—		
Anderson County	Anderson Community Development Corp.	\$—	0	0
	Nehemiah Community Revitalization Corp.	\$—		
Bamberg County	Pelzer Heritage Commission	\$—	0	3
	Southeastern Housing Foundation (Bamberg Co.)	\$—		
Barnwell County	Blackville, CDC	\$—	0	3
	Southeastern Housing Foundation (Blackville)	\$—		
Charleston County	Southeastern Housing Foundation (Williston)	\$—	0	0
	City of North Charleston/Metanoia	\$—		
Chester County	PASTORS, Inc.	\$—	0	0
	Sea Island Habitat for Humanity	\$—		
Chesterfield County	Not Available	\$—	0	0
Darlington County	Town of Cheraw Community Development Corp.	\$285,703	5	17
Florence County	Darlington County Habitat for Humanity	\$—	0	0
Greenville County	Downtown Development Corporation	\$—	10	14
	Allen Temple Community Economic Devt. Corp.	\$—		
	Genesis Homes	\$270,246		
	Habitat for Humanity of Greenville County	\$13,720		
	Homes of Hope, Inc.	\$100,442		
	United Housing Connections	\$34,121		
Greenwood County	Greenwood Area Habitat for Humanity	\$—	0	0
Hampton County	Southeastern Housing Foundation	\$—	0	0
	Myrtle Beach Community Land Trust	\$—		
Horry County	Grand Strand Housing & CDC	\$—	0	0
	Habitat for Humanity of Horry County	\$—		
Kershaw County	Santee-Lynches Regional Development Corp.	\$35,000	0	0
Lancaster County	Catawba Regional Development Corporation	\$155,995	0	0
Laurens County	Genesis Homes, Inc.	\$—	0	0
Richland County	Columbia Development Corporation	\$—	1	3
	Columbia Housing Development Corporation	\$—		
Saluda County	Eau Claire Development Corporation	\$—	0	0
	Christ Central	\$—	0	0

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN SOUTH CAROLINA, AS OF 12/31/2016 (CONTINUED)**

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
	Habitat for Humanity of Spartanburg, Inc	\$14,229		
	Homes of Hope	\$—		
Spartanburg County	Nehemiah Community Revitalization Corp.	\$—	1	21
	Northside Development Group	\$304,158		
	Upstate Housing Partnership	\$117,239		
Sumter County	Santee-Lynches Regional Development Corp	\$364,165	5	19
Union County	Not Available	\$—	0	0
	Catawba Regional Development Corp.	\$65,448		
York County	Housing Development Corporation of Rock Hill	\$50,334	1	3

^a SC Housing Corp.

^b South Carolina HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

**SC Housing Corp., SC HELP, Reports, Quarterly Performance Reports, Q4 2016, no date.

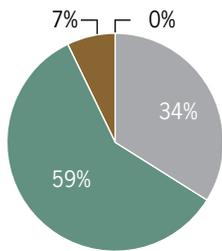
HHF in Tennessee

The Tennessee state agency has been paid almost \$19.6 million in TARP.¹²⁵

- In 6 years, HHF has helped only 7,355 Tennessee homeowners
- One in five of those who applied did not receive help
- The state agency estimates helping only half of the 13,500 homeowners it originally estimated helping¹²⁶
- The Tennessee state agency has only demolished three houses

FIGURE 4.38

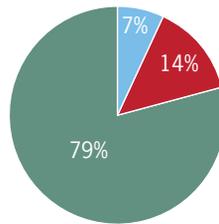
HARDEST HIT FUND – USE OF FUNDS IN TENNESSEE, AS OF 12/31/2016



- TARP Dollars to State Agency (\$19,677,566)
- Demolition (\$57,513)
- Unemployment Bridge and Related Assistance (\$180,900,765)
- Unspent (\$104,135,533)
Demolition (\$9,942,487)
Unemployment and Related (\$78,280,013)
Admin Expenses (\$15,913,033)

FIGURE 4.39

STATUS OF TENNESSEE WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (7,355)
- Workers Denied (1,300)
- Workers with Withdrawn Applications (697)
- Workers In Process (0)

Sources: Treasury, HFA Aggregate Report Q4 2016; Tennessee Housing Development Agency, Quarterly Performance Report Q4 2016, no date.

Source: Treasury, response to SIGTARP data call, 4/4/2017.

TABLE 4.14

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN TENNESSEE, AS OF 12/31/2016**

			Most Recent Quarter	Cumulative
Properties Demolished/Removed			3	3
City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Anderson County	Oak Ridge Land Bank	\$—	0	0
Hamilton County	Chattanooga Neighborhood Enterprise	\$14,975	1	1
	Jacobs Ladder CDC	\$42,538		
Shelby County	United Housing, Inc.	\$—	2	2
	Healthy Transitions Development Group, Inc.	\$—		

^a Tennessee Housing Development Agency.

^b Tennessee HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

** Tennessee Housing Development Agency, Treasury Reports, Quarterly Performance Report, Q4 2016, no date.

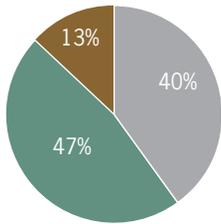
HHF in Washington, DC

The District of Columbia state agency has been paid \$3.7 million in TARP.

- In 6 years, HHF has helped only 720 homeowners, 39% of TARP dollars (\$12 million) have not been spent^{127,128}

FIGURE 4.40

HARDEST HIT FUND – USE OF FUNDS IN WASHINGTON, DC, AS OF 12/31/2016

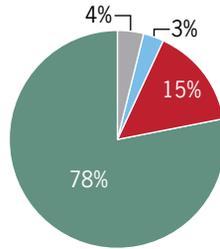


- TARP Dollars to State Agency (\$3,709,930)
- Unemployment Bridge and Related Assistance (\$13,921,382)
- Unspent (\$11,988,034)
Unemployment and Related (\$9,929,857)
Admin Expenses (\$2,058,178)

Source: Treasury, response to SIGTARP data call, 4/4/2017.

FIGURE 4.41

STATUS OF WASHINGTON D.C. WORKERS THAT APPLIED TO HHF, AS OF 12/31/2016



- Workers Helped (720)
- Workers Denied (142)
- Workers with Withdrawn Applications (27)
- Workers In Process (39)

Sources: Treasury, HFA Aggregate Report Q4 2016; District of Columbia's Housing Finance Agency, Quarterly Performance Report Q4 2016, no date.

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