

SIGTARP



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

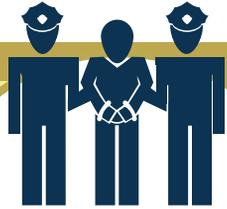
QUARTERLY REPORT TO CONGRESS
JULY 27, 2017



SIGTARP

BY THE
NUMBERS

INVESTIGATIONS



402

Criminally Charged



324

Convicted



222

Sentenced to Prison

Including

97

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 Investigations

35x
Return on
Investment



SIGTARP

BY THE
NUMBERS

INVESTIGATIONS

SIGTARP investigations have led
to enforcement actions against

NINE

financial institutions.



JPMORGAN
CHASE & CO.

Morgan Stanley



ally



JEFFERIES





LETTER FROM THE SPECIAL INSPECTOR GENERAL

This quarter, I am pleased to report that SIGTARP's criminal investigations have resulted in 50 bankers sentenced to prison. With dozens of additional bankers charged and investigations continuing, more bankers are likely to be sentenced to prison in the future.

*50 bankers have been sentenced to prison
because of SIGTARP*

SIGTARP's criminal investigations have resulted in the Justice Department and one state attorney general bringing criminal charges against 97 bankers, about half of which were in last three years. Prosecutions of bankers investigated by SIGTARP bring justice, provide general deterrence, and allow taxpayers to recover losses in TARP. By removing bad actors who committed crimes in banks, these prosecutions make the banking system stronger.

Strengthening Banks through Law Enforcement

The impact of law enforcement investigations of bank fraud and other unlawful conduct at banks is often out of the limelight, but is critical. At small and midsized banks, SIGTARP has learned how bankers hide fraud in cooked books, and the red flags that point to such crime. This expertise helps us find and investigate hidden crime quicker, as evidenced by the uptick in charged bankers in recent years.

*Law enforcement makes banks and
the banking system stronger*

Bank examiners did not detect the crimes SIGTARP found, but in some cases they should have, given existing red flags. Forty of the 50 bankers sentenced to prison were at failed or acquired banks, evidencing that fraud harms the safety and soundness of banks. Many of these prosecutions involved crime unrelated to the financial crisis. Given that similar crimes can occur in times of economic recovery, it is important that examiners are armed with knowledge about when to refer to law enforcement. SIGTARP is ready and willing to provide information sessions to help bank examiners identify red flags and know when to bring in law enforcement.

With the largest banks, our investigations and resulting Justice Department enforcement actions have had a deterrent impact and led to important industry changes to unlawful practices. These changes strengthen banks. SIGTARP's investigations and resulting Justice Department enforcement actions in Fiscal 2016 and 2017 against Goldman Sachs, Morgan Stanley, and Ally Financial for misrepresentations in residential mortgage backed securities have led to increased due diligence of mortgage backed securities. Also as part of a Justice Department action, in 2017, Ally Financial closed down the part of its business involved in unlawful conduct. SIGTARP's investigation resulting in the Justice Department 2015 action against Fifth Third Bank for selling defective mortgages with false representations to the Department of Housing and Urban Development led to changes in its quality control program, and the termination of quality control management employees. At SunTrust Bank, unopened Home Affordable Modification Program

(HAMP) application packages were piled so high in a room that the floor buckled. SIGTARP's investigation resulting in the Justice Department 2014 action against SunTrust led to changes to prevent unlawful practices and removed a number of management employees. Each of these changes made banks and the banking system stronger by reducing risk in problem areas that contributed to the crisis and the resulting TARP bailout. These changes reduce the likelihood that future taxpayer bailouts are needed.

SIGTARP's Current Investigative Priorities

We remain focused on our mission to investigate bankers who commit crimes at TARP banks, particularly where taxpayers lost TARP dollars or where the crime is egregious (such as alleged money laundering for international narcotics trafficking charged in one TARP bank). When SIGTARP finds crime where taxpayers or TARP programs are victims, we do not close the investigation just because the bank fails, is acquired, or Treasury sells its TARP stock.

Treasury's investment decisions to sell TARP stock cannot, and will not, relieve a banker of criminal accountability for crimes when the bank was in TARP

We are also investigating corruption, bid rigging, and fraud in current demolition contracts in the Hardest Hit Fund, and investigating mortgage servicers in HAMP. And with the expiration of the homeowner HAMP application period, we are completing our investigations of scammers who stole homeowner dollars with promises of admission into HAMP. Just last week, three of these defendants who stole \$11 million from 3,000 homeowners were sentenced to 20 years in prison, 12 years in prison, and 7 years in prison. They are three of the 110 con artists in these schemes who were convicted as a result of SIGTARP's investigations.

Two recent cases illustrate SIGTARP's current efforts to bring justice and recover lost TARP dollars.

President and Vice President of GulfSouth Bank sentenced to prison: On June 28, 2017, the President of GulfSouth Private Bank Anthony Atkins was sentenced to more than five years in prison and ordered to pay \$2.4 million. Bank Vice President Sam Cobb was also sentenced to prison. When the bank failed, taxpayers lost \$7.5 million in TARP. SIGTARP agents flipped Atkins' co-conspirators who were bank customers; each pled guilty in 2013 and provided information to SIGTARP. SIGTARP agents arrested bankers Atkins and Cobb in December 2016. We are identifying Atkins' assets to pay the \$2.4 million to recoup some taxpayer losses.

Recovery of luxury cars, cash in bank accounts, and stock proceeds from the estate of the CEO of One Bank: SIGTARP was investigating Layton Stuart, the CEO and Chairman of One Financial and its subsidiary One Bank, when he died. In October 2015, the Justice Department filed a false claims act complaint and forfeiture action. The bank remains in TARP today. The investigation uncovered that within two weeks of receiving TARP, CEO Stuart took \$2.1 million from the bank and bought a Range Rover and a Cadillac performance sport utility vehicle for his wife and children, and a house for his daughter. He diverted tens of millions of dollars from the bank for his personal use, including using bank dollars to buy a life insurance policy. As a result of the investigation, Treasury received \$4 million of the proceeds of Stuart's life insurance policy. The cars were seized and sold for \$115,474, and \$133,065 in bank accounts was seized. As Stuart owned 99.4% of the stock in the bank, his bank stock was seized, and Treasury now holds 99% of stock in the bank.

It is SIGTARP's duty to protect taxpayers against crimes that undermine a core rational for TARP investments in banks: lending to Americans. Layton Stuart's family cannot keep a Range Rover and Cadillac after he stole TARP dollars. Anthony Atkins cannot go free when he intentionally used cooked books to apply for TARP dollars, and continued the scheme in TARP, with taxpayers losing millions. Without SIGTARP's focus, expertise, and dedicated resources, many of these bankers who committed crimes in TARP banks might not be caught or prosecuted. We anticipate more arrests and more recoveries in our ongoing investigations.

We appreciate the strong support we have received. I would welcome a chance to meet with you to discuss SIGTARP's work.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General

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IN THE HARDEST HIT FUND, TREASURY RECENTLY GAVE UP NEARLY 10 MILLION DOLLARS TO STATE AGENCIES AND INCREASED THE RISK OF FRAUD, WASTE AND ABUSE, RISKS THAT SHOULD BE MITIGATED

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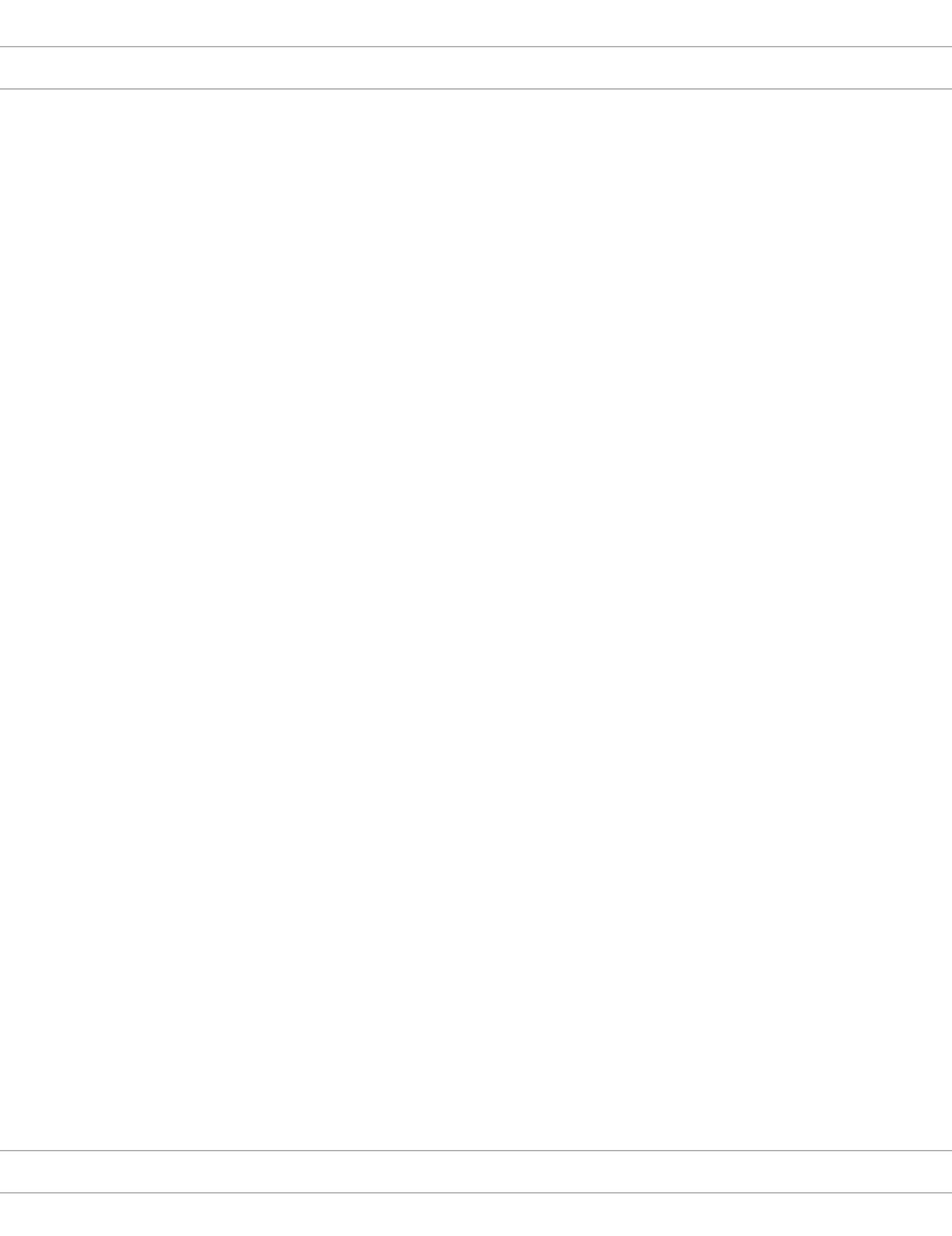
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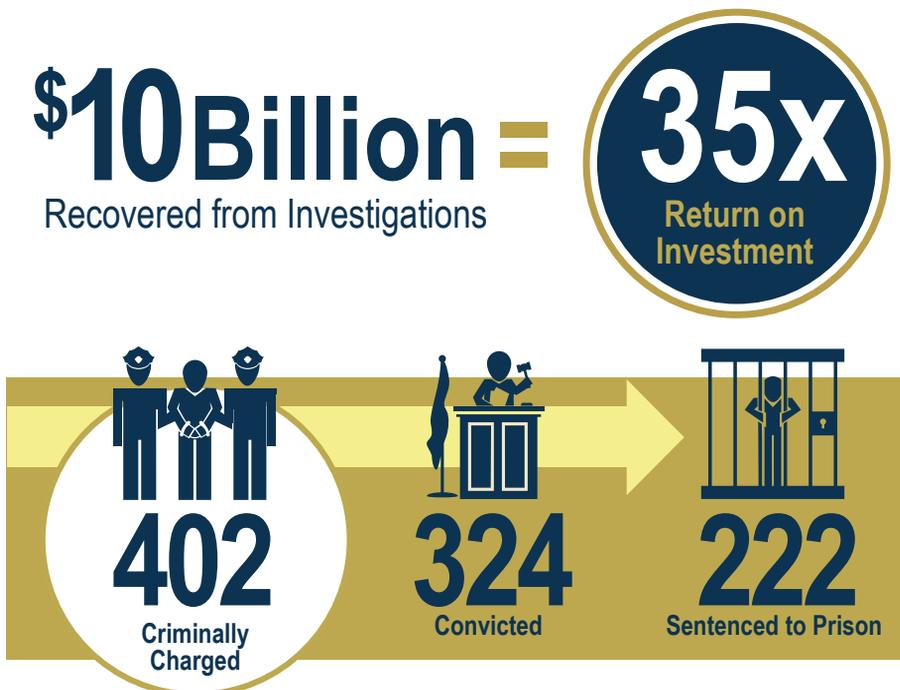
SECTION 1 SIGTARP LAW ENFORCEMENT

LAW ENFORCEMENT MISSION

SIGTARP is primarily a federal law enforcement agency with investigations as more than 80% of our resources. 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. We also investigate crime being committed right now. Treasury is currently spending TARP dollars at a rate of at least \$4 billion per year paid primarily to large banks in HAMP and demolition contractors and sub-contractors in eight states. In the last quarter, Treasury spent \$1.49 billion in TARP. 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



Convictions include one reversed on appeal and two vacated due to death or cooperation | Prison sentences include one reversed on appeal Charges are not evidence of guilt
Many defendants await trial and sentencing | Recoveries include homeowner relief | Return on investment based on SIGTARP; budget 2010-2017 | As of June 30, 2017

Finding crime in TARP and investigating to uncover evidence the DOJ needs to prosecute takes time. In fiscal year 2016 and 2017 alone, 96 defendants were charged with a crime.

FIGURE 1.00

NEARLY 100 DEFENDANTS CRIMINALLY CHARGED IN FY2016–2017



SIGTARP investigations have also resulted in significant DOJ enforcement actions finding violations of the law by large corporations that received TARP dollars, such as Goldman Sachs, Bank of America, JP Morgan Chase, Morgan Stanley, Ally Financial, Sun Trust Bank, Fifth Third Bank, Jefferies and Company, and General Motors.

SIGTARP IS A 35 TIMES RETURN ON INVESTMENT

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 35-times return on investment from our annual budget in actual dollars recovered.ⁱ This is in addition to \$2 billion in cost savings recommendations by SIGTARP auditors.

Through SIGTARP's unique expertise, we have targeted our oversight work to recover dollars and save 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.

ⁱ Recoveries include homeowner relief. Return on investment based on SIGTARP's budget 2010–2017.

Recovering Lost Taxpayer Dollars in TARP 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). SIGTARP investigations resulted in recoveries to the government greater than our annual budget in each of the last three fiscal years (FY 2015, 2016, 2017). These recoveries offset taxpayer losses in TARP.

- 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 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:

- Nearly 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 220 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, 97 bankers have been charged with a crime resulting from a SIGTARP investigation, 78 of them convicted.

ⁱⁱ SIGTARP made 3 referrals for prosecution this reporting period.

120 BANKERS CHARGED



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

There are 34 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 \$164 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 with 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:

A TARP bank President and the bank's Vice President were sentenced to prison in June, 2017. The court ordered the President to pay \$2.4 million. When GulfSouth Private Bank failed, taxpayers 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 and convicted 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. The trader was sentenced to two years in prison. Five 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,

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

DOJ has brought enforcement actions resulting from a SIGTARP investigation involving mortgage backed securities against Goldman Sachs, Morgan Stanley, and Ally Financial.

Mortgage Fraud: SIGTARP investigates banks and non-bank services in HAMP. With the HAMP application period over, we are ending investigations into con artists that stole from homeowners seeking admission into the program. SIGTARP brought justice through 110 defendant convicted for these crimes with victims across all 50 states. In these crimes 80 defendants have been sentenced to prison. Three defendants also were sentenced to 20 years, 12 years, and 7 years in prison, last week. 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. Hundreds of these local partners are individuals (152), for-profit companies (8) or non-profit entities (151), or land banks (60), increasing the risk of fraud.

DEFENDANTS SENTENCED TO PRISON

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

51 BANKERS SENTENCED TO PRISON*



Edward Woodard
23 Years in Prison
5 Years Supervised Release
CEO, President
Bank of the Commonwealth

Stephen Fields
17 Years in Prison
5 Years Supervised Release
Executive Vice President, Commercial
Loan Officer
Bank of the Commonwealth

Mark A. Conner
12 Years in Prison
5 Years Supervised Release
Acting CEO, Chairman, Vice Chairman,
President, COO
First City Bank

Gilbert Lundstrom
11 Years in Prison
2 Years Supervised Release
CEO, Chairman
TierOne Bank

Shawn Leo Portmann
10 Years in Prison
5 Years Supervised Release
Senior Vice President, Loan Officer
Pierce Commercial Bank

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 (UCBH)



Troy Brandon Woodard
8 Years in Prison
5 Years Supervised Release
Vice President
Bank of the Commonwealth (Subsidiary)

Catherine Kissick
8 Years in Prison
3 Years Supervised Release
Senior Vice President
Colonial Bank

Clayton A. Coe
7 Years and 3 Months in Prison
5 Years Supervised Release
Vice President, Senior Commercial Loan
Officer
FirstCity Bank

Gary Patton Hall
7 Years in Prison
3 Years Supervised Release
CEO, President
Tifton Bank

Jerry J. Williams
6 Years in Prison
3 Years Supervised Release
CEO, President, Chairman
Orion Bank

Adam Teague
5 Years and 10 Months in Prison
5 Years Supervised Release
Senior Vice President
Appalachian Community Bank



Anthony Atkins
5 Years and 3 Months in Prison
5 Years Supervised Release
President, CEO
Gulf South Private Bank

Jeffrey Levine
5 Years in Prison
5 Years Supervised Release
Executive Vice President
Omni Bank

Zulfakir Esmail
5 Years in Prison
CEO, Chairman; President
Premier Bank; Premier Bancorp

William R. Beamon, Jr.
3 Years and 6 Months in Prison
5 Years Supervised Release
Vice President
Appalachian Community Bank

Robert E. Maloney, Jr.
3 Years and 3 Months in Prison
3 Years Supervised Release
In-house Attorney
FirstCity Bank

Christopher Tumbaga
3 Years in Prison
4 Years Supervised Release
Commercial Loan Officer
Colorado East Bank & Trust



James A. Laphen
2 Years and 10 Months in Prison
2 Years Supervised Release
Acting CEO, COO, President
TierOne Bank

Melvin Rohs
2 years and 9 months in Prison
5 years Supervised Release
Senior Vice President, Senior Loan Officer
Citizens Bank of Northern California

Jeff H. Bell
2 Years and 6 Months in Prison
3 Years Supervised Release
President; Head Factoring Division,
Transportation Alliance Bank; Stearns Bank

Thomas Hebble
2 Years and 6 Months in Prison
3 Years Supervised Release
Executive Vice President
Orion Bank

Charles Antonucci
2 Years and 6 Months in Prison
2 Years Supervised Release
CEO, President
Park Avenue Bank

Angel Guerzon
2 Years in Prison
3 Years Supervised Release
Senior Vice President
Orion Bank



Reginald Harper
2 Years in Prison
3 Years Supervised Release
CEO, President
First Community Bank



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



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



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



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



***David Weinmert**
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



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



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



Michael Sean Davis
1 Year 3 Months in Prison
3 Years Supervised Release
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



Samuel Cobb
3 Months in Prison
5 Years Supervised Release
Senior Vice President
East Ocean Bank



Candice White
3 Months in Prison
5 Years Supervised Release
Senior Vice President
East Ocean 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



Sam Tuttle
1 Day in Prison
3 Years Supervised Release
Vice President, Loan Officer
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



Ed Rounds
Time Served
5 Years Supervised Release
Loan Officer
Pierce Commercial Bank



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



Craig Meyer
Time Served
1 Year Supervised Release
Vice President, Principle, Loan Officer
Pierce Commercial Bank

43 BANKER CO-CONSPIRATORS SENTENCED TO PRISON



Lee Bently Farkas
30 Years in Prison
3 Years Supervised Release
Chairman, CEO
Taylor, Bean & Whitaker
(Colonial Bank Case)



Mark Anthony McBride
14 Years and 2 Months in Prison
5 Years Supervised Release
Owner
(Omni National Bank Case)



Delroy Davy
14 Years in Prison
5 Years Supervised Release
Owner
Quantum Builders LLC, Jansen
Properties LLC, Realty Group LLC,
DNK Investment Group LLC
(Omni National Bank Case)



George Hranowsky
14 Years in Prison
3 Years Supervised Release
Owner/Operator
345 Granby, LLC, Norfolk Property
Development LLC
(Bank of the Commonwealth Case)



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)



Wilbur Anthony Huff
12 Years in Prison
4 Years Supervised Release
Owner
O2HR, LLC, Oxygen Unlimited,
LLC, General Employment
Enterprises
(Park Avenue Bank Case)



Daniel Sexton
9 Years and 1 Month in Prison
3 Years Supervised Release
Operator
DS Realty, DES Equipment Waste
Mgmt Solutions, Georgetown
Mobile Home Sales of Central
Kentucky
(PBI Bank Case)



Lawrence Wright
6 Years and 3 Months in Prison
5 Years Supervised Release
Bluewater Real Estate
Investments, LLC
(GuilfSouth Private Bank Case)



Desiree Brown
6 Years in Prison
3 Years Supervised Release
Vice President, Treasurer
Taylor, Bean & Whitaker
(Colonial Bank Case)



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)



Richard Pinto [deceased]
5 Years in Prison
5 Years Supervised Release
Chairman, co-founder
Oxford Collection Agency
(Aly Financial, Citigroup,
JP Morgan, U.S. Bank, Webster
Bank, Wells Fargo Case)



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)



Paul Chemidlin
5 Years in Prison
3 Years Supervised Release
(Bank of America, Citigroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



Delton DeArmas
5 Years in Prison
3 Years Supervised Release
CFO
Taylor, Bean & Whitaker
(Colonial Bank Case)



Dwight Etheridge
4 Years and 3 Months in Prison
5 Years Supervised Release
Owner/Operator
Twest Development and
Construction LLC
(Bank of the Commonwealth Case)



Peter Pinto
4 Years in Prison
3 Years Supervised Release
CEO, President
Oxford Collection Agency
(Aly Financial, Citigroup,
JP Morgan, U.S. Bank, Webster
Bank, Wells Fargo Case)



Leonard Potillo
3 Years and 10 Months in Prison
3 Years Supervised Release
Owner
United Credit Recovery LLC
(Aly Financial, Citigroup,
JP Morgan, U.S. Bank, Webster
Bank, Wells Fargo Case)



Paul Allen
3 Years and 4 Months in Prison
2 Years Supervised Release
CEO
Taylor, Bean & Whitaker
(Colonial Bank Case)



Brent Merriell
3 Years and 3 Months in Prison
5 Years Supervised Release
(Omni National Bank Case)



Brian Headle
3 Years in Prison
4 Years Supervised Release
Owner
Investment One LLC
(CotoEast Bank and Trust Case)



Delio Coutinho
3 Years in Prison
3 Years Supervised Release
Loan Officer
AmeriDream
(Bank of America, Citigroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



Ray Bowman
2 Years and 6 Months in Prison
2 Years Supervised Release
President
Taylor, Bean & Whitaker
(Colonial Bank Case)



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)



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)



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)



Kenneth Sweetman
2 Years in Prison
3 Years Supervised Release
Title Agent
(Bank of America, Citigroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



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)



Daryl Wesley Clements
1 Year and 6 Months in Prison
5 Years Supervised Release
Owner
Link Resources Partner, LLC
(Harbor Bank of Maryland Case)



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)



Troy A. Fouquet
1 Year and 6 Months in Prison
3 Years Supervised Release
Owner
Team Mgmt LLC, TRISA
(First Community Bank Case)



Chester Peggese
1 Year in Prison
5 Years Supervised Release
Loan Consultant
(Broadway Federal Bank Case)



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)



Carlos Peralta
1 Year in Prison
3 Years Supervised Release
(Park Avenue Bank Case)



Derrick Cheung
1 Year in Prison
2 Years Supervised Release
(Saigon National Bank Case)



Alberto Solaroli
1 Year in Prison
2 Years Supervised Release
Owner
CET Racing
(OneFinancial Corporation Case)



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)



Christopher Ju
 10 Months in Prison
 2 Years Probation
 Title Agent
 (Bank of America, CitiGroup,
 PNC Bank, U.S. Bank, Wells
 Fargo Case)



Jason Maurice Robinson
 6 Months in Prison
 5 years supervised release
 Used car salesman
 (Superior Bancorp Case)



Sean Ragland
 3 Months in Prison
 3 Years Supervised Release
 Senior Financial Analyst
 Taylor, Bean & Whitaker
 (Colonial Bank Case)



Michael Bradley Bowen
 1 Day in Prison
 5 Years Supervised Release
 C-Note Development Company LLC
 (GulfSouth Private Bank Case)



Bruce Houle
 1 Day in Prison
 5 Years Supervised Release
 Owner
 Bah Dev, LLC
 (GulfSouth Private Bank Case)



Mark W. Shoemaker
 1 Day in Prison
 5 Years Supervised Release
 Burnt Pine Properties, LLC
 (GulfSouth Private Bank Case)



Yazmin Soto-Cruz
 Time Served
 3 Years Supervised Release
 (Bank of America, CitiGroup,
 PNC Bank, U.S. Bank,
 Wells Fargo Case)

29 DEFENDANTS WHO DEFRAUDED 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, Summer 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
Co-owner
Waialele 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
Co-owner
Waialele 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
Rverbend 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
Waialele 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)



Harpreet Singh
6 Months in Prison
5 Years Supervised Release
Owner
Real Estate Agent
(Victim: Bank of America, Wells Fargo)



Shaima Hadayat
6 Months in Prison
3 Years Supervised Release
Real Estate Broker
(Victim: Bank of America, Wells Fargo)



Raj Maruvada
6 Months in Prison
1 year supervised release
CPA, Raj Maruvada & Associates P.C.
(Victim: TARP 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)



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)



Dahlanara Moran
Time Served
1 year supervised release
Former Director of Human Resources of The Psychological Center Inc.
(Victim: JPMorgan, Bank of America, First Horizon Corp.)



Hyacinth Bellerose
Time Served
1 year supervised release
Attorney
(Victim: JPMorgan, Bank of America, First Horizon Corp.)

DEFENDANTS WHO DEFRAUDED HOMEOWNERS SENTENCED TO PRISON



MORTGAGE SCAMMERS
VICTIMIZING HOMEOWNERS

80

SENTENCES TO PRISON

Ped Abghari
2 years and 6 months

Thomas J. Adams
364 days (suspended)

Daniel Al Saffar
6 months

Ziad Nabil Mohammed Al Saffar
1 year and 9 months

Kristen Ayala
11 years and 3 months

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 and 6 months

Alberto DiRoberto
5 years

Ruby Theresa Encina
1 year

Nicholas Estilow
6 years and 8 months

Mark Farhood
11 years

Dennis Fischer
7 years

Dionysius Fiumano
16 years

Gregory Flahive
1 year

Christopher George
20 years

Serj Geutssoyan
4 years and 4 months

Frederic Gladle
5 years and 1 month

Christopher S. Godfrey
7 years

Angel Gonzalez
Time served, 3 years supervised release

David Gotterup
15 years

David Green
Time served, 3 years supervised release

Jason Green
Time served, 5 years supervised release

Philip Haas
Time served, 3 years supervised release

Walter Bruce Harrell
1 year and 6 months

Jonathan L. Herbert
11 years and 8 months

Mindy Holt
1 year and 6 months

Najia Jalan
5 years and 10 months

Joshua David Johnson
10 years and 1 month

Roger Jones
2 years and 9 months

Brian M. Kelly
1 year

Darrell Keys
Time served, 3 years supervised release

Isaak Khafizov
9 years

Cuong Huy King
1 year and 6 months

Justin D. Koelle
9 months

Ray Kornfeld
5 years

Harold E. Larson
2 years and 6 months

Michelle Lefaoseu
1 year

John Linderman
2 years

Jonathan Lyons
1 year

Lori Macakanja
6 years

Aria Maleki
9 years and 4 months

Jefferson Maniscan
10 years

Mehdi Moarefian
4 years and 4 months

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 and 10 months

Andrew M. Phalen
1 year

Sabrina Rafo
5 years

Andrea Ramirez
18 years

James Reese
364 days (suspended)

Robyn Reese
364 days (suspended)

Justin Romano
2 years

Sara Beth Bushore Rosengrant
1 year

Glenn Steven Rosofsky
5 years and 3 months

Joshua Sanchez
12 years and 7 months

Jason Sant
6 years

Scott Schreiber
Time served, 3 years supervised release

Hamid Reza Shalviri
3 months

Daniel Shiau
4 years and 10 months

Howard Shmuckler
7 years and 6 months

John D. Silva
8 months

Alan Tikal
24 years

Tamara Teresa Tikal
3 years and 9 months

Michael Trap
2 years and 6 months

Roscoe Ortega Umali
18 years and 4 months

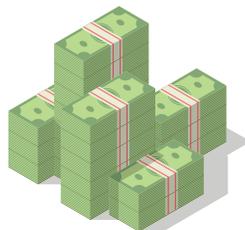
John Vescera
1 year

Glen Alan Ward
11 years

Pathaya Wattanachinda
4 months

Kowitz Yuktanon
1 year and 6 months

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



SCAMS USING TARP

15

SENTENCES TO PRISON

Julius Blackwelder
3 years and 10 months

John Farahi
10 years

Leigh Farrington Fiske
3 years and 1 month

Gordon Grigg
10 years

Xue Heu
5 years and 3 months

Abraham Kirschenbaum
1 year and 6 months

Carla Lee Miller
8 months

Jesus Fernando Montes
1 year and 6 months

Thomas Dickey Price
1 year and 6 months

Michael Ramdat
1 year and 9 months

Eduardo Garcia Sabag
3 months

Marvin Solis
2 years and 3 months

David Tamman
7 years

Mark Steven Thompson
1 year and 6 months

Robert Wertheim
1 year and 6 months

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

BY THE
NUMBERS

AUDITS

Major TARP Housing Programs at Risk of Fraud, Waste, and Abuse

The Hardest Hit Fund (HHF) pays a portion of mortgages held by unemployed or underemployed Americans. It also pays to demolish abandoned homes in challenged communities.

\$3.0 billion is left to be paid.

– Recipients include –



19 state agencies



390 cities and local partners



Hundreds of demolition contractors

The Home Affordable Modification Program (HAMP) pays mortgage servicers and investors to lower interest rates for participating homeowners.

Up to \$10.34 billion is left to be paid.

– Recipients include –



citi mortgage

JPMORGAN
CHASE & CO.

Bank of America



SPS | SELECT
Portfolio
SERVICING, inc.

Nationstar



SIGTARP AUDITS HAVE IDENTIFIED \$2 BILLION IN COST SAVINGS

Including \$223 million in fiscal year 2017

Recent Findings

\$8.2
Million

Nevada's HHF wasted \$8.2 million while all but stopping admitting new homeowners



There are no competition requirements for demolition contracts



Mortgage servicers have wrongfully terminated homeowners out of HAMP



The average cost of demolitions in Michigan and Ohio have skyrocketed in the last few years

Open Audits Include



Blight demolition costs in Flint, Michigan



HHF administrative and operating expenses



Blight greening and maintenance activities

“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 at least \$4 billion each year. Last quarter, Treasury spent \$1.49 billion in TARP, of which \$880 million was through the Hardest Hit Fund program and \$610 million was through the Making Home Affordable Program. Treasury is obligated or committed to pay up to \$13 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 billion remains 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 four-year extension.

HHF originally provided TARP dollars for short-term mortgage assistance to unemployed/underemployed homeowners in 19 states (rust belt, south, and 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 9 states.

Recipients

Unemployment Bridge: Homeowners modifying mortgages usually lowering their payments. The nature of this assistance has repeatedly changed and expanded, particularly in the last year. Currently this includes unemployment, principal reduction, second lien reduction, elderly

TABLE 2.1

FUTURE TARP PAYMENTS IN HHF	
State	Unspent
Alabama	\$102,106,344
Arizona	52,982,256
California	593,400,858
Dist of Columbia	11,577,801
Florida	298,355,685
Georgia	167,621,393
Illinois	294,265,501
Indiana	92,966,903
Kentucky	54,782,702
Michigan	286,353,391
Mississippi	52,757,163
North Carolina	207,137,814
New Jersey	145,393,781
Nevada	91,071,451
Ohio	222,519,708
Oregon	99,726,785
Rhode Island	38,077,863
South Carolina	85,715,814
Tennessee	103,299,294
Total	\$ 3,000,112,507

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.

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 (53 city/county agencies, 150 individuals, 8 for-profit companies, 138 non-profit companies, and 62 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 \$27.78 billion program: \$6.27 billion obligated + \$4.07 billion committed to be paid by September 2023.

- HAMP: Lower homeowner interest rates through contracts to pay mortgage servicers to modify mortgages. 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 year, Treasury spends billions of dollars on TARP housing programs, so we continue to be on watch for waste, mismanagement, inefficiency, and risk of fraud.

Already this year, we identified more than \$220 million in potential cost savings including 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 two of SIGTARP's 20 recommendations to limit TARP dollars to 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

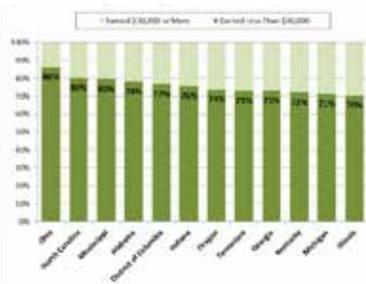


Blighted house used in PowerPoint for Evansville, Indiana, public meeting about HHF demolitions, photo provided to SIGTARP.

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

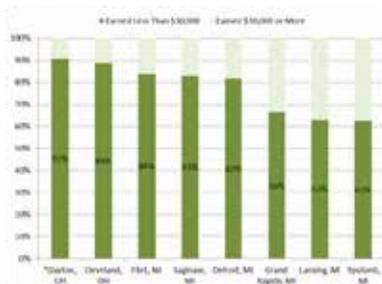
most state agencies also have no competition requirements and no state agency has requirements that demolition costs be limited to necessary and reasonable costs. There are more than 400 local partners and their subcontractors receiving these Federal dollars without those protections. SIGTARP recommended 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

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.

Secretary expressing concerns over SIGTARP's findings, and asking for a timeline 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) implement standard federal contracting rules to 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 standard federal contract 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.

PRIORITY RECOMMENDATIONS

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

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

Allow homeowners 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 \$6.27 billion obligated to be paid under Treasury contracts to pay to servicers, and another \$4.07 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 implemented, and some not. 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.

SECTION 3

IN THE HARDEST HIT FUND,
TREASURY RECENTLY GAVE UP
NEARLY 10 MILLION DOLLARS TO
STATE AGENCIES AND INCREASED
THE RISK OF FRAUD, WASTE AND
ABUSE, RISKS THAT SHOULD BE
MITIGATED



IN THE HARDEST HIT FUND, TREASURY RECENTLY GAVE UP NEARLY 10 MILLION DOLLARS TO STATE AGENCIES AND INCREASED THE RISK OF FRAUD, WASTE AND ABUSE, RISKS THAT SHOULD BE MITIGATED

Treasury took two recent actions in the Hardest Hit Fund (HHF) that impact taxpayers who fund TARP and increase the risk of fraud, waste, and abuse in HHF's blight demolition subprogram. First, on April 1, 2016, Treasury made the decision to give up its future right to recover nearly \$10 million dollars that Treasury estimated to be returned to the Hardest Hit Fund.¹ These dollars are likely to be much higher given recent trends and new HHF programs that haven't yet gotten off the ground.² Second, Treasury recently increased TARP dollars paid per demolished house, and expanded the program to allow TARP dollars to pay for the demolition of larger apartment buildings with five or more apartments.³ These changes increase the risk of fraud, waste, and abuse. These risks can, and should be, mitigated. SIGTARP is willing to work with Treasury to mitigate these risks. With \$3 billion in TARP dollars remaining to be spent by state agencies in the Hardest Hit Fund, it is imperative that taxpayers and the program are protected from fraud, waste and abuse.⁴ Finally, these changes were buried in contract amendments on Treasury's website.⁵ Treasury should bring greater transparency when making significant changes to programs.

In April 2016, Treasury amended its contracts with state agencies to give up nearly \$10 million, and possibly far more, that under the contract were to be returned to Treasury

The Hardest Hit Fund is a program where the majority of TARP dollars expended to assist a homeowner are recovered if the house is sold prior to either a three, five, or 10-year period (depending on the state).ⁱⁱ When a homeowner receives either HHF foreclosure assistance or when HHF funds are used to demolish a blighted house, there is a forgivable loan secured by a lien placed on the property. The homeowner does not have to repay the assistance back if they stay as the owner of their home for the applicable number of years.¹⁶ The lien is an important protection against fraud, waste, and abuse. For example, the lien protects against a homeowner, buyer, or developer profiting off of the TARP assistance in a house flip.

In the past five years, state agencies have recovered \$188 million from homeowners who received HHF assistance before selling their home or refinancing

ⁱ In some states, the lien is forgiven each year by a percentage. For example, in a state with a five-year lien, the amount of the lien would decrease by 20% of the TARP dollars received each year. In other states, the lien stays at the full value of TARP dollars received until the end of the period.

ⁱⁱ Three small HHF Programs modify homeowners' mortgages with a 30-year lien forgiveness period.

their mortgage with a new loan, a figure that is increasing each year.⁷ Given its design of the program to include a lien, Treasury anticipated that dollars would be recovered from homeowners who sold their property or refinance their mortgage. In its contracts, Treasury provided that during the program these dollars would be recycled back into the program, and after the program closed, the money would be paid back to Treasury, reducing the burden on taxpayers for the cost of TARP.ⁱⁱⁱ

In April, 2016, Treasury amended its contracts to delete the requirement that at the close of the program, state agencies remit homeowner recoveries to Treasury, meaning that state agencies can keep these recovered dollars. In a one-page internal Treasury memorandum, using data prior to April 2016, Treasury estimated recoveries of \$347.2 million. Treasury estimated \$337.6 million in recoveries prior to December 2021 (the program close) that would be recycled into the program. Treasury estimated \$9.6 million in recovered dollars after the program closed. Treasury decided that allowing states to retain the \$9.6 million in recoveries would alleviate an administrative burden on Treasury for administrative costs after the program closed.⁸

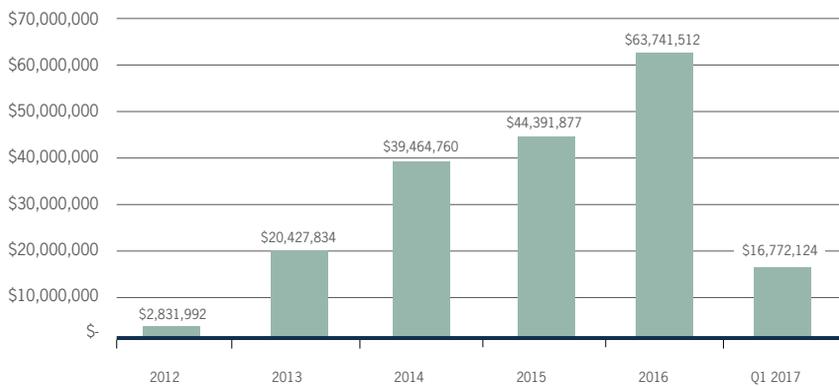
Treasury's decision to give up recoveries after the program closes did not protect taxpayers. First, the data Treasury analyzed to predict recovered dollars was dated, and has since significantly increased, and Treasury did not take into account how changes in the new round of \$2 billion in funding could change recoveries. Second, Treasury did not account for the fact that certain states could have greater percentage of recoveries than others or that certain states would increase recoveries. Third, Treasury made no estimate of what post-program administrative costs would be, or took any action to mitigate post-program costs.

ⁱⁱⁱ Treasury's 2010 contracts with state agencies provided that when a homeowner who had received TARP dollars in the Hardest Hit Fund sold their house prior to the expiration of the lien, the state agencies would recycle those dollars back into the program before the state agency submitted requests to Treasury for additional TARP dollars.

First, the data Treasury analyzed to predict recovered dollars was dated, and has since significantly increased as seen in Figure 3.1 below

FIGURE 3.1

TARP DOLLARS RECOVERED AND PUT BACK INTO THE HARDEST HIT FUND (AS OF MARCH 31, 2017)



Source: SIGTARP analysis of Treasury provided Hardest Hit Fund Quarterly Financial Reports – obtained via data call from Treasury 7/7/2017

Whereas in 2014 recoveries were \$39 million, increasing only slightly to \$44 million in 2015, there were even greater recoveries of \$63.7 million in 2016.⁹ Recoveries in future years are likely to continue to increase. This is particularly true given the fact that HHF expanded with an additional \$2 billion in 2016.

Treasury did not take into account how changes in the new round of funding would increase post-program recoveries

Under Treasury’s estimation, 54% of all recoveries have already come back.¹⁰ However, this was based on data before state agencies recently reopened programs or created new programs with the new 2016 funding of \$2 billion. Estimating recoveries based on past programs does not take into account what could be greater recoveries in these new programs. For example, Treasury now allows TARP to pay up to \$75,000 for the demolition of larger apartment buildings in Ohio, and could extend that to other states.¹¹ An investor in apartment buildings might be more willing to sell the property in future years after the program closed than a homeowner trying to stay in their neighborhood. In addition, some of the newly reopened or created programs have not yet begun providing assistance, or have provided only minimal assistance, which pushes back the timeline on recoveries.

Second, Treasury did not account for the fact that certain states could have greater percentage of recoveries than others or for recent increases in recoveries in certain states

Based on trends, recoveries vary by state. Overall, HHF recoveries in California, Oregon, Illinois, North Carolina, and Florida, account for about three quarters of the full \$188 million recoveries as seen in Table 3.1.

TABLE 3.1

**TARP DOLLARS RECOVERED AND PUT BACK INTO THE HARDEST HIT FUND
(AS OF MARCH 31, 2017)**

State Agency	TARP Dollars Recovered - Program to Date	TARP Dollars Recovered - Past Year	Percentage of TARP Dollars Recovered in Past Year
California	\$59,438,958	\$19,626,683	33%
Oregon	\$35,409,033	\$6,948,054	20%
Illinois	\$23,711,931	\$6,221,268	49%
North Carolina	\$14,989,622	\$5,594,072	42%
Florida	\$12,087,133	\$2,962,052	46%
Michigan	\$7,280,529	\$2,024,509	41%
Ohio	\$4,970,781	\$1,930,148	34%
New Jersey	\$5,639,392	\$1,426,203	34%
Kentucky	\$3,369,158	\$1,426,203	42%
Georgia	\$3,31,991	\$1,866,987	56%
Tennessee	\$3,108,847	\$1,425,347	46%
Arizona	\$2,889,427	\$1,273,759	44%
South Carolina	\$2,767,338	\$2,025,005	37%
Indiana	\$2,085,519	\$1,083,288	52%
Rhode Island	\$1,619,582	\$370,940	23%
Nevada	\$1,442,335	\$199,848	14%
Alabama	\$986,279	\$248,449	25%
Washington, D.C	\$908,809	\$175,107	19%
Mississippi	\$582,413	\$352,318	60%
Total	\$187,629,098	\$66,358,290	35%

Sources: SIGTARP analysis of Treasury DHardest Hit Fund Quarterly Financial Reports – obtained via data call from Treasury 7/7/2017.

Recoveries are increasing; with nearly 40% of all recoveries happening within the past year – even though HHF has existed since 2010. In some states, recoveries in the past year have significantly increased. This includes Mississippi, where 60% of the recoveries were in the last year, Georgia where 56% of recoveries were in the last year, and Indiana where 52% of recoveries would have been in the last year. These increases in recoveries would have been after Treasury conducted its

estimate.¹² In the past quarter, there has already been more than \$16 million in recoveries. See Table 3.2.

The increases in recoveries based off the older HHF programs, couple with new programs that have not yet started or only recently started, evidences that Treasury very likely gave up far more than \$10 million.

Third, Treasury made no estimate of what post-program administrative costs would be, or took any action to mitigate those costs

Before giving up nearly \$10 million in post-program recoveries for the sole purpose of offsetting administrative costs, Treasury conducted no estimate of post-program administrative costs. Treasury also took no action to mitigate these costs. Treasury stated that there would be administrative costs because “each of the 19 participating HFAs will need to maintain staff and other infrastructure to monitor and remit such recoveries to Treasury.”¹³ When the owner sells or refinances the property, the lienholder is contacted by the title company or seller, limiting the monitoring required. The state agency would then receive wired funds or a check, which they could use their existing staff to provide to Treasury. The only other step would be to release the lien, which generally uses a form template filed with the county. This would not seem to be a full time job for even one state employee post-program. Treasury could further mitigate administrative costs by working to understand each state agency’s current process, and make sure that process is streamlined to minimize costs to TARP now and in the future. In addition, Treasury stated that its own Office of Financial Stability (OFS) would need to maintain staff and infrastructure to receive and process recoveries and monitor compliance. However, other Treasury staff such as in the Office of Domestic Finance (which is where OFS is housed), could receive the dollars and monitor compliance. As some weeks may not see any recoveries post-program, the amount of Treasury employee hours may not be onerous. However, the dollars recovered to Treasury sent back into the U.S. Treasury to reduce the cost of TARP to Federal taxpayers could be many more millions than what Treasury estimated, far exceeding administrative expenses.

Part of Treasury’s analysis was a concern about asking state agencies to continue remitting recoveries to Treasury, while no longer paying for expenses with TARP dollars.¹⁴ Treasury could mitigate this concern by allowing states to receive a portion of recoveries, such as 10%, to be put towards administrative expenses, rather than giving up 100% of recoveries.

TABLE 3.2

TARP DOLLARS RECOVERED IN QUARTER ENDED MARCH 31, 2017	
State Agency	Administrative Expenses
California	\$4,508,073
Oregon	\$979,969
Illinois	\$4,858,434
North Carolina	\$1,385,279
Florida	\$1,437,437
Michigan	\$715,756
Ohio	\$411,072
New Jersey	\$258,610
Kentucky	\$233,676
Georgia	\$454,217
Tennessee	\$392,500
Arizona	\$323,284
South Carolina	\$309,028
Indiana	\$278,751
Rhode Island	\$67,623
Nevada	\$33,272
Alabama	\$32,935
Washington, DC	\$34,594
Mississippi	\$56,616
Total	\$16,771,124

Source: SIGTARP analysis of Treasury Hardest Hit Fund Quarterly Financial Reports – obtained via data call from Treasury 7/7/2017.

TABLE 3.3

TARP DOLLARS TO BE PAID PER DEMOLITION	
Up to \$15,000 in TARP \$ Per House	
	Mississippi
Up to \$25,000 in TARP \$ Per House	
	Alabama
	Indiana
	Michigan*
	Ohio (Single Family House)
	Tennessee
Up to \$35,000 in TARP \$ Per House	
	Illinois
	South Carolina*
Up to \$75,000 in TARP \$ Per Building	
	Ohio (Multi-Family Building)

Source: Treasury, Website, "Hardest Hit Fund - Current Program Documents", <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>, accessed 7/17/2017.

* Michigan and South Carolina dollars paid per demolition include single family properties with 1-4 units and multi-family properties with 4+ units but with the same cap as a single family home.

RECENT TREASURY CHANGES TO THE BLIGHT DEMOLITION PROGRAM IN THE HARDEST HIT FUND THAT INCREASE THE RISK OF FRAUD, WASTE, AND ABUSE

In April 2017, Treasury changed the blight demolition subprogram of the Hardest Hit Fund to permit TARP to pay for the demolition of larger apartment buildings with five or more units, and tripled the amount of TARP dollars per property from \$15,000 to \$75,000.¹⁵ Treasury had been increasingly allowing TARP dollars to pay for the demolition of multifamily homes, but continued to limit TARP dollars to the same cap as a single family home as seen in Table 3.3 to the left.

Treasury expanded use of TARP to larger apartment buildings despite not implementing 18 of SIGTARP's recommendations to implement standard federal contracting rules to protect against fraud, overcharging, bid rigging, and other closed-door practices

Treasury's change increases the risk of fraud, waste, and abuse, risk that should be mitigated. SIGTARP has already recommended that Treasury mitigate risk in its June 2016 audit. In that audit, SIGTARP warned that the blight demolition program is significantly vulnerable to fraud, bid rigging, other closed door contract awards, and overcharging. SIGTARP 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.¹⁶ There are more than 400 local partners and their subcontractors receiving these Federal dollars without those protections.¹⁷ SIGTARP recommended that these vulnerabilities be reduced by requiring full and open competition and specific requirements to ensure full and open competition.¹⁸

In December 2016, Treasury implemented only two of SIGTARP's 20 recommendations, by requiring state agencies to implement controls for only the very basic requirements to require full and open competition and limit TARP reimbursement to necessary and reasonable costs. SIGTARP recently reported in April 2017, that SIGTARP reviewed new changes by the state agencies after SIGTARP's audit report, 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.¹⁹ SIGTARP's other 18 recommendations in that audit that have not been implemented are to put in place standard federal competition and antifraud rules that apply to federal grants, such as for demolition in HUD programs. These standard federal rules 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; and 3) prevent bid-rigging, contract steering and other closed door contracting processes. Without the implementation of these recommendations, taxpayers are at risk.

However, without fully implementing SIGTARP's recommendations to protect taxpayers, Treasury has allowed for the expansion of the blight demolition program to use HHF dollars to demolish large apartment buildings rather than single family homes, and tripling the amount of TARP dollars per property. This increases the risk to taxpayers.

Treasury did not identify and mitigate risk in this expanded use of TARP dollars, but should do so now

The use of TARP dollars to demolish larger apartment building poses new risks of fraud, waste, and abuse that Treasury should have analyzed and taken steps to mitigate. In April 2015, SIGTARP issued an audit report finding, "Treasury has not taken a risk-based approach to identify and mitigate risks that could form barriers to the most effective use of TARP funds for demolition activity or could lead to fraud, waste, and abuse." Treasury continued that same pattern.^{iv}

SIGTARP asked Treasury for any analysis performed by Treasury that would support the changes approved to blight demolition programs. Treasury only provided a 2013 analysis that was used to create the blight demolition program.²⁰ Treasury has provided SIGTARP with no analysis of the risks associated with using TARP to pay for demolishing larger apartment buildings.^v SIGTARP can provide Treasury recommendations to mitigate risk.

Using TARP to demolish larger apartment buildings poses increased risk of fraud and other crime that can, and should be, mitigated by Treasury

The demolition of larger apartment buildings poses different and increased risk of fraud, waste, and abuse than demolishing a single family home. For example,

Risk of Developer Fraud: A large vacant lot in an area with large apartment buildings would often be considered attractive by a developer. However, the use of federal dollars to make that lot vacant through federally-funded demolition brings risk of developer fraud in the acquisition of the lot. There is a risk of collusion with a developer and existing property owner. There is also the risk of corruption with city or county officials in the award of contracts or rezoning for commercial use, in kick-back schemes or quid-pro quo arrangements.

Risk of Unfair Competition such as Bid-Rigging or Collusion: There will be a limited pool of demolition companies with capacity to demolish larger apartments or housing complexes. Local contractors may not have the capacity to bid, opening it up

^{iv} See SIGTARP, "Treasury Should Do Much More to Increase the Effectiveness of the TARP Hardest Hit Fund Blight Elimination Program," April 21, 2015.

^v Even Treasury's 2013 analysis only focuses on how the demolition of residential houses will increase home values within a 200-foot radius. Treasury apparently has no analysis of the increase in home values or stabilizing neighborhoods around large apartment buildings, which is required to use TARP dollars.

to out-of-state contractors. Larger contracts, more Federal money and a smaller competitive pool, increase the risk of criminal unfair competition.

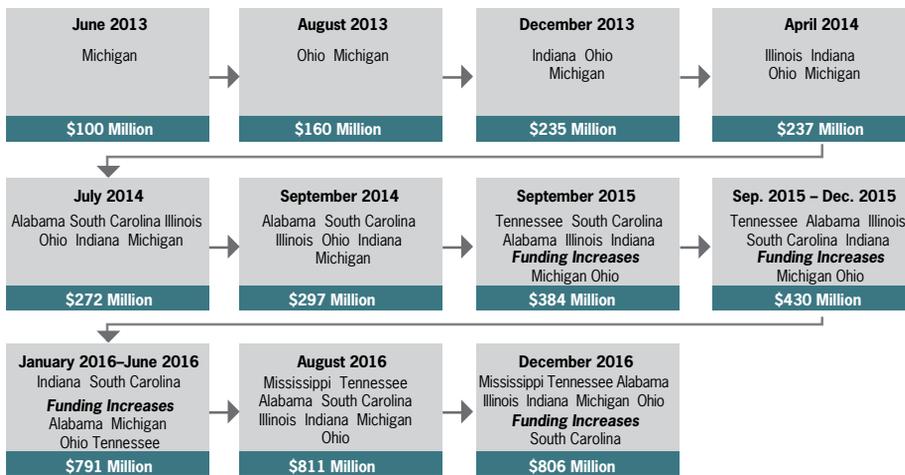
Risk of Fraud: The risk of overcharging and contract fraud grows exponentially as the amount of TARP dollars grows. Larger monetary contracts bring greater opportunity for fraud. This type of fraud involving larger properties has already taken place in other blight demolition programs, like the Department of Housing and Urban Development's ("HUD") Neighborhood Stabilization Program ("NSP"), a pattern that could be repeated in HHF. For example, HUD was the victim of fraud involving contract steering with respect to the demolition of a larger commercial property. In 2012, the supervisor of a town in the Detroit suburbs was sentenced to three years in prison for accepting bribes from a company seeking to receive NSP funds for demolition and asbestos abatement of an abandoned theater. The township supervisor attempted to steer the contract to the company providing the bribe. After unsuccessfully attempting to steer the contract, the township supervisor asked the winning bidder to provide him with cash payments in exchange for the supervisor's approval of a change order that fraudulently inflated the cost for the asbestos abatement.²¹

In another example, in 2017, an Indiana building commissioner was indicted for corruption. He is charged with using sham bidding practices and submitting fraudulent invoices to steer work to his companies and then bill the city for work that was either performed at inflated prices or for work that was never performed.²²

While these types of fraud can exist in any contract award, the stakes increase as the dollar amount of the contract increases. These cases are just some basic examples of the type of fraud, waste, and abuse associated with expending blight demolition programs to larger demolition projects. These are the types of risk that Treasury should analyze.

The extent of this increased risk grows each time Treasury expands the program. Although right now, Treasury has only approved the demolition of large apartment buildings for one state, Treasury has historically expanded the blight demolition program, as shown in Figure 3.2.

FIGURE 3.2
INCREASE OF TARP DOLLARS



Sources: Treasury, Website, "Hardest Hit Fund - Current Program Documents", <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>, accessed 7/17/2017; Treasury, Website, "Hardest Hit Fund - Additional Program Information", <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/hhf/Pages/Archival-information.aspx?Program=Hardest+Hit+Fund>, accessed 7/17/2017

Treasury should take steps to mitigate the increased risk of fraud, waste and abuse with demolition of the larger apartment buildings and/or housing complexes. At a minimum, Treasury should implement the remaining 18 SIGTARP recommendations in the June 2016 audit designed to prevent fraud, waste, abuse, and overcharging, and follow up on ensuring that state agencies implement rigorous analysis and controls. However, those recommendations were the basic recommendations related to smaller residential houses, not large apartment complexes. Treasury will need to conduct an analysis of risks and take steps to mitigate those risks. SIGTARP is willing to work with Treasury to develop a series of recommendations for controls and processes that mitigate risk to taxpayers.

Treasury Should Engage in Greater Transparency When Making Significant Program Changes

Finally, each of these program changes were buried in contract amendments posted on Treasury’s website, despite the fact that they have real and significant consequences for taxpayers.²³ Whenever Treasury made changes to the HAMP program, they issued a release, but not so in HHF. This limits oversight and transparency, and should be remedied. Significant program changes require transparency to protect taxpayers.

SECTION 4 SIGTARP'S OVERSIGHT
BY TARP PROGRAM

SIGTARP'S OVERSIGHT OVER THE BANK BAILOUT

SIGTARP conducts oversight over the bank bailout through investigations.

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.²⁴

SIGTARP INVESTIGATIONS RELATED TO TARP BANKS

SIGTARP's investigations prioritize bankers in banks where Treasury still holds TARP securities or banks where taxpayers (through Treasury) suffered a loss in TARP, or banks where SIGTARP found egregious crime. Treasury suffered a loss on the TARP investments in more than a third banks that received TARP funds.

For example, in June 2017, two bank officers from Gulfsouth Bank, who SIGTARP arrested, were indicted by the Department of Justice in December 2016, and were sentenced to prison. When Gulfsouth Bank failed, taxpayers (through Treasury) lost the entire \$7.5 million TARP investment. President Anthony Atkins was sentenced to five years and three months in prison, and Vice President Samuel Cobb was sentenced to three months in prison. Five co-conspirators have been convicted in the case. In April, 2017, Lamar Cox, the former Chief Operating Officer and director of Tennessee Commerce Bank was convicted for causing the bank to make a false statement to the FDIC concealing the true condition of the bank.ⁱ When TCB failed, taxpayers (through Treasury) lost the entire \$30 million TARP investment.

ⁱ 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

97 INDICTED
78 CONVICTED*
51 SENTENCED**
TO PRISON

BANKER'S CO-CONSPIRATORS

90 INDICTED
60 CONVICTED
43 SENTENCED
TO PRISON

BORROWERS DEFRAUDING BANKS

52 INDICTED
40 CONVICTED
27 SENTENCED
TO PRISON

As of June 30, 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 June 30, 2017, Treasury holds securities in 43 banks. This includes \$158 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 7 of these banks.

TABLE 4.1

TREASURY HOLDINGS OF TARP SECURITIES IN BANKS, AS OF 6/29/2017					
Program	Bank	Outstanding Principal Investment	Warrants Remaining	Missed Dividends	SIGTARP Investigation
	One Financial Corporation	\$17,300,000		\$10,478,262	✓
	One United Bank	\$12,063,000		\$6,544,178	
	Cecil Bancorp, Inc.	\$11,560,000	\$523,076	\$5,837,800	✓
	Harbor Bankshares Corporation	\$6,800,000		\$3,128,000	✓
	Broadway Financial Corporation	\$5,338,628			✓
	Pinnacle Bank Holding Company, Inc.	\$4,389,000		\$2,200,800	✓
	Grand Mountain Bancshares, Inc.	\$3,076,000		\$1,673,120	
	St. Johns Bancshares, Inc.	\$3,000,000			
Capital Purchase Program (CPP)	First Bancorp (PR)		\$1,285,900		
	Hampton Roads Bankshares, Inc.		\$75,763	\$4,017,350	
	Pacific International Bancorp / BBCN Bancorp, Inc.		\$20,087		
	Porter Bancorp, Inc.(PBI) Louisville, Ky		\$330,561	\$6,737,500	✓
	Royal Bancshares Of Pennsylvania, Inc.		\$1,368,041	\$7,601,750	
	Severn Bancorp, Inc.		\$556,976	\$1,754,475	
	Synovus Financial Corp.		\$2,215,820		
	Village Bank And Trust Financial Corp.		\$31,189	\$2,026,475	
	Wilmington Trust Corporation / M&T Bank Corporation		\$95,440		✓
		CPP Total	\$63,526,628	\$6,502,853	\$51,999,709
Community Development Capital Initiative (CDCI)	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			
	Fairfax County Federal Credit Union	\$8,044,000			
	Citizens Bancshares Corporation	\$7,462,000			
	Hope Federal Credit Union	\$4,520,000			
	Community Bank of the Bay	\$4,060,000		\$20,300	
	Carter Federal Credit Union	\$3,800,000			
	Cooperative Center Federal Credit Union	\$2,799,000			

Continued on next page

TREASURY HOLDINGS OF TARP SECURITIES IN BANKS, AS OF 6/29/2017 (\$ MILLIONS) (CONTINUED)					
Institution	TARP Investment	Outstanding Investment	Warrants Remaining	Missed Dividends	SIGTARP Investigation
	Tri-State Bank of Memphis	\$2,795,000		\$167,700	
	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	\$94,087,450	—	\$188,000
	TOTAL BANKS	\$157,614,078	\$6,502,853	\$52,187,709	7

Sources: Treasury, Transactions Report, 6/29/2017; Treasury, Dividends and Interest Report, June 2017.

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.²⁵

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.²⁶

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 exited TARP, this quarter. 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.

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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. After pleading guilty, on June 19, 2017, Daniel Sexton was sentenced to nine years and one month in prison. 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. In April 2017, Darryl Clements was sentenced to one year and six months in prison.

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

SIGTARP investigations have resulted in criminal prosecutions related to 15 of 34 failed TARP banks. For the 34 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 6/30/2017 (\$ 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	✓
Cecil Bancorp, Inc.	11.6*	✓
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	✓

Continued on next page

BANKRUPT OR WITH FAILED SUBSIDIARY TARP BANKS, AS OF 6/30/2017 (\$ MILLIONS) (CONTINUED)

Company	TARP Loss	SIGTARP Investigation
Gold Canyon Bank	1.6	
Fort Lee Federal Savings Bank	\$1.3	
Indiana Bank Corp.	1.3	
Gregg Bancshares, Inc.	0.9	
Total	\$3,271.0	15

Notes: Numbers may not total due to rounding.

* Cecil Bancorp, Inc. filed for bankruptcy on June 30, 2017.

Sources: Treasury, *Transactions Report*, 6/29/2017.

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 8 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.²⁷

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.²⁸ 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.^{29,30} 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, five additional employees at the mortgage subsidiary were indicted. Since then, four have pled guilty. Portmann 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. Jason Maurice Robinson, Phillip Owen's co-conspirator, was sentenced to six months in prison. 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 (236 banks) or a loss in a restructuring, exchange or other write-off (31 banks).³¹ 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.³³ 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.³²

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.³⁴



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.³⁵ 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



- **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 conspired 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.³⁶
- **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.³⁷
- **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.³⁸ In May, 2017, a federal jury found Michael Gramins guilty of one count of conspiracy to commit security and wire fraud.
- **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 \$600 million a quarter on MHA.³⁹ 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.⁴⁰ Under the 140 Treasury contracts, Treasury is obligated to pay \$6.3 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 \$4.07 billion based on homeowners who applied for the program by December 31, 2016.⁴¹ TARP payments do not go out all at once because they are not yet earned under the Treasury contracts. TARP payments are based on continuous reporting to Treasury and compliance with Treasury MHA and HAMP rules.⁴²

TABLE 4.3

**TREASURY CONTRACTS FOR TARP DOLLARS TO BE PAID TO MHA MORTGAGE SERVICERS UNTIL 2023,
AS OF 6/30/2017**

	\$4.4 Billion <i>TARP dollars paid</i>	+	\$1.7 Billion <i>Obligated to be paid</i>	+	\$1.0 Billion <i>Available for use</i>
	\$2.9 Billion <i>TARP dollars paid</i>	+	\$903 Million <i>Obligated to be paid</i>	+	\$682 Million <i>Available for use</i>
	\$2.8 Billion <i>TARP dollars paid</i>	+	\$570 Million <i>Obligated to be paid</i>	+	\$561 Million <i>Available for use</i>
	\$2.1 Billion <i>TARP dollars paid</i>	+	\$367 Million <i>Obligated to be paid</i>	+	\$478 Million <i>Available for use</i>
	\$1.2 Billion <i>TARP dollars paid</i>	+	\$740 Million <i>Obligated to be paid</i>	+	\$265 Million <i>Available for use</i>
	\$1.2 Billion <i>TARP dollars paid</i>	+	\$668 Million <i>Obligated to be paid</i>	+	\$220 Million <i>Available for use</i>
	\$692 Million <i>TARP dollars paid</i>	+	\$123 Million <i>Obligated to be paid</i>	+	\$123 Million <i>Available for use</i>
Other Servicers	\$2.2 Billion <i>TARP dollars paid</i>	+	\$1.2 Billion <i>Obligated to be paid</i>	+	\$717 Million <i>Available for use</i>
TOTAL	\$17.44 Billion <i>TARP dollars paid</i>		\$6.27 Billion <i>TARP Obligated to be paid</i>		\$4.07 Billion <i>TARP Committed</i>

Sources: Treasury, Aggregate Cap Monitoring Report - June 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.

SIGTARP has made several recommendations to assess and stop servicer mismanagement and abuse that leads to wrongfully canceling people out of HAMP. Taxpayers paid \$2.7 billion mostly to servicers and investors for 604,193 homeowners cancelled out of HAMP.⁴³ At least 159,113 of these homeowners were foreclosed or otherwise lost their home.⁴⁴ 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 - June 2017, accessed 7/20/2017; Treasury, response to SIGTARP data call 7/6/2017; 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.⁴⁵ Ocwen had another major enforcement action in April of 2017 for “Failing Borrowers Throughout the Mortgage Servicing Process” which included (among other issues): servicing loans using error riddled information; illegally foreclosing on homeowners; failing to credit borrower payments; mishandling escrow information and payments; and mishandling servicing transfers – all of which can have dire implications for homeowners in HAMP whose modifications are handled by Ocwen.⁴⁶ During the last two years, Treasury has found that Ocwen wrongfully denied homeowners help from HAMP and wrongfully cancelled homeowners out of HAMP.⁴⁷

- **Wrongfully canceling homeowners out of HAMP:** Treasury continued to find in recent years that Ocwen has wrongfully cancelled homeowners out of HAMP. More than 134,569 homeowners who were in HAMP with Ocwen have fallen out of the program. Treasury paid Ocwen in excess of \$907 million in TARP dollars for these cancelled homeowners. More than 31,700 of these homeowners went into foreclosure or otherwise lost their home.⁴⁸

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."⁴⁹ 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."⁵⁰ 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.⁵¹
- ***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. In the most recent quarter, 80% of the loans reviewed by Treasury at Ocwen had erroneous information that could affect the homeowner's decision to recast their loan.

With Treasury obligated to pay \$1.7 billion and committed to pay up to an additional \$924 million to Ocwen, continued oversight remains critical.⁵²



**WELLS
FARGO**



Source: Treasury, 1MP Program Volumes - June 2017, accessed 7/20/2017; Treasury, response to SIGTARP data call 7/6/2017; 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.⁵³

- **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 66,649 homeowners in HAMP with Wells Fargo have canceled out of HAMP costing taxpayers \$318 million. Almost 22,407 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.⁵⁴
- **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 \$903 million and committed to pay up to an additional \$682 million to Wells Fargo, continued oversight remains critical.⁵⁵



84%
Homeowners
denied for HAMP

166,381
People in HAMP
now or before

44,886
Homeowners fell
out of HAMP (27%)
costing taxpayers
\$200 million

Source: Treasury, 1MP Program Volumes - June 2017, accessed 7/20/2017; Treasury, response to SIGTARP data call 7/6/2017; SIGTARP analysis of Treasury HAMP data.

JPMorgan denied nearly 1 million people for HAMP—84% of all who applied.⁵⁶ 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.⁵⁷ However, JPMorgan's extremely high rate of denying people for HAMP will require oversight while it continues to assess homeowner applications.⁵⁸

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, or made errors in notices sent. As a result, homeowners who successfully performed obligations in HAMP may have paid a higher payment than was necessary.

Bank of America®



Source: Treasury, 1MP Program Volumes - June 2017, accessed 7/20/2017; Treasury, response to SIGTARP data call 7/6/2017; 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.⁵⁹ Treasury found that Bank of America needed substantial improvement in complying with HAMP's rules, repeatedly, even in recent years.⁶⁰

- **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 - June 2017, accessed 7/20/2017; Treasury, response to SIGTARP data call 7/6/2017; 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 62,032 homeowners who were in HAMP with Nationstar have fallen out of HAMP. Nationstar was paid \$200 million in TARP dollars for these canceled homeowners. More than 25,674 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. In the most recent quarter Nationstar misreported information about borrower payments, resulting in homeowners being shortchanged or Treasury being overcharged.
- **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.
In the most recent quarter, Treasury found that in almost one-fifth of the transactions it reviewed at Nationstar, Nationstar failed to verify that the homeowners were not convicted of disqualifying felonies (such as mortgage fraud), which would have disqualified them. Treasury also recently found reporting errors on almost half of the Nationstar HAMP modifications it reviewed, resulting in overcharging to Treasury.
- **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. Last quarter 20% of Nationstar's notices that Treasury reviewed were either not sent timely or had in erroneous information.
- **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

150,327
People in HAMP
now or before

59,528
Homeowners fell
out of HAMP (40%)
costing taxpayers
\$443 million

Source: Treasury, 1MP Program Volumes - June 2017, accessed 7/20/2017; Treasury, response to SIGTARP data call 7/6/2017; 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.⁶¹ 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.



89%
Homeowners
denied for HAMP

35,536
People in HAMP
now or before

13,041
Homeowners fell
out of HAMP (37%)
costing taxpayers
\$49 million

Source: Treasury, 1MP Program Volumes - June 2017, accessed 7/20/2017; Treasury, response to SIGTARP data call 7/6/2017; 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 89% of homeowners seeking help in HAMP:** CitiMortgage has the highest rate of denying homeowners for admission to HAMP – 89%, which are 341,628 homeowners, of which 21,186 lost their home to foreclosure or distressed sale.
- **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 110 convicted scammers stealing homeowners’ money on a false promise that they can get a homeowner into HAMP, and then do little or 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. Treasury’s spending in the second quarter 2017 tripled from the first quarter to \$880 million.

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.⁶²

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.⁶³

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.⁶⁴ 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.⁶⁵

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 - July 2016

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 apply federal contracting rules 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:

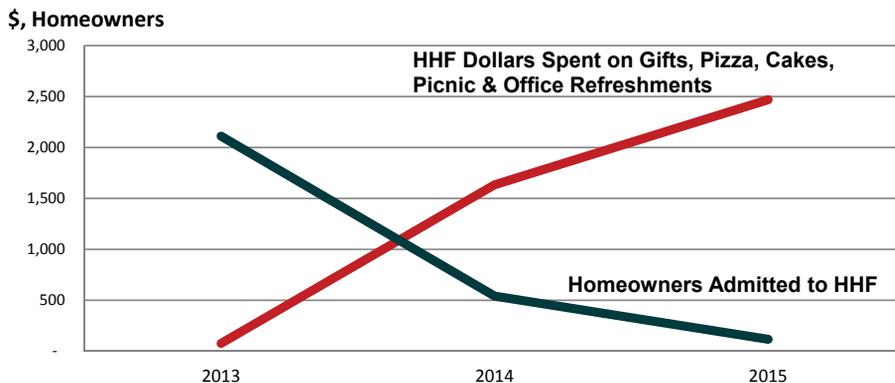
- \$11,000 for the CEO's car allowance for a Mercedes Benz
- \$20,000 for severance to the terminated CEO
- \$10,963.68 spent on **employee bonuses, employee gifts, employee outings, staff lunches and other employee perks.**
 - SIGTARP found that NAHAC used TARP funds to treat their employees to extravagant 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.⁶⁶ See Figure 4.1.

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.

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.⁶⁸ After receiving Treasury's response, Senator Grassley issued the following comment on Treasury's response:

"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."⁶⁹

Senator Chuck Grassley

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 timelines⁶⁷

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.⁷⁰

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.⁷¹

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.”⁷² 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/Evaluations

In March and May 2017, SIGTARP opened an audit and an evaluation of the HHF Blight Elimination Program in the state of Michigan. In March, 2017, SIGTARP opened an audit of demolition costs for demolition and other related costs in Flint for the HHF Blight Program in Flint. On May 3, 2017, SIGTARP announced an evaluation on the use of TARP funds to green and maintain land after demolition, reviewing the costs and reimbursements paid to local partners and contractors.

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

TABLE 4.4

TARP DOLLARS FOR STATE AGENCY EXPENSES, AS OF 3/31/2017

State Agency	Administrative Expenses
Alabama	\$11,142,804.40
Arizona	\$24,388,816.63
California	\$168,568,106.77
Florida	\$73,345,685.40
Georgia	\$32,043,626.07
Illinois	\$40,249,228.00
Indiana	\$31,964,939.83
Kentucky	\$16,323,252.23
Michigan	\$41,472,053.59
Mississippi	\$13,307,728.23
Nevada	\$18,593,034.05
New Jersey	\$27,911,294.75
North Carolina	\$70,392,568.70
Ohio	\$53,556,919.27
Oregon	\$39,815,531.12
Rhode Island	\$10,559,964.19
South Carolina	\$35,449,954.65
Tennessee	\$19,715,557.70
Washington, DC	\$3,783,498.34
Total	\$732,584,563.92

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

Source: Treasury, response to SIGTARP data call, 7/6/2017.

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, 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 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.

\$222 MILLION

COST SAVINGS FROM SIGTARP RECOMMENDATIONS

In April 2012 and again in October 2015, SIGTARP issued reports finding that homeowners suffered from significant delays in getting help from the Hardest Hit Fund ("HHF") because the program lacked measurable performance goals and metrics. SIGTARP recommended that Treasury require the 19 state housing finance agencies administering the HHF program to establish meaningful and measurable performance goals including metrics for how many homeowners they intend to assist with each HHF program, regularly review individual state HHF programs' performance against those metrics, and put funds from under- and non-

performing state programs to better use by reallocating them to programs that more effectively reach homeowners in need.

By 2015, seven of the HHF state agencies-Alabama, California, Florida, Georgia, Indiana, Nevada, and South Carolina- had \$222,213,577 in unused TARP dollars in non-performing or significantly underperforming programs. Two of the nine programs were pilot programs, one in California and the other in Florida, assisting only 418 of the nearly 2000 (4.5%) homeowners projected to be aided. One of the nine programs (an Alabama short sale program) helped no homeowners while another in that state helped only 4% of the target number of homeowners expected. These \$222 million in Federal dollars were available and should have been reallocated to more effective programs as SIGTARP recommended. Only half (\$110 million) of the \$222 million has since been reallocated within HHF and that half only after lengthy delays. Treasury should have required states to act sooner to put the full \$222 million to better use by reallocating to more effective HHF programs.

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%.⁷³ 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.⁷⁴

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

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 (285,132) of all 669,232 homeowners who sought HHF assistance were admitted to the program. Table 4.5 shows those state agencies who admitted less than 43% of applying homeowners.

TABLE 4.5

INEFFICIENT HHF STATE AGENCIES – LOW PERCENTAGE OF APPROVED APPLICATIONS, AS OF 3/31/2017

State Agency	Homeowners That Applied	Homeowners That Received Assistance	Homeowner Admission Rate
Florida	131,484	28,593	21.7%
Alabama	23,805	5,632	23.7%
Arizona	19,767	4,804	24.3%
Georgia	29,750	9,061	30.5%
Nevada	15,623	5,491	35.1%
New Jersey	15,609	6,443	41.3%
Oregon	29,785	12,374	41.5%
California	162,373	67,543	41.6%

Sources: Treasury, response to SIGTARP data call 7/6/2017; Treasury, "HFA Aggregate Quarterly Report," <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/Housing-Finance-Agency-Aggregate-Report.aspx>, accessed 7/17/2017.

On a cumulative basis, HHF Alabama, HHF Arizona, and HHF Florida, were the most inefficient. State agencies that continue to help the fewest homeowners, include HHF in Alabama at 23.7%, HHF Arizona helped 24.3% of unemployed and underemployed homeowners who applied, and HHF Florida assisted just 21.7% of homeowners seeking help in that state. 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 a third (30.5%) of Georgia homeowners who apply.⁷⁵

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

Throughout the nation, state agencies denied 174,636 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 3/31/2017

State Agency	Homeowners That Applied	Homeowners Denied Assistance	Homeowner Denial Rate
Arizona	19,767	13,509	68.3%
New Jersey	15,609	8,223	52.7%
Georgia	29,750	11,922	40.1%
South Carolina	27,400	9,165	33.4%
Rhode Island	5,142	1,581	30.7%
Michigan	69,384	21,047	30.3%
California	162,373	45,524	28.0%

Sources: Treasury, response to SIGTARP data call 7/6/2017; Treasury, "HFA Aggregate Quarterly Report," <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/Housing-Finance-Agency-Aggregate-Report.aspx>, accessed 7/17/2017.

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

Some state agencies continue to turn down more American homeowners than in the past, including HHF Arizona at 68.3%, far higher than 56% in 2014, and HHF New Jersey at 52.7%, higher than 47% in 2013.⁷⁶

State Agencies Seeing High Numbers of Withdrawn Applications

There were 186,334 people saw their application withdrawn – 27% 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 3/31/2017

State Agency	Homeowners That Applied	Homeowner Applications Withdrawn	Homeowner Withdrawal Rate
Alabama	23,805	15,608	65.6%
Oregon	29,785	14,442	48.5%
Florida	131,484	57,266	43.6%
Nevada	15,623	6,120	39.2%
California	162,373	45,854	28.2%

Sources: Treasury, response to SIGTARP data call 7/6/2017; Treasury, "HFA Aggregate Quarterly Report," <https://www.treasury.gov/initiatives/financial-stability/reports/Pages/Housing-Finance-Agency-Aggregate-Report.aspx>, accessed 7/17/2017.

The percentage of homeowners who withdrew their applications or had their applications withdrawn, were the highest in Alabama, Oregon, Florida and Nevada – 65.6% in Alabama, 48.5% in Oregon, 43.6% in Florida, and 39.2% in Nevada. The withdrawal rates have increased slightly in Nevada, and had small declines in Alabama, Oregon, and Florida. This could signal inefficiency or mismanagement, lengthy wait times, or program criteria that do not match the reality of homeowners in that state.⁷⁷

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.⁷⁸

"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 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

\$61.2 Million

COST SAVINGS FROM SIGTARP RECOMMENDATIONS

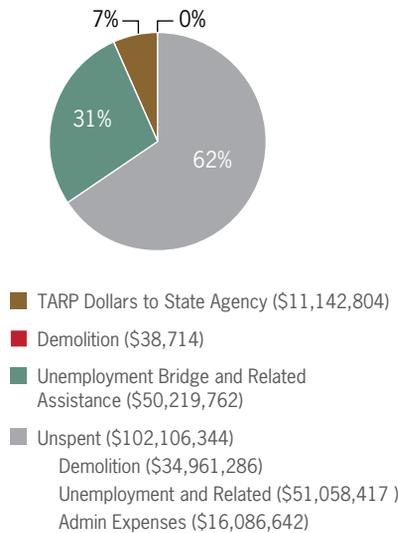
HHF also provides \$612.8 million in down payment assistance, ranging from \$7,500 to \$20,000 to homebuyers, and in 2015, SIGTARP made recommendations to Treasury to prevent fraud, waste, and abuse in homebuyer programs. Among these were recommendations to prevent fraud, such as requiring detailed reporting 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.⁷⁹ These unimplemented recommendations can save the Government \$61.2 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 \$11.1 million in TARP. For example:⁸⁰

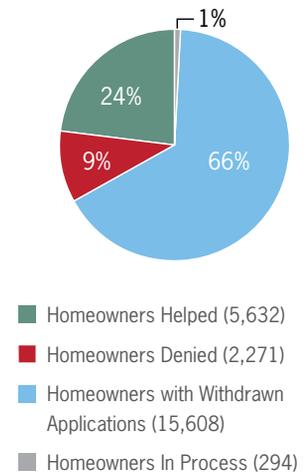
- In 6 years, HHF has helped only 5,632 Alabama homeowners and 62% of TARP dollars have not been spent.
- Homeowners estimated being helped with HHF were cut nearly by half.
- Only 1,035 new Alabama homeowners were admitted last year.
- Alabama’s HHF program has an application withdrawal rate of 66%, among the highest of all 19 HHF states.
- Only 24% of all people who applied received help—among the lowest of any state agency in HHF.
- No one was admitted to an HHF program to help unemployed homeowners with a short sale, despite 214 people applying and only admitted 4% (151 of 4,089) of homeowners applying to an HHF program to modify mortgages.
- After more than two years, only 3 houses have been demolished.

FIGURE 4.2
HARDEST HIT FUND – USE OF FUNDS IN ALABAMA, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.3
STATUS OF ALABAMA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

TARP-Funded Demolition

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

TABLE 4.8

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN ALABAMA, AS OF 3/31/2017**

		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.

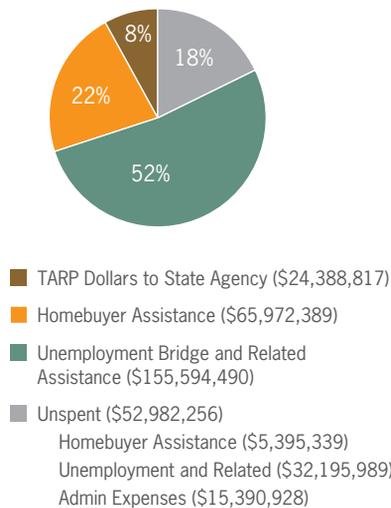
** Alabama Housing Finance Authority, Treasury Reports, Quarterly Performance Report, Q1 2017, no date.

HHF in Arizona

SIGTARP has identified significant inefficiencies at the Arizona state agency, despite being paid \$24.4 million in TARP. For example:⁸⁰

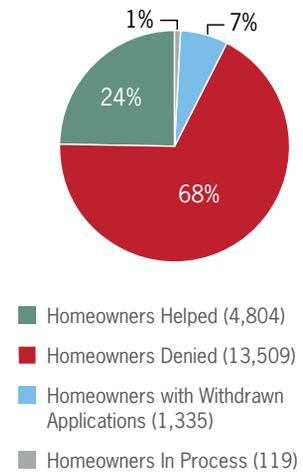
- In 6 years, HHF has helped only 4,804 Arizona homeowners, 18% of TARP dollars has not been spent.
- The Arizona state agency has not helped 14,844 or 75% of all homeowners who applied for help. In contrast, every home buyer who applied for assistance from the Arizona state agency to purchase a home received assistance (4,148 homebuyers).
- Only 24% of all people who applied received help—among the lowest of any HHF state.
- Homeowners 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. HHF Arizona stopped reporting wait times.
- During the past year, Arizona’s HHF approved 454 homeowners for assistance. During same time, 8,081 Arizona homeowners lost their homes to foreclosure.

FIGURE 4.4
HARDEST HIT FUND – USE OF FUNDS IN ARIZONA, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.5
STATUS OF ARIZONA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



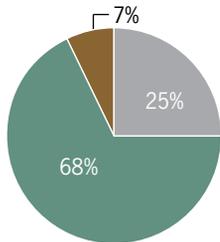
Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

HHF in California

SIGTARP has identified inefficiencies at the California state agency, despite being paid \$169 million by Treasury to distribute \$2.358 billion in TARP funds. For example:⁸⁰

- 45,854 of the 162,373 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, 5,662 of the 19,701 homeowners who applied for HHF in California withdrew their applications or had them withdrawn.
- Only 67,543 of the 162, 373 (42%) homeowners who applied for HHF received assistance.
- Over the past year only 6,258 California homeowners received HHF unemployed homeowner assistance, while over 800,000 are currently unemployed in the state.

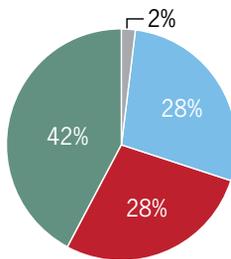
FIGURE 4.6
HARDEST HIT FUND – USE OF FUNDS IN CALIFORNIA, AS OF 3/31/2017



- TARP Dollars to State Agency (\$168,568,107)
- Unemployment Bridge and Related Assistance (\$1,656,063,313)
- Unspent (\$593,400,858)
Unemployment and Related Admin Expenses (\$73,250,503)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.7
STATUS OF CALIFORNIA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (67,543)
- Homeowners Denied (45,524)
- Homeowners with Withdrawn Applications (45,854)
- Homeowners In Process (3,452)

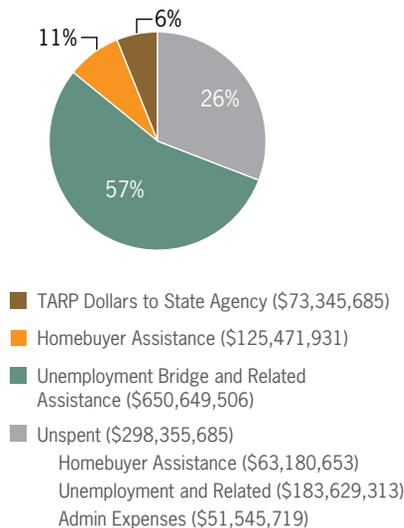
Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

HHF in Florida

SIGTARP has found significant inefficiencies in the Florida state agency, despite being paid \$73.3 million by Treasury to distribute TARP funds. In October, 2015, SIGTARP issued an audit report making findings about severe underperformance in HHF by at the state agency. Some of the problems with HHF in Florida include:⁸⁰

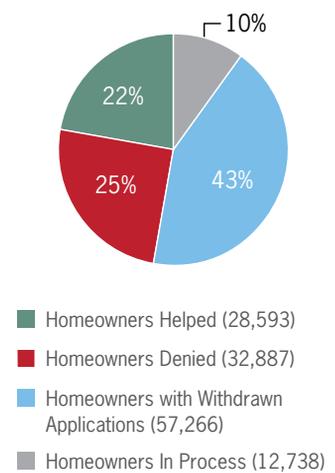
- Only 22% of homeowners seeking unemployment help from the Florida state agency actually received that help (28,593 of 131,484), while 97% (8,400 of 8,626) of homebuyers received help.
- The Florida state agency had the third highest rate of homeowners with withdrawn applications (44%) of all the HHF states.
- Over the last year 58% of homeowners withdrew their HHF application or had their application withdrawn, among the highest in the country during that period.
- As of March 31, 2017, Florida’s HHF program had an 14 month backlog of homeowner applications, based on processing of 2,662 applications last quarter, while 12,738 homeowners were still waiting for a decision when the quarter ended.
- Only 1,584 homeowners received help from Florida’s HHF unemployment bridge program last year, while Florida currently has 404,500 unemployed workers.
- Only 35% of the estimated number of homeowners received HHF help.

FIGURE 4.8
HARDEST HIT FUND – USE OF FUNDS IN FLORIDA, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.9
STATUS OF FLORIDA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

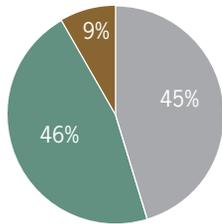
HHF in Georgia

SIGTARP has identified significant inefficiencies at the Georgia state agency, despite being paid \$32.0 million by Treasury to distribute Federal HHF dollars. For example:⁸⁰

- More than two-thirds (67%) (20,051) of homeowners who applied did not receive HHF help.
- In 6 years, only 30% (9,061 of 29,790) homeowners received help from HHF - among the lowest rate of any HHF state.
- 40% of homeowners who sought HHF help were denied by the state agency - among the highest in of all the HHF states.
- Over the last year only 1,247 homeowners were approved for the unemployment bridge and related programs, 237,421 remain unemployed in Georgia.
- Almost half of the TARP funds allocated to Georgia have not been spent.
- Over the past year, the number of people denied for HHF (43%) has been among the highest in the country during that period.

FIGURE 4.10

HARDEST HIT FUND – USE OF FUNDS IN GEORGIA, AS OF 3/31/2017

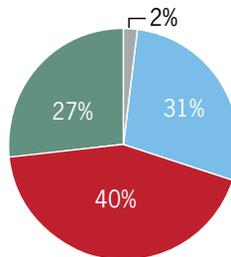


- TARP Dollars to State Agency (\$32,043,622)
- Unemployment Bridge and Related Assistance (\$173,813,365)
- Unspent (\$167,621,393)
Unemployment and Related (\$151,812,903)
Admin Expenses (\$15,808,490)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.11

STATUS OF GEORGIA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (9,061)
- Homeowners Denied (11,922)
- Homeowners with Withdrawn Applications (8,129)
- Homeowners In Process (638)

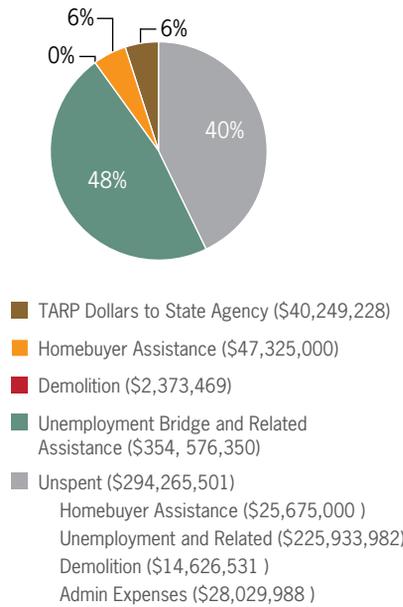
Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

HHF in Illinois

SIGTARP has identified inefficiencies at the Illinois state agency, despite being paid \$37 million by Treasury. For example:⁸⁰

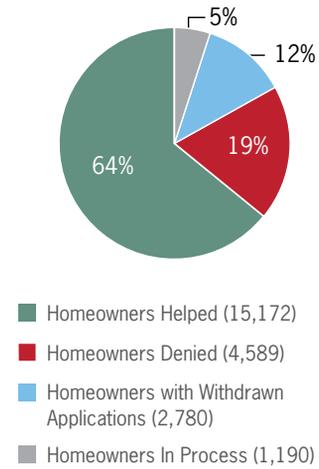
- In 6 years, HHF has helped only 15,172 Illinois homeowners.
- Illinois homeowners who received HHF assistance had to wait as long as 165 days (depending on the program they applied for) to receive assistance.
- Over the last year, the Illinois state agency only approved 1,138 homeowners for HHF assistance, while 275,090 people are unemployed in Illinois.
- Only 91 properties were demolished after more than 2 years.

FIGURE 4.12
HARDEST HIT FUND – USE OF FUNDS IN ILLINOIS, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.13
STATUS OF ILLINOIS HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 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 91 abandoned houses using \$2.4 million.

TABLE 4.9

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN ILLINOIS, AS OF 3/31/2017**

		Most Recent Quarter	Cumulative	
Properties Demolished/Removed		18	91	
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	\$—	0	0
	Services, Inc.	\$—		
Chicago	Greater Englewood CDC	\$—	0	5
	Sunshine Gospel Ministries	\$120,275		
Chicago Heights	Cook County Land Bank Authority	\$—	0	0
Danville	Habitat for Humanity Danville	\$—	0	0
Evanston	Community Partners for Affordable Housing	\$—	0	0
Freeport	Northwestern Illinois Community Action Agency	\$—	0	11
	NW Homestart, Inc.	\$278,853		
Joliet	South Suburban Land Bank and Devt. Authority	\$209,163	0	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	0	2
Peoria	Peoria Citizens Community for Economic Opportunity	\$—	0	0
Riverdale	Cook County Land Bank Authority	\$144,700	0	8
Rock Island	Rock Island Economic Growth Corp.	\$286,560	0	9
Rockford	Comprehensive Community Solutions, Inc	\$496,796	11	23
	Rockford Corridor Improvement, Inc.	\$46,015		
Round Lake Beach	The Fuller Center for Housing—Hero Project Lake County	\$—	0	0
Springfield	Enos Park Neighborhood Improvement Association	\$132,296		
	Nehemiah Expansion	\$—	4	4
	The Springfield Project	\$—		
Sterling	Rock Island Economic Growth Corp.	\$196,563	1	8
Urbana	Habitat for Humanity of Champaign County	\$149,168	2	5

^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, Q1 2017, no date.

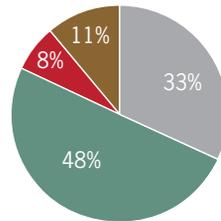
HHF in Indiana

SIGTARP has identified inefficiencies at the Indiana state agency, despite being paid \$32 million in TARP. For example:⁸⁰

- After 6 years, HHF has helped only 9,127 Indiana homeowners and 33% of TARP dollars have not been spent.
- The Indiana state agency lowered the number of homeowners it estimated helping with HHF from 16,257 homeowners to 11,335 homeowners, as it shifted more TARP funds to demolition.

FIGURE 4.14

HARDEST HIT FUND – USE OF FUNDS IN INDIANA, AS OF 3/31/2017

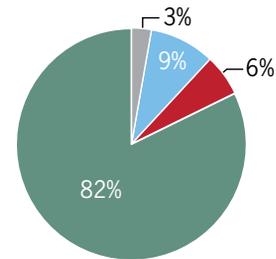


- TARP Dollars to State Agency (\$31,964,940)
- Demolition (22,886,161)
- Unemployment Bridge and Related Assistance (\$137,981,952)
- Unspent (\$92,966,903)
 - Demolition (\$52,113,839)
 - Unemployment and Related (\$34,516,555)
 - Admin Expenses (\$6,336,509)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.15

STATUS OF INDIANA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (9,127)
- Homeowners Denied (662)
- Homeowners with Withdrawn Applications (1,029)
- Homeowners In Process (280)

Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

TARP-Funded Demolition

The \$75 million TARP-funded demolition program in Indiana has demolished 1,621 properties, spending almost \$23 million in TARP.

TABLE 4.10

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA, AS OF 3/31/2017 **

			Most Recent Quarter	Cumulative	
Properties Demolished/Removed			218	1,621	
Locality	Partner^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date^b	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Alexandria	Alexandria Redevelopment Commission		\$237,626	0	19
	Madison County Council of Governments		\$—		
Miller's Excavating & Demolition					
City of Anderson	Anderson Community Development Corporation		\$299,833	4	37
	Anderson Redevelopment Commission		\$240,242		
	Bethesda Missionary Baptist Church		\$22,994		
	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 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)		\$149,625	14	14
	Southern Indiana Housing & Community Development Corp.		\$—		
City of Bicknell	Bicknell Bulldog Development Corporation		\$223,720	14	14
City of Brazil	Clay County Economic Redevelopment Commission		\$169,720	0	9
City of Brookville	Brookville Redevelopment Commission		\$—	0	0
	Kara Knapp		\$—		
	Tammy Davis, III		\$—		
City of Cambridge City	Carla Boyles		\$—	0	0
	Jonathan Winchester		\$—		
	Robert Fortman		\$—		
City of Columbus	Administrative Resources Association (ARA)		\$ 50,633	3	3
	Southern Indiana Housing & Community Development Corporation		\$—		
	Thrive Alliance, Inc.		\$—		
City of Connersville	Connersville Urban Enterprise Association		\$99,499	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 Delphi	Habitat for Humanity of Lafayette, Inc.		\$—	0	0
City of Dunkirk	Dunkirk Industrial Development Corporation		\$96,709	0	9
Kesler Excavating, LLC					
City of East Chicago	Unknown		\$9,242	7	50
	East Chicago Department of Redevelopment		\$573,719		
	East Chicago Redevelopment Commission		\$74,615		
JM Industrial Services, Inc.					
Actin Contracting, LLC					
City of Edwardsport	Keith Martin		\$—	0	0
City of Elwood	Elwood Redevelopment Commission		\$269,662	0	20
Miller's Excavating & Demolition					
Renascent, Inc.					

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 3/31/2017 (CONTINUED)**

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Evansville	Amanda Hanna		\$8,523		
	Comfort Homes		\$—		
	Community One, Inc.		\$54,505		
	David Clark		\$45,076		
	ECHO Housing Corporation		\$197,834		
	Evansville Brownfields Corporation		\$719,506		
	Evansville Housing Authority		\$—		
	Full Gospel Mission		\$20,572		
	Gethsemane Church		\$28,941		
	Gloria Peek		\$7,361	59	123
	Habitat for Humanity of Evansville		\$210,422		
	Hope of Evansville		\$—		
	James Bradley		\$9,606		
	JBELL Properties, LLC		\$10,838		
	Jonathan Page		\$7,595		
	Memorial Community Development Corporation		\$26,725		
	New Odyssey Investments, LLC		\$360,008		
Ozaman Family Shelter Corp.		\$18,238			
Pleasant Chapel General Baptist Church		\$33,394			
		Hazex Construction Co.			
City of Fort Wayne	Unknown		\$13,341	28	207
	Housing and Neighborhood Devt. Svcs, Inc.		\$4,021,452		
			Diamond Green Group Inc.		
			Martin Enterprises Inc.		
			Patriot Engineering		
			Paul Davis Restoration		
			Protechs, Inc.		
		Rothberg Logan & Warsco LLP			
City of Gary	Broadway Area Community Development Corp.		\$117,114		
	City of Gary Redevelopment Commission		\$184,928		
	Fuller Center for Housing of Gary		\$3,193,126	19	336
	Sojourner Truth House		\$14,351		
	The Sojourner Truth House		\$113,691		
			C. Lee Construction Services		
		Gary Material Supply			
		Aavatar Enterprises			
		Actin Contracting, LLC			
		JM Industrial Services, Inc.			
		Spirit Wrecking & Excavation, Inc.			
City of Hammond	Unknown		\$13,884		
	Hammond Redevelopment Commission		\$69,727	3	24
	United Neighborhoods, Inc.		\$320,526		
		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.			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 3/31/2017 (CONTINUED)**

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative	
City of Indianapolis	Community Alliance of Far Eastside		\$—			
	Mapleton-Fall Creek Development Corporation		\$58,167			
	Near East Area Renewal, Inc.		\$95,704	11	106	
	Near North Development Corporation		\$110,330			
	Renew Indianapolis		\$1,247,132			
	Riley Area Development Corporation		\$17,481			
			C&M Wrecking Inc. Ray's Demolition LLC Nel Main Interiors, Inc. Construction Waste Renascent, Inc.			
City of Kendallville	Campbell and Fetter Bank		\$—	0	0	
City of Knox	Starke County Economic Devt. Foundation, Inc.		\$145,753	6	10	
	Kokomo Community Development Corporation		\$887,575	2	77	
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	
	City of Lawrence	Lawrence Community Development Corporation Ray's Demolition LLC	\$57,351	0	5	
	City of Lebanon	Lebanon Community Development Corporation	\$38,550	0	3	
	City of Logansport	Logansport Municipal Building Corporation		\$582,318	1	34
		Allback Construction LLC 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 Quality Environmental Solutions Inc.				
	City of Montpelier	Blackford Development Corporation		\$30,578	0	3
		Community and Family Services		\$—		
	City of Muncie	Faith Builders		\$—	0	0
		Muncie Redevelopment Commission		\$—		
City of New Castle	Healthy Communities of Henry County		\$66,829			
	Henry County Redevelopment Commission		\$20,012			
	Interlocal Community Action Program, Inc.		\$72,074	0	30	
	New Castle Housing Authority		\$—			
	Westminster Community Center		\$69,744			
		Neal Scrap Metals LLC				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 3/31/2017 (CONTINUED)**

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Peru	Habitat for Humanity of Miami County, Inc.		\$—	5	6
	Miami County Economic Development Authority		105,112		
	Miami County Master Gardener Association		\$—		
	Scratching Post Cat Rescue		\$—		
City of Portland	Community and Family Services		\$56,300	1	4
	Unknown		\$19,384		
City of Richmond	Good News Habitat for Humanity, Inc. (Formerly Habitat for Humanity of Greater Richmond)		\$175,000	0	103
	Neighborhood Services Clearinghouse		\$1,394,454		
		Culy Contracting, Inc.			
		Mikesell Excavating Inc			
		Cox Excavating Plus			
		Complete Demolition Services LLC			
City of Rising Sun	Redevelopment Commission of the City of Rising Sun, IN		\$116,536	0	5
	RSOC Senior Citizen Housing Inc.		\$—		
		Total Property Care, LLC			
City of Rushville	Southern Indiana Housing & Community Development Corp		\$151,916	0	9
		Holman Excavating LLC			
City of Shelbyville	Habitat for Humanity of Shelby County		\$ 85,027	0	5
	Near Northwest Neighborhood, Inc.		\$153,522		
City of South Bend	South Bend Heritage Foundation		\$174,675	0	61
	Urban Enterprise Association		\$699,216		
		Indiana Earth, Inc			
City of St. Joe	Habitat for Humanity of Northeast Indiana		\$—	0	0
	Larry Griffin		\$—		
	Michael Mills		\$—		
City of Sullivan	Sullivan City Redevelopment Commission		\$138,410	0	10
		Freedom First Excavating and Demo LLC			
City of Terre Haute	Terre Haute Department of Redevelopment		\$192,693	0	16
	West Terre Haute Redevelopment Commission		\$—		
		Bell & Bell Demolition Inc.			
		Hoggatt Excavating & Demolition			
City of Vincennes	Carol Anderson		\$—	0	0
	Chris Case		\$—		
	Dan Vories		\$—		
	Forest and Charity Davis		\$—		
	Jack Stilwell		\$—		
	Karen Evans		\$—		
	Larry Stuckman		\$—		
	Leonard Stevenson		\$—		
	Mark Loveman		\$—		
	Matt McCoy		\$—		
	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

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 3/31/2017 ** (CONTINUED)

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
City of Washington	Davies County Economic Development Foundation, Inc.		\$92,720		
	Habitat for Humanity of Daviess County, Inc.		\$—	10	10
	Washington Housing Authority		\$—		
County of Dearborn	Aurora Development Corporation		\$19,403		
	Aurora Redevelopment Commission		\$46,197		
	Casey Kaiser		\$11,109		
	John & Darlene Albright		\$—		
	John Albright		\$8,672		
	Joseph Fette		\$—		
	Laura Williams		\$11,666	3	11
	Linda & Wayne Ketterman, Co-Trustees of the Linda Ketterman Revocable Trust		\$23,525		
	Moore's Hill Redevelopment Commission		\$30,662		
	Robert & Janice Fehrman		\$8,963		
	Victor C. Fay, III		\$14,328		
County of Elkhart		Probst Excavating Inc.			
	La Casa Real Estate Holding, LLC		\$358,417	5	18
		Pelley Excavating			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 3/31/2017 (CONTINUED)**

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative	
County of Gibson	Anna Keil		\$11,092			
	Barnaby Knoll		\$58,808			
	Billy Ray Walden		\$22,723			
	Brandon & Jane Taylor		\$11,025			
	Brenda Boyer		\$—			
	Brenda Farber		\$18,000			
	Brian C. Dawson		\$16,638			
	Chris Schmidt		\$14,720			
	Daniel & Sherry Engler		\$19,006			
	David Hill		\$13,700			
	Donald Keith & Wilma Newcome		\$9,811			
	Elizabeth Schlacks		\$—			
	Gloria & Jose Garcia		\$14,495			
	Jason Spindler		\$—			
	Nancy Carsey, Jay and Richard Stevens		\$14,831			
	John D. Young		\$18,540			
	Lillie E. Gardner Wheelhouse, Joseph H. Gardner and Judith L. Gardner		\$17,312			
	Keith Perkins		\$—		1	42
	Kenneth Wolf		\$12,575			
	Leslie Marshall		\$17,119			
	Mark A. Tooley		\$—			
	Nicholas Burns		\$29,906			
	Princeton Redevelopment Commission		\$160,826			
	Ralph Debord		\$11,200			
	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		\$52,137				
Tim Thompson		\$31,675				
Timothy A. Beadles		\$—				
		Naas & Son, LLC				
County of Greene	Greene Redevelopment Commission		\$131,659	8	9	
		Carr-Thomas Construction Inc.				
County of Howard	Howard Redevelopment Commission		\$—			
	Jessee Trine		19,569	0	1	
County of Posey	Allen and Erma Roedel		\$—			
	Beverly Stone & Katrina Wagner		\$13,645			
	Brett Newman		\$—			
	Bruce and Kathy Martin		\$—			
	Dale Reuter		\$22,382			
	James C. Welch, Jr		\$—		8	24
	Karen Baker		\$—			
	Mt. Vernon Redevelopment Commission		\$261,052			
	Randall Yeida and Susan Marshall		\$6,922			
	Sheriell Thompson		\$23,712			
		Naas & Son, LLC				
		Earth Services				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 3/31/2017 (CONTINUED)**

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
County of Pulaski	White's General Contracting				
County of Shelby	Habitat for Humanity For Shelby Co.				
County of Sullivan	Sullivan City Redevelopment Commission		\$—		0
	Sullivan County Redevelopment Commission		\$—		
County of Vigo	West Terre Haute Redevelopment Commission				
	Andy & Donna VanWinkle		15,012		
	Bettye Lee		15,216		
	Boonville Now		278,858		
	Brian Hendrickson		12,070		
	Charles L. Allen		\$—		
	Chris Lunn		25,000		
	Clifford Hayden		12,108		
	Daryl K. Saltzman, Alan E. Saltzman, and Elizabeth C. Saltzman-Griggs		17,277		
	Habitat For Humanity of Warrick County		20,282		
	James B. Decker, II		13,579		
	Josh Barnett		22,166	3	36
County of Warrick	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		\$—		
	Roy and Linda Paxton		23,425		
	Scott Speicher				
	Terry D. Cline and Kathy J. Cline		11,966		
	Thomas Key		\$—		
	Tim A McKinney		11,364		
	Wesle & Maureen Hack		13,916		
	Zachary Lee Bailey		\$—		
		Jerry Aigner Construction, Inc.			
Town of Arcadia	Curtis and Mary Parr		\$21,015	0	1
Town of Coatesville	National Road Heritage Trail		\$15,536	0	1
	Cathy Griffith		\$—		
	Darrell & Robin Lindsay		\$18,151		
	David & Bonnie Wehmeier		\$6,442		
Town of Decker	Decker Community Center		\$—	2	3
	Doug Deyoe		\$—		
	Kathy Hartigan		\$—		
	William Beamon		\$—		
	David and Dianna Mosier and Danielle Virgil		\$7,265		
Town of Greens Fork	Mendy Rose		\$8,265	0	3
	Monty and Mary York		\$14,765		
	Edward Nugent		\$8,765		
Town of Hagerstown	Joe Smith, Jefferson Township Trustee		\$—	1	1
	Randy Moles		\$—		
Town of Oaktown	Knox County Housing Authority		\$—	0	0
Town of Richland City	The Friends of Richland		\$61,670	0	4

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN INDIANA AS OF 3/31/2017** (CONTINUED)

Locality	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Town of Silver Lake	Silver Lake Education Foundation	Greene Excavating	\$29,252	0	3
Town of Sweetser	Sweetser Redevelopment Commission		\$24,898	0	2
	Habitat for Humanity of Northeast Indiana		50,428		
Town of Waterloo	RP Wakefield Co.		15,699	0	9
	Waterloo Redevelopment Commission		106,317		
		Knott Drainage & Excavating Inc.			

^a Indiana Housing and Community Development Authority.

^b 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, Q1 2017, no date

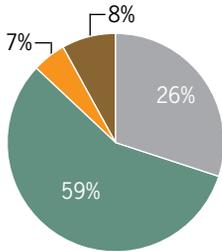
HHF in Kentucky

The Kentucky state agency has been paid \$16.3 million by Treasury to distribute these Federal dollars. For example:⁸⁰

- Last year, only 889 Kentucky homeowners received HHF help through Kentucky’s unemployment program, despite there being approximately 97,409 unemployed people in Kentucky.
- 69% of homeowners received help, while 17% of homeowners were denied and 12% of homeowners had their applications withdrawn.
- As of March 31, 2017, Kentucky’s HHF program has a 58 day backlog of homeowner applications waiting to be processed.

FIGURE 4.16

HARDEST HIT FUND – USE OF FUNDS IN KENTUCKY, AS OF 3/31/2017

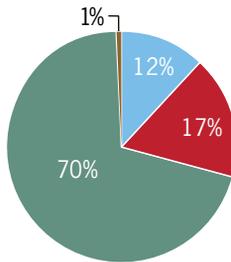


- TARP Dollars to State Agency (\$16,323,252)
- Homebuyer Assistance (\$14,825,940)
- Unemployment Bridge and Related Assistance (\$124,443,098)
- Unspent (\$54,782,702)
 - Homebuyer Assistance (\$9,424,060)
 - Unemployment and Related (\$41,706,509)
 - Admin Expenses (\$3,652,133)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.17

STATUS OF KENTUCKY HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (8,931)
- Homeowners Denied (2,206)
- Homeowners with Withdrawn Applications (1,559)
- Homeowners In Process (158)

Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

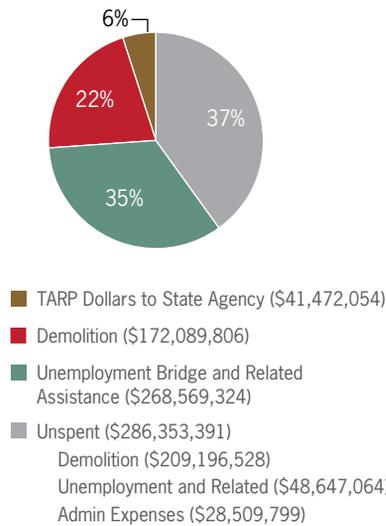
HHF in Michigan

The Michigan state agency, paid \$41.5 million in TARP, appears to have shifted their entire focus to demolition and away from helping homeowners in HHF. For example:⁸⁰

- During the first quarter of 2017, only 1 homeowner received unemployment assistance. There were 247,800 people in Michigan unemployed as of that date.
- Fewer than half of all homeowners seeking help from the state agency received HHF assistance (69,384 homeowners sought help and 33,981 received that help).

FIGURE 4.18

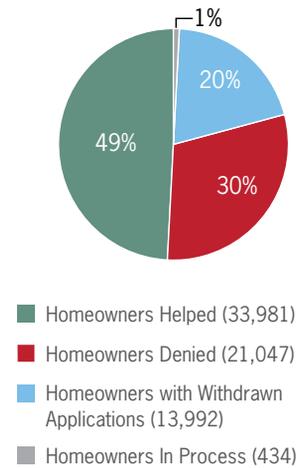
HARDEST HIT FUND – USE OF FUNDS IN MICHIGAN, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.19

STATUS OF MICHIGAN HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

TARP-Funded Demolition

The \$381.2 million TARP-funded demolition program has demolished 11,249 homes in Michigan, after more than three years, spending \$172.1 million on demolition.

TABLE 4.11

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN, AS OF 3/31/2017**

							Most Recent Quarter	Cumulative
Properties Demolished/Removed							996	11,249
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	
		313 Construction, LLC	32	\$491,752				
		ABC DEMOLITION COMPANY, INC.	361	\$5,230,030				
		Able Demolition	475	\$7,417,511				
		Adamo	2,135	\$35,374,067				
		BLUE STAR	210	\$2,984,425				
		Direct Construction Services, LLC	24	\$350,079				
		DMC Group	783	\$11,958,822				
		ESSO	26	\$399,227				
		Esso Wrecking	108	\$1,683,443				
Detroit	Detroit Land Bank Authority	Farrow Group	170	\$2,901,916	\$114,387,757	763	7,119	
		Homich	1,769	\$29,413,923				
		Jenkins	46	\$494,084				
		MCM Mangement Corp	334	\$5,069,942				
		Rademacher	1	\$16,522				
		Rickman Enterprise Group, LLC	449	\$7,907,422				
		Salenbien Trucking and Excavating, INC	168	\$2,350,103				
		Smalley Construction	19	\$193,828				
		Time Savers	7	\$118,632				
		Unknown	2	\$32,030				
		International Construction Inc	43	\$574,553				
		Lyle Demolition LLC	20	\$263,443				
		Salenbien Trucking and Excavating, INC	10	\$159,699				
Ecorse	Wayne Metro – Ecorse	Efficient Demolition, Inc.	9	\$104,113	\$997,695	1	73	
		Fick Excavating, Inc.	377	\$4,474,152				
		Jack Fick Excavating Inc.	14	\$183,532				
		Kristine Sue Stanley	57	\$724,054				
		L Zellar and Sons Excavating, Inc.	350	\$4,363,327				
Flint	Genesee County Land Bank Authority	L.A. Construction Corp	231	\$3,048,420	\$26,894,393	95	2,075	
		North American Dlstmantling Corp.	716	\$9,580,009				
		S.C. Environmental Services, LLC	68	\$892,337				
		Salenbien Trucking and Excavating, INC	193	\$2,956,927				
		W. T. Stevens Construction, Inc.	60	\$567,521				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN, AS OF 3/31/2017* * (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
Grand Rapids	Habitat for Humanity of Kent County	Pitsch Companies, Inc.	11	\$253,934	\$2,352,127	0	117
		Specialized Demolition, Inc.	15	\$364,890			
		Unknown	1	\$12,920			
		ECO Demolition	5	\$119,284			
		F Lax Construction	1	\$25,000			
		Pitsch Companies, Inc.	51	\$908,183			
		River City Excavating	3	\$59,625			
		Specialized Demolition, Inc.	29	\$586,609			
Highland Park	Michigan Land Bank (Highland Park)	Unknown	1	\$21,682	\$2,260,125	18	104
		Adamo	4	\$72,410			
Inkster	Michigan Land Bank (Inkster)	Salenbien Trucking and Excavating, INC	100	\$2,187,715	\$598,483	17	30
		Adamo	9	\$149,182			
Ironwood	Gogebic County Land Bank Authority	Salenbien Trucking and Excavating, INC	21	\$449,302	\$522,003	0	27
		Angelo Luppino, Inc.	8	\$172,856			
		Associated Constructors, LLC	4	\$59,899			
Jackson	John George Home, Inc.	Snow Country Contracting, Inc.	15	\$289,248	\$5,025,002	31	226
		Dunigan Brothers	32	\$717,129			
		Lester Brothers	4	\$82,642			
		R A Baker	16	\$330,514			
		Rickman Enterprise Group, LLC	2	\$39,186			
Lansing	Ingham County Land Bank Fast Track Authority - HHF	Salenbien Trucking and Excavating, INC	43	\$999,452	\$3,415,962	37	230
		Bolle Contracting, Inc	79	\$1,189,065			
Muskegon Heights	Muskegon County Land Bank Authority	S.C. Environmental Services, LLC	151	\$2,226,898	\$1,728,598	16	160
		JMB	34	\$327,715			
Pontiac	Michigan Land Bank (Pontiac)	Melching	126	\$1,400,883	\$2,168,645	9	146
		313 Construction, LLC	9	\$94,866			
		Able Demolition	74	\$1,024,528			
		Adamo	3	\$46,994			
		BLUE STAR	38	\$555,583			
		Homich	3	\$71,984			
		Merlo Construction	1	\$10,276			
		O'Brien Construction c/o ADR Consultants, LLC	4	\$44,788			
Port Huron	Port Huron Neighborhood Housing Corporation	Salenbien Trucking and Excavating, INC	14	\$319,626	\$898,490	6	41
		Hammar's Contracting	5	\$100,218			
		L&J Construction	7	\$138,004			
		S.A. Torello	29	\$660,268			
River Rouge	Wayne Metro - River Rouge HHF	E Gilbert & Sons	9	\$106,020	\$764,674	3	51
		Salenbien Trucking and Excavating, INC	30	\$502,050			
		Superior Wrecking Inc.	12	\$156,694			
Saginaw	Saginaw County Land Bank Authority	Braddock Demolition	34	\$523,871	\$11,196,003	0	842
		Mead & Sons Contracting, Inc	99	\$1,317,713			
		Rodney Woods Builder	578	\$7,784,722			
		Rohde Brothers Excavation	131	\$1,569,697			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN MICHIGAN, AS OF 3/31/2017** (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
TOTAL			11,249	\$173,370,305			

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.

* "TARP Dollars Used" includes demolition, acquisition, greening, maintenance and other costs associated with the demolition of the respective properties. Not all of the TARP dollars used were paid to and/or retained by the Primary Demolition Contractor.

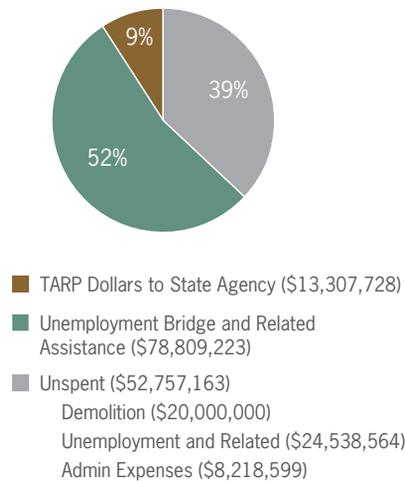
** Michigan Homeowner Assistance Nonprofit Housing Corporation, Hardest Hit U.S. Treasury Reports, Quarterly Performance Report Q1 2017, no date.

HHF in Mississippi

SIGTARP has identified inefficiencies at the Mississippi state agency, despite being paid \$13.3 million in TARP. For example:⁸⁰

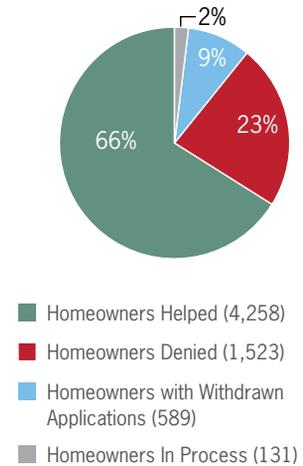
- In 6 years, HHF has helped only 4,258 Mississippi homeowners and 37% of TARP dollars have not been spent.
- SIGTARP reported in January 2017 that Mississippi homeowners typically had to wait about 100 days to get HHF assistance. The Mississippi state agency stopped reporting wait times.
- Only 573 new Mississippi homeowners were admitted to HHF last year.
- 32% of 6,501 Mississippi homeowners who applied for HHF help did not receive it.

FIGURE 4.20
HARDEST HIT FUND – USE OF FUNDS IN MISSISSIPPI, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.21
STATUS OF MISSISSIPPI HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

TARP-Funded Demolition

The Mississippi state agency’s \$20 million TARP-funded demolition program was launched on December 19, 2016, and the Mississippi State agency has not reported any demolition.

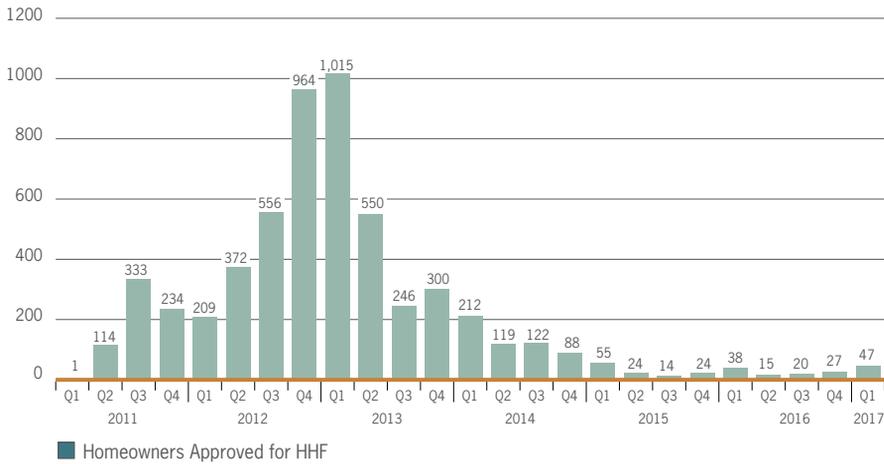
HHF in Nevada

SIGTARP has identified the Nevada state agency contractor NAHAC as one of the worst participants in HHF, despite being paid \$18.6 million in TARP. For example:⁸⁰

- Nevada had a 95% drop in number of homeowners helped each quarter from the first quarter of 2013 to 47 in the first quarter of 2017, see Figure 4.22.
- Only 47 Nevada homeowners received help from HHF last quarter, even though 67,000 people in Nevada are unemployed and the program has \$91 million available to help them.
- Almost half of the TARP dollars have not been spent.

FIGURE 4.22

NEVADA HOMEOWNERS APPROVED FOR HHF, BY QUARTER

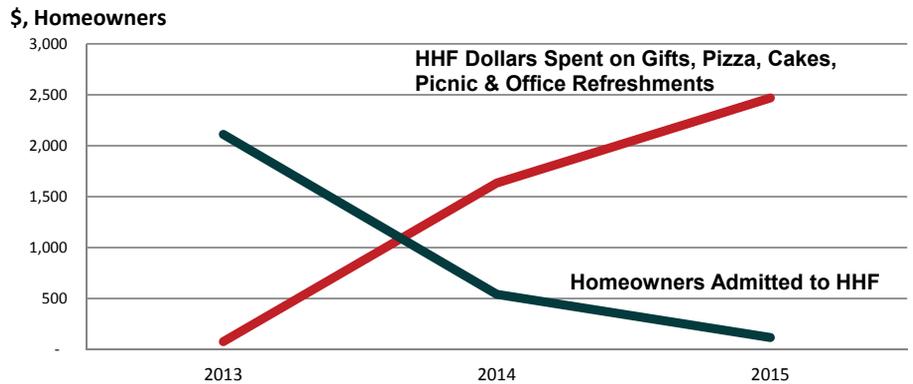


Source: SIGTARP Audit Report, "Waste and Abuse in the Hardest Hit Fund in Nevada", 9/9/2016, https://www.sigtarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 1/25/2017.

- The number of homeowners 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

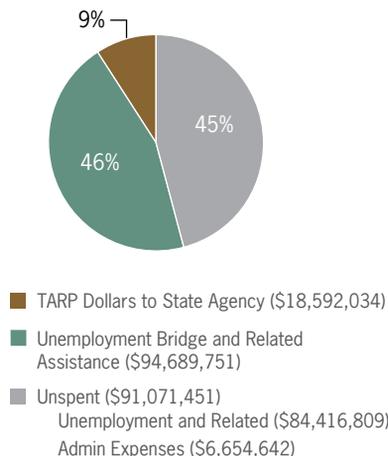


Source: SIGTARP, Audit Report: "Waste and Abuse in the Hardest Hit Fund in Nevada", 9/9/2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 1/13/2017.

- Only 35% of all people who applied got HHF help, despite the state's persistently high mortgage delinquencies, foreclosures and unemployment.
- In the last year, 89% of those who applied for help did not receive it.
- Nevada's HHF program has seen 39% of homeowners withdraw their application or have their application withdrawn for them. This is among the highest in the country, as 6,120 of the 15,623 homeowners who applied for HHF assistance in Nevada have withdrawn or been withdrawn by the program.

FIGURE 4.24

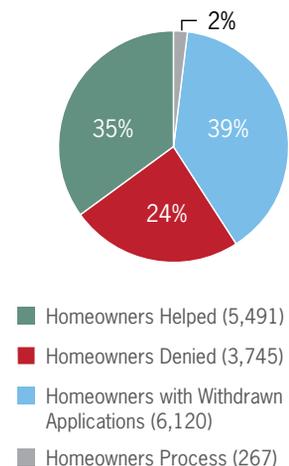
HARDEST HIT FUND – USE OF FUNDS IN NEVADA, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.25

STATUS OF NEVADA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

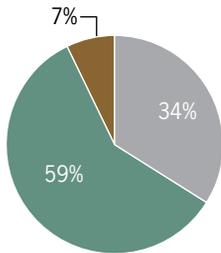
HHF in New Jersey

SIGTARP has identified significant inefficiencies at the New Jersey state agency, despite being paid \$27.9 million in TARP. For example:⁸⁰

- In 6 years, HHF has helped only 6,443 New Jersey homeowners, less than half of applicants and 34% of TARP dollars has not been spent.
- 53% of homeowners who sought help in New Jersey were denied HHF help – one of highest denial rates in HHF states, 8,223 of the 15,609 homeowners who applied for HHF assistance in New Jersey since the program began have been denied assistance.
- Only 30% of those who applied for HHF assistance last year received it.

FIGURE 4.26

HARDEST HIT FUND – USE OF FUNDS IN NEW JERSEY, AS OF 3/31/2017

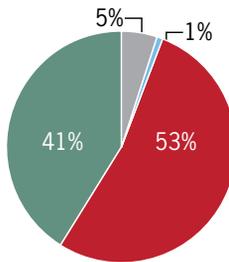


- TARP Dollars to State Agency (\$27,911,295)
- Unemployment Bridge and Related Assistance (\$247,468,279)
- Unspent (\$145,393,781)
Unemployment and Related (\$128,275,085)
Admin Expenses (\$17,118,695)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.27

STATUS OF NEW JERSEY HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (6,443)
- Homeowners Denied (8,223)
- Homeowners with Withdrawn Applications (203)
- Homeowners In Process (740)

Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

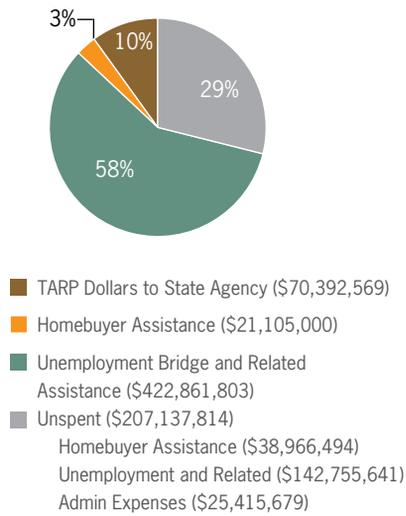
HHF in North Carolina

SIGTARP has identified some inefficiencies at the North Carolina state agency, despite being paid more than \$70.4 million in TARP. For example:⁸⁰

- Two programs designed to help homeowners modify their loans and recast their monthly payments were closed without helping a single homeowner.
- SIGTARP reported in January 2017 that homeowners seeking help in North Carolina had to wait from 62 to 112 days to receive assistance. The North Carolina state agency stopped reporting wait times.

FIGURE 4.28

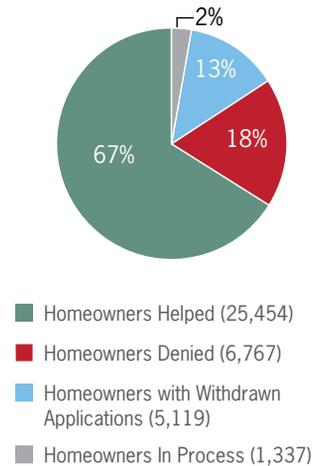
HARDEST HIT FUND – USE OF FUNDS IN NORTH CAROLINA, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.29

STATUS OF NORTH CAROLINA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



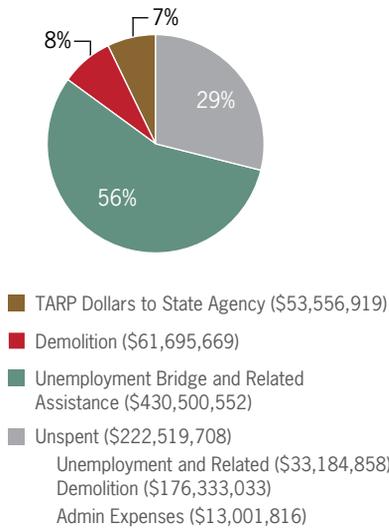
Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

HHF in Ohio

The Ohio state agency, paid \$53.6 million in TARP, appears to be heavily focused on blight demolitions and less focused on helping homeowners with HHF. For example:⁸⁰

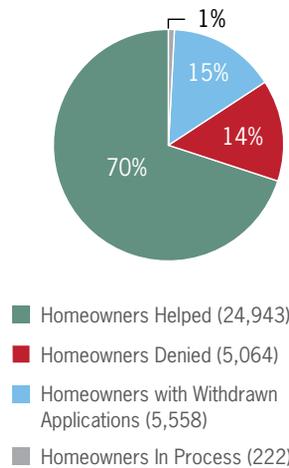
- During the past year, HHF Ohio approved 410 homeowners for HHF assistance. During the same period 19,996 homeowners lost their home to foreclosure.
- While the Ohio state agency assisted 24,493 Ohio homeowners with HHF, it has not helped nearly one out of every three applicants.
- An HHF program to 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.

FIGURE 4.30
HARDEST HIT FUND – USE OF FUNDS IN OHIO, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.31
STATUS OF OHIO HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

TARP-Funded Demolition

The \$238 million TARP-funded demolition program in Ohio, has demolished 4,370 abandoned houses using \$61.7 million, since August 2013. This is the second highest number of demolitions in the HHF program.

TABLE 4.12

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 3/31/2017**

			Most Recent Quarter	Cumulative	
Properties Demolished/Removed			107	4,370	
City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Ashtabula	Ashtabula County Land Reutilization Corporation		\$1,044,666	0	60
		Adams Services Inc.			
		Ashtabula County Port Authority			
		Lower Cork Co.			
		McCall and Spero Environmental Inc.			
		Medico Systems Inc			
Belmont	Belmont County Land Reutilization Corporation		\$137,696	0	10
	Butler County Land Reutilization Corporation		\$672,814	11	47
Butler		Evans Landscaping			
		Humble Environmental Service			
		S/R Industries aka Sharon Roth			
		Timothy W. Carlson Attorney			
		Vickers Demolition			
		Watson Gravel Inc			
Clark	Clark County Land Reutilization Corporation		\$631,295	4	39
		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			
Columbiana	Columbiana County Land Reutilization Corporation		\$458,297	0	26
		Yarian Brothers Construction, Inc.			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 3/31/2017 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
	Cuyahoga County Land Reutilization Corporation		\$21,439,746	17	1,660
		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.			
		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			
Cuyahoga		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			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 3/31/2017 ** (CONTINUED)

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
		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			
		Paran Consulting			
		Partners Environmental Consulting Inc.			
		Precision Environmental Co			
		R.C.I. Services			
		SafeAir Contractors			
		T & T Demolition			
		The Afcose 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		\$165,847	0	10
Erie		Great Lakes Demolition Co.			
		Holcomb Enterprises LLC			
		Stone Environmental, LLC			
		Fairfield			
	Fairfield County Land Reutilization Corp		\$355,454	4	21
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 3/31/2017 (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		\$6,007,888	6	366
		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		\$3,357,259	0	158
		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 3/31/2017 (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		\$337,732	0	23
		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		\$492,499	5	27
		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		\$2,157,537	7	116
		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 3/31/2017 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Lucas	Lucas County Land Reutilization Corporation		\$8,050,759	0	813
		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			
		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				
Mahoning	Mahoning County Land Reutilization Corp		\$2,247,822	18	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.				

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 3/31/2017 (CONTINUED)**

City/County	Partner ^a	Contractors/Subcontractors	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Mahoning (Continued)		Western Reserve Title & Escrow Inc.			
		White Inc. Associates			
		Youngstown Neighborhood Development			
	Montgomery County Land Reutilization Corp		\$4,206,922	11	251
Montgomery		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.				
	Portage County Land Reutilization Corporation		\$178,326	1	14
Portage		Butcher and Sons Excavating			
		Diamond Environmental			
		Neighborhood Development Services, Inc.			
	Woodford Excavating LLC				
	Richland County Land Reutilization Corp		\$810,269	0	67
Richland		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 3/31/2017 (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		\$3,155,077	9	206
		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			

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN OHIO, AS OF 3/31/2017 (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		\$2,056,268	0	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.			
Summit		Howland Company, LLC			
		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 3/31/2017 (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		\$1,899,041	0	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, Q1 2017, no date.

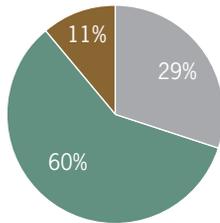
HHF in Oregon

The Oregon state agency has been paid \$39.8 million in TARP. There can be improvements. For example:⁸⁰

- 14,442 of the homeowners seeking help from HHF in Oregon have had their application withdrawn – 48% of all applications, which raises questions about the state agency’s process.
- Oregon homeowners receiving HHF assistance typically waited 159 days to receive assistance. The Oregon state agency has stopped reporting wait times.

FIGURE 4.32

HARDEST HIT FUND – USE OF FUNDS IN OREGON, AS OF 3/31/2017

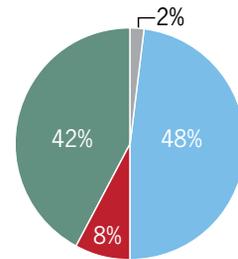


- TARP Dollars to State Agency (\$39,815,531)
- Unemployment Bridge and Related Assistance (\$210,445,068)
- Unspent (\$99,726,785)
Unemployment and Related (\$81,914,099)
Admin Expenses (\$17,865,251)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.33

STATUS OF OREGON HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (12,374)
- Homeowners Denied (2,490)
- Homeowners with Withdrawn Applications (14,442)
- Homeowners In Process (479)

Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

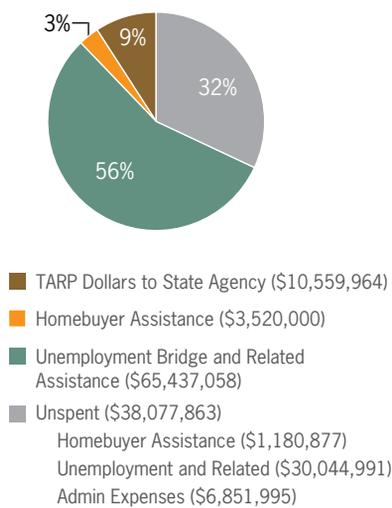
HHF in Rhode Island

The Rhode Island state agency has been paid \$10.6 million in TARP.⁸⁰

- HHF Rhode Island, has helped 3,129 Rhode Island homeowners and closed its initial HHF program after only two years.
- Rhode Island has denied nearly 8 in 10 people seeking help in Rhode Island, over the past year.
- The state agency has provided assistance to 531 of first-time homebuyers who applied for HHF down payment assistance, paying up to \$7,500 each.

FIGURE 4.34

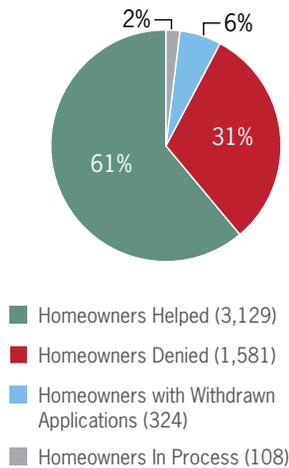
HARDEST HIT FUND – USE OF FUNDS IN RHODE ISLAND, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.35

STATUS OF RHODE ISLAND HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

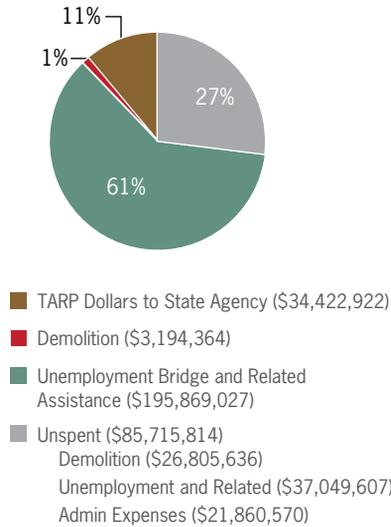
HHF in South Carolina

The South Carolina state agency, which has been paid \$35.4 million in TARP, appears heavily focused on demolition. For example:⁸⁰

- HHF in South Carolina has helped 12,081 homeowners, half of the homeowners who applied.
- In the past year, more than a third of homeowners seeking assistance were denied help.
- 21% of homeowners 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. The South Carolina state agency stopped reporting wait times.
- 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 355 people despite a peak estimate of 6,000.

FIGURE 4.36

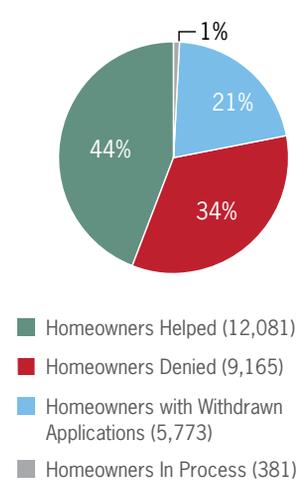
HARDEST HIT FUND – USE OF FUNDS IN SOUTH CAROLINA, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.37

STATUS OF ALABAMA HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

TARP-Funded Demolition

In more than two years, the South Carolina state agency has only demolished 136 abandoned houses, using \$3.2 million out of \$30 million.

TABLE 4.13

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN SOUTH CAROLINA, AS OF 3/31/2017**

Properties Demolished/Removed		Most Recent Quarter	Cumulative	
		46	136	
City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Aiken County	Nehemiah Community Revitalization Corp.	\$—	0	7
	Second Baptist CDC	\$ 208,730		
Allendale County	Allendale County Alive	\$—	0	0
	Southeastern Housing Foundation	\$—		
Anderson County	Anderson Community Development Corp.	\$—	0	0
	Nehemiah Community Revitalization Corp.	\$—		
	Pelzer Heritage Commission	\$—		
Bamberg County	Southeastern Housing Foundation (Bamberg Co.)	\$ 42,726	0	3
	Blackville, CDC	\$—		
Barnwell County	Southeastern Housing Foundation (Blackville)	\$ 75,496	0	3
	Southeastern Housing Foundation (Williston)	\$—		
	City of North Charleston/Metanoia	\$—		
Charleston County	PASTORS, Inc.	\$—	0	0
	Sea Island Habitat for Humanity	\$—		
Chester County	Not Available	\$—	0	0
Chesterfield County	Town of Cheraw Community Development Corp.	\$390,733	1	21
Darlington County	Darlington County Habitat for Humanity	\$—	0	0
Florence County	Downtown Development Corporation	\$—	0	0
Greenville County	Allen Temple Community Economic Devt. Corp.	\$—	2	17
	Genesis Homes	\$270,246		
	Greenville Revitalization Corp.	\$—		
	Habitat for Humanity of Greenville County	\$13,720		
	Homes of Hope, Inc.	\$100,442		
	Nehemiah Community Revitalization Corp.	\$91,234		
	Neighborhood Housing Corp. of Greenville, Inc.	\$33,178		
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.	\$501,989	2	26
Lancaster County	Catawba Regional Development Corporation	\$577,567	1	21
Laurens County	Genesis Homes, Inc.	\$—	0	0
Richland County	Columbia Development Corporation	\$—	0	3
	Columbia Housing Development Corporation	\$63,764		
	Eau Claire Development Corporation	\$31,473		
Saluda County	Christ Central	\$—	0	0

Continued on next page

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN SOUTH CAROLINA, AS OF 3/31/2017 (CONTINUED)**

City/County	Partner ^a	Disbursements to Partners, Program to Date ^b	Demolished in Most Recent Quarter	Demolished, Cumulative
Spartanburg County	Habitat for Humanity of Spartanburg, Inc	\$36,055		
	Homes of Hope	\$—		
	Nehemiah Community Revitalization Corp.	\$—		
	Northside Development Group	\$384,865	2	27
	Regenesis Community Development Corporation	\$117,239		
	Upstate Housing Partnership	\$—		
Sumter County	Santee-Lynches Regional Development Corp	\$—	0	0
Union County	Not Available	\$—	0	0
York County	Catawba Regional Development Corp.	\$—		
	Housing Development Corporation of Rock Hill	\$192,844	1	8

^a SC Housing Corp.

^b South Carolina HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts or demolition counts may differ from Treasury quarterly performance reports.

**SC Housing Corp., SC HELP, Reports, Quarterly Performance Reports, Q1 2017, no date.

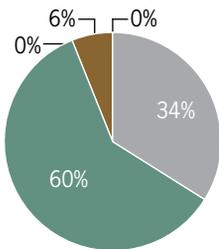
HHF in Tennessee

The Tennessee state agency has been paid almost \$19.7 million in TARP. For example:⁸⁰

- In 6 years, HHF has helped 7,367 Tennessee homeowners.
- The state agency helped only 55% of the 13,500 homeowners it originally estimated helping.
- The Tennessee state agency has demolished six houses.

FIGURE 4.38

HARDEST HIT FUND – USE OF FUNDS IN TENNESSEE, AS OF 3/31/2017

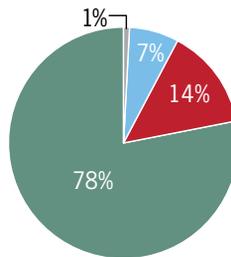


- TARP Dollars to State Agency (\$19,715,558)
- Homebuyer Assistance (\$180,000)
- Demolition (\$98,782)
- Unemployment Bridge and Related Assistance (\$181,870,243)
- Unspent (\$103,299,294)
 - Homebuyer Assistance (\$59,820,000)
 - Demolition (\$9,901,218)
 - Unemployment and Related (\$17,703,034)
 - Admin Expenses (\$15,875,041)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.39

STATUS OF TENNESSEE HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (7,367)
- Homeowners Denied (1,306)
- Homeowners with Withdrawn Applications (697)
- Homeowners In Process (132)

Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

TABLE 4.14

TARP RECIPIENTS IN BLIGHT ELIMINATION PROGRAM IN TENNESSEE, AS OF 3/31/2017**

		Most Recent Quarter	Cumulative	
Properties Demolished/Removed		3	6	
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	0	1
	Jacobs Ladder CDC	\$60,851		
Shelby County	United Housing, Inc.	\$22,956	3	5
	Healthy Transitions Development Group, Inc.	\$—		

^a Tennessee Housing Development Agency.

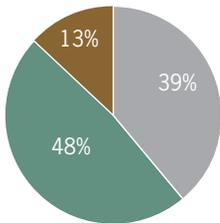
^b Tennessee HFA response to SIGTARP data call. Due to reporting date differences, disbursement amounts may be more recent than demolition data.

** Tennessee Housing Development Agency, Treasury Reports, Quarterly Performance Report, Q1 2017, no date.

HHF in Washington, DC

The District of Columbia state agency has been paid \$3.8 million in TARP. HHF DC has helped 748 homeowners, 39% of TARP dollars (\$11.6 million) have not been spent.⁸⁰

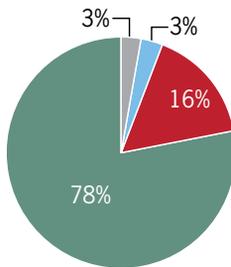
FIGURE 4.40
HARDEST HIT FUND – USE OF FUNDS IN WASHINGTON, DC, AS OF 3/31/2017



- TARP Dollars to State Agency (\$3,783,498)
- Unemployment Bridge and Related Assistance (\$14,292,641)
- Unspent (\$11,577,801)
Unemployment and Related (\$9,593,313)
Admin Expenses (\$1,984,610)

Source: Treasury, response to SIGTARP data call, 7/6/2017.

FIGURE 4.41
STATUS OF WASHINGTON, DC, HOMEOWNERS THAT APPLIED TO HHF, AS OF 3/31/2017



- Homeowners Helped (748)
- Homeowners Denied (153)
- Homeowners with Withdrawn Applications (27)
- Homeowners In Process (32)

Source: Treasury, response to SIGTARP data call, 7/6/2017; Treasury, HFA Aggregate Report Q1 2017.

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