

SIGTARP

QUARTERLY REPORT TO CONGRESS
APRIL 30, 2019





SIGTARP



427

Criminally Charged



364

Convicted



278

Sentenced to Prison

Including

91

Homeowner Scammers



82

Bank Borrowers



73

Bankers



\$10 Billion =

Recovered from Investigations

31x

Return on Investment

LETTER FROM THE SPECIAL INSPECTOR GENERAL

I am pleased to present SIGTARP's report to Congress covering our law enforcement and audit work over the last six months. We protect consumers, investors and taxpayers by enforcing criminal and civil laws, and identifying waste and abuse in TARP. Twelve banks remain in TARP. TARP foreclosure prevention programs are assisting consumers in all 50 states, having already provided \$28 billion in assistance, with approximately \$5 billion more to be spent over the next nearly five years. For example, Treasury will distribute \$511 million to Wells Fargo, nearly \$1 billion to Ocwen Financial, \$308 million to JP Morgan Chase, \$213 million to Bank of America, \$81 million to CitiMortgage, and billions more to 131 financial institutions under TARP's HAMP program. There remains \$1.1 billion for future spending in the grant-like Hardest Hit Fund program. SIGTARP's expertise and oversight through criminal and civil investigations, as well as audits, is critical to protecting consumers, investors, and taxpayers. Our work has resulted in the convictions of 364 criminal defendants, and the recovery of more than \$10 billion.

“In the past six months, SIGTARP investigators have taken enforcement action against securities fraud, bank fraud, corruption, money laundering, fraud against consumers, fraud against the Government, and anti-competitive acts. Our auditors identified \$400,000 in waste and misused TARP dollars. Dollars collected in the last six months alone resulting from SIGTARP's work totaled \$712 million – a 31x annual return on investment from our annual budget.”

-Special Inspector General Christy Goldsmith Romero

SIGTARP tailors investigative and audit strategies to bring accountability and change, and prevent future harm. We understand how fraud, waste, and abuse hurts consumers, investors and taxpayers. This understanding gives us expertise in uncovering wrongdoing to bring justice and accountability. Significant results in the past six months include:

- **Bankers sentenced to prison for the “biggest financial crime in Delaware”:** As a result of a multi-year SIGTARP investigation, a Federal court sentenced to prison the president, CFO, CCO, and controller of TARP recipient Wilmington Trust after they were convicted at trial for a \$273 million securities fraud that occurred while the bank held \$330 million in TARP. The judge called the fraud, “the biggest financial crime in Delaware.” The court also sentenced to prison three additional Wilmington Trust bankers who pled guilty. The bank collapsed and its stock dropped 46%, harming investors (including pension funds for first responders and teachers), the community, and employees. Courts have now sentenced to prison 73 bankers investigated by SIGTARP.

- **Criminal bribery charges against multiple people in the Hardest Hit Fund, a program whose goal is neighborhood stabilization:** In two different cases resulting from SIGTARP investigations, the Department of Justice brought criminal charges (and in some cases, convictions) for bribery against a city official, land bank official, and contractor related to demolition contracts in TARP's Hardest Hit Fund in Detroit, Michigan, and Cleveland, Ohio.ⁱ Corruption in Federal programs harms taxpayers and the program's intended beneficiaries (consumers).
- **\$400,000 of TARP dollars wasted and misused by state agencies for travel and conferences:** Our auditors found that state officials charged TARP for prohibited costs, including, for example, flying around the country attending trade association conferences at beaches and other vacation destinations, for a motivational speaker who spoke about chocolate, to stay in luxury hotels at high rates, for animal presentations at zoos, and for networking events with gifts, a carving station with a uniformed chef, and a dessert station of cake bites and strawberry shortcake martinis. Wasted dollars harm taxpayers who fund TARP and consumers intended to receive these dollars.
- **Banker sentenced for money laundering:** A court sentenced a banker to prison for money laundering uncovered by SIGTARP under a larger DOJ investigation Operation Phantom Bank.
- **Bank CEO indicted:** The Justice Department indicted the CEO of a failed bank for bank fraud.
- **DOJ resolved a False Claims Act case against a contractor in Fort Wayne, Indiana:** SIGTARP's investigation uncovered that the contractor buried construction debris at demolition sites and covered it with a layer of clean dirt. The contractor defrauded the TARP program, invoicing as if clean dirt filled the entire demolition excavation hole. Debris buried in a demolition site harms neighboring residents. The contractor paid \$800,000 to remediate the harm.
- **Mortgage fraudster sentenced to prison:** A court sentenced to prison a defendant that defrauded homeowners out of their homes including making representations about TARP's HAMP program. Victims included the elderly and sick.

As these results evidence, the dedicated public servants at SIGTARP have a sustained commitment to protecting consumers, investors, and taxpayers by rooting out fraud, waste, and abuse. We have many Federal agency partners who stand united with us in that commitment.

We value the overwhelming support that we have received from Congress, support that is bicameral and bipartisan. I regularly meet with Members of Congress, and testify before Congressional committees. I am available to discuss our mission and results with you.

Respectfully,

CHRISTY GOLDSMITH ROMERO
Special Inspector General

ⁱ Criminal charges are not evidence of guilt. A defendant is entitled to a fair trial in which it will be the Government's burden to prove guilt beyond a reasonable doubt.

CONTENTS

TOP CHALLENGES IN TARP	2
AUDIT HIGHLIGHTS AND RECOMMENDATIONS	8
LAW ENFORCEMENT AND INVESTIGATIONS	23
END NOTES	48

TOP CHALLENGES AND THREATS IN TARP



SIGTARP

SIGTARP CONDUCTS OVERSIGHT OF TARP HOUSING PROGRAMS AT RISK OF FRAUD, WASTE, AND ABUSE *NEARLY \$3 BILLION WAS SPENT LAST YEAR*

The Hardest Hit Fund (HHF)

helps Americans pay their mortgages. It also pays to demolish homes and for down payments for homebuyers.

\$8.8 billion has been spent, including \$1.1 billion last year. \$1.1 billion is available to be spent by December 2021.

– Recipients include –



19 state agencies



378 cities or counties and 498 local partners



At least 1,712 demolition contractors



Homeowners & homebuyers

The Home Affordable Modification Program (HAMP)

pays servicers and investors to lower payments for homeowners at risk of foreclosure.

\$20.1 billion has been spent, including \$1.6 billion last year. Up to \$3.7 billion is available to be spent by September 2023.

– Recipients include –



THE MOST SERIOUS CHALLENGES & THREATS FACING THE GOVERNMENT IN TARP

SIGTARP identifies the most serious challenges and threats facing the Government in TARP. Our selection is based on the significance and duration of the challenge/threat to the mission of TARP and Government interests; the risk of fraud or other crimes, waste, or abuse; the impact on victims in addition to Treasury; and Treasury's progress in mitigating the challenge/threat.

SIGTARP prioritizes its oversight to counter each of these challenges/threats.

Risk of Fraud, Waste, and Abuse by Large Banks and Others in the Making Home Affordable Program (Until Sept. 2023)

Unlawful conduct by any of the 152 banks or institutions that received \$20.1 billion or will continue to receive \$3.7 billion in TARP's MHA program is the top threat in TARP. Treasury will pay up to \$3.1 billion to Ocwen, Wells Fargo, JPMorgan Chase, Bank of America, Nationstar, Select Portfolio Servicing, CitiMortgage, OneWest/CIT, Bayview Loan Servicing, and Specialized Loan Servicing along with 131 institutions.¹ These TARP payments require compliance with the law and Treasury's rules for 834,206 consumers in all 50 states. Wells Fargo recently disclosed in two SEC filings its wrongful denial of homeowners for admission to the program. Despite enforcement actions and other wrongdoing by many of these financial institutions, Treasury has significantly scaled back its compliance reviews. The risk of fraud, waste, and abuse also jeopardizes the GSEs, FHA, and Veterans Affairs that participate in MHA.

Risk of Waste and Misuse of TARP Dollars by State Agencies for Their Own Administrative Expenses in the Hardest Hit Fund (Until December 2021)

Treasury has budgeted \$1.1 billion in TARP dollars for administrative expenses of 19 state agencies to distribute HHF assistance.² In March 2019, SIGTARP issued an audit that found state agencies violated federal cost regulations by charging more than \$400,000 in prohibited travel and conference costs to the Hardest Hit Fund. SIGTARP found

waste, a lack of internal controls at state agencies, and lack of effective oversight by Treasury. State agencies did not have the documentation required by Federal regulations to charge the travel and conferences to HHF. The audit also identified outright waste, including TARP funds spent on luxury hotels, conferences and extravagant dinners and receptions. In 2016 and 2017, SIGTARP identified \$11 million in wasteful and unnecessary spending by state housing agencies, including, for example, catered barbecues, parties, country club events, leasing a Mercedes, cash bonuses, gym memberships, gifts, free parking, settlements and legal fees in discrimination cases, other costs not associated with HHF, and more. In March 2018, SIGTARP issued an audit that found that while Treasury anticipates that millions of dollars will be spent on lawyers, accountants, auditors, consultants, information technology, communications, risk management, training, and marketing, it has no Federal requirements for competition.³

Risk of Corruption, Anticompetitive Actions, and Fraud in the Hardest Hit Fund Blight Elimination Program (Until Dec. 2021)

There is a risk of corruption, anticompetitive acts, and fraud as TARP funds the demolitions of abandoned homes and apartments. The number of municipalities in the program increased to 378 cities or counties.⁴ There have already been criminal indictments for corruption in HHF.

Risk of Asbestos Exposure, Contaminated Soil, and Illegal Dumping in the Hardest Hit Fund Blight Elimination Program (Until Dec. 2021)

In November 2017, based on the U.S. Army Corps of Engineers' findings, SIGTARP warned that the standard protections in demolition are not present in the TARP program. The Army Corps found missing industry standard safeguards that protect against the risk of asbestos exposure, illegal dumping of debris, and contaminated material filling the hole. Treasury did not implement SIGTARP's recommendations, even to require basic documentation of proper asbestos abatement, certain inspections, landfill

receipts for dumping, and receipts showing the purchase of clean dirt. TARP may expand even further in this area. The Economic Growth, Regulatory Relief, and Consumer Protection Act authorizes Treasury to use TARP dollars to remediate lead and asbestos hazards in residential properties.⁵ SIGTARP's investigation into a demolition contractor for illegal dumping of contaminated soil in Fort Wayne, Indiana was resolved by DOJ under the False Claims Act.

No Complete List or Data Identifying All Contractors and Others Doing Work in the Hardest Hit Fund Blight Subprogram and What They Were Paid

Treasury and the state agencies do not know, and cannot provide to SIGTARP a complete list of contractors receiving TARP dollars in the program. SIGTARP and Treasury cannot conduct oversight over contractors and other entities that are unknown. Treasury rejected SIGTARP's 2015 recommendation to maintain a list and accounting of payments in HHF.

SIGTARP's proactive analysis has identified 2,210 land banks or other partners, contractors, or subcontractors that have done or are contracted to do work in the program—but given the missing data, we believe the actual numbers may be much higher.⁶

State agency data is incomplete. The data provided by state agencies to SIGTARP also provides limited detail about the \$510.5 million that has been spent in the Blight Elimination Program beyond the first-level recipient. As a result there may be hundreds, or perhaps thousands, of additional subcontractors doing work in the program. Without complete records and accounting, the program and taxpayers are vulnerable.

Risk of Waste from Weakened Oversight by Treasury of State Agencies in the Hardest Hit Fund

Starting October 2018, Treasury is allowing state agencies to shift HHF dollars between programs and removed caps on administrative expenses (by the greater of five percent or \$50,000). Treasury also decreased oversight in the

HHF program in 2018 by reducing OFS personnel charged with providing oversight of the HHF program by 30%.

These Treasury changes increase risk of fraud, waste and abuse because state agencies can move more TARP money to higher risk subprograms. These changes also have weakened Treasury oversight of state administrative spending after SIGTARP has proven waste and misuse of TARP dollars by state agencies. Additionally, GAO found in a December 2018 study that "Treasury is missing an opportunity to ensure that HFAs are appropriately assessing their risk."

**TREASURY CONTRACTS FOR TAX DOLLARS TO BE PAID TO HAMP
 MORTGAGE SERVICES THROUGH THE END OF FY 2023 AS OF 3/25/2019**

**SIGTARP
 Investigations
 and Audits**

**Future
 SIGTARP
 Investigations
 and Audits**

\$5.2 Billion <i>TARP dollars paid</i>		\$922 Million <i>TARP Obligated or Committed to be paid</i>
\$3.2 Billion <i>TARP dollars paid</i>		\$511 Million <i>TARP Obligated or Committed to be paid</i>
\$3.1 Billion <i>TARP dollars paid</i>		\$308 Million <i>TARP Obligated or Committed to be paid</i>
\$2.2 Billion <i>TARP dollars paid</i>		\$213 Million <i>TARP Obligated or Committed to be paid</i>
\$1.5 Billion <i>TARP dollars paid</i>		\$435 Million <i>TARP Obligated or Committed to be paid</i>
\$1.5 Billion <i>TARP dollars paid</i>		\$436 Million <i>TARP Obligated or Committed to be paid</i>
\$745 Million <i>TARP dollars paid</i>		\$81 Million <i>TARP Obligated or Committed to be paid</i>
\$435 Million <i>TARP dollars paid</i>		\$25 Million <i>TARP Obligated or Committed to be paid</i>
\$353 Million <i>TARP dollars paid</i>		\$75 Million <i>TARP Obligated or Committed to be paid</i>
\$314 Million <i>TARP dollars paid</i>		\$133 Million <i>TARP Obligated or Committed to be paid</i>
\$1.6 Billion <i>TARP dollars paid</i>	Other Servicers (142 Institutions)*	\$517 Billion <i>TARP Obligated or Committed to be paid</i>
\$20.1 Billion <i>TARP dollars paid</i>	TOTAL	\$3.7 Billion <i>TARP Obligated or Committed to be paid</i>

Sources: Treasury, Aggregate Cap Monitoring Report - March 2019; SIGTARP analysis of Treasury MHA data.
 *A total of 152 institutions have been paid or are eligible to be paid TARP funds through MHA, of which 131 can still receive TARP disbursements subsequent to 3/25/2019.

**SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM
 QUARTERLY REPORT TO CONGRESS | APRIL 30, 2019**

STATUS OF \$9.6 BILLION IN HHF FUNDS AVAILABLE TO STATE AGENCIES UNTIL FY 2022

	Spent	State	Unspent
	\$87,194,680	Alabama	\$76,593,413
	\$272,860,338	Arizona	\$30,437,753
	\$2,399,487,618	California	\$73,026,346
	\$22,003,903	District of Columbia	\$7,864,609
	\$1,134,994,082	Florida	\$27,494,905
	\$310,856,589	Georgia	\$68,046,901
	\$642,329,526	Illinois	\$106,913,293
	\$238,434,199	Indiana	\$52,500,998
	\$188,002,599	Kentucky	\$25,737,185
SIGTARP Investigations and Audits	\$600,805,503	Michigan	\$173,976,880
	\$107,474,034	Mississippi	\$38,080,880
	\$653,720,014	North Carolina	\$86,674,223
	\$378,091,403	New Jersey	\$47,119,579
	\$137,035,984	Nevada	\$61,041,564
	\$685,992,106	Ohio	\$84,546,407
	\$302,556,479	Oregon	\$57,807,835
	\$107,483,498	Rhode Island	\$10,532,643
	\$292,870,893	South Carolina	\$29,840,966
	\$271,140,399	Tennessee	\$39,793,518
	\$8,833,333,846	Total	\$1,098,029,896

**Future
SIGTARP
Investigations
and Audits**

Note: Unspent figures include an additional \$328 million in recycled TARP dollars.
 *Source: Treasury, response to SIGTARP data call 4/12/2019; SIGTARP analysis of HHF Quarterly Financial Reports.

TREASURY HOLDINGS IN TARP SECURITIES IN CPP AND CDCI BANKS, AS OF 3/31/2019					
Program	Bank	Outstanding Principal Investment	Warrants Remaining	Missed Dividends	SIGTARP Investigation
Capital Purchase Program (CPP)	One United Bank	\$12,063,000		\$8,444,100	
	Harbor Bankshares Corporation	\$5,308,193			✓
	Broadway Financial Corporation	\$3,984,332			✓
	Treaty Oak Bancorp, Inc.		\$3,098,341		
	Village Bank And Trust Financial Corp.		\$31,189	\$2,026,475	
	CPP Total	\$21,355,525	\$3,129,530	\$10,470,575	2
Community Development Capital Initiative (CDCI)	Carver Bancorp, Inc	\$18,980,000			
	Hope Federal Credit Union	\$4,520,000			
	Cooperative Center Federal Credit Union	\$2,799,000			
	Tri-State Bank of Memphis	\$1,795,000		\$340,850	
	D.C. Federal Credit Union	\$500,000			
	North Side Community Federal Credit Union	\$325,000			
	Buffalo Cooperative Federal Credit Union	\$145,000			
	CDCI Total	\$29,064,000		\$340,850	0
	Grand Total	\$50,419,525	\$3,129,530	\$10,811,425	2

Sources: Treasury, Transactions Report, March 31, 2019; Treasury, Dividends and Interest Report, March 2019; Treasury, response to SIGTARP data call 04/12/2019.

SIGTARP AUDITS AND RECOMMENDATIONS



COST

SIGTARP

SIGTARP AUDITS IDENTIFY FRAUD, WASTE, AND ABUSE, AND DETER FUTURE WRONGDOING

RECENT FINDINGS



Nevada's Hardest Hit Fund wasted \$8.2 million on parties, a Mercedes Benz and more



Georgia mismanaged the state's Hardest Hit Fund, wasting \$18.6 million



\$3 million in Hardest Hit Fund squandered by state agencies on parties, gifts, gym memberships, and more



Blight demolition program faces asbestos exposure, illegal dumping, and contaminated soil risks



Financial Institutions have wrongfully terminated homeowners out of the Home Affordable Modification Program



Most of the Hardest Hit Fund has no Federal competition requirements for contract awards



The average cost of TARP demolitions in Michigan and Ohio have skyrocketed



State agencies charged more than \$400,000 in prohibited travel and conference costs to the Hardest Hit Fund

OPEN AUDITS



Blight demolition activities in South Carolina

SIGTARP audits and evaluates \$33.4 billion in TARP foreclosure prevention programs that will continue over the next five years. TARP foreclosure prevention programs, including the Making Home Affordable (MHA) program and its signature program the Home Affordable Mortgage Program (HAMP), as well as the Hardest Hit Fund (HHF), spent nearly \$3 billion TARP dollars last year. Our mission is to identify fraud, waste, and abuse in the \$28.9 billion already spent in the TARP foreclosure prevention programs and to identify costly vulnerabilities, ineffectiveness, and inefficiencies that could jeopardize the purpose of the programs and impact the \$4.8 billion remaining to be spent.⁷

“SIGTARP identifies wasteful spending to help the Federal Government recover taxpayer funds. We identify abuse and vulnerabilities that put these funds at risk and jeopardize the purpose of TARP programs.”

Special Inspector General Goldsmith Romero

SIGTARP auditors make recommendations to return wasted taxpayer dollars, prevent fraud, waste, and abuse, and save taxpayer dollars. History has shown that strong oversight promotes financial stewardship.



CONGRESSIONAL HEARING



Congressional Requests & Information

The Special Inspector General testifies before Congress and regularly meets with Members of Congress and their staffs to discuss TARP programs and SIGTARP's work. SIGTARP also responds to Congressional requests for audits. In May 2018, the Special Inspector General testified at a hearing before the House Oversight and Government Reform Committee after SIGTARP auditors identified \$11 million in waste by state agencies in the Hardest Hit Fund.

SIGTARP's Latest Audit

In March 2019, SIGTARP issued an audit, *Travel and Conference Charges to The Hardest Hit Fund That Violated Federal Regulations*, requested by Senator Charles Grassley. SIGTARP found state agencies wasted TARP dollars and violated Federal cost regulations by charging more than \$400,000 in prohibited travel and conference costs to the Hardest Hit Fund. SIGTARP found lack of internal controls at state agencies and lack of effective oversight by Treasury. State agencies did not have the documentation required by Federal

regulations to charge the travel and conferences to the HHF. The audit also identified outright waste, including TARP funds spent on luxury hotels, conferences and extravagant dinners and receptions.

Findings include:

- North Carolina: Before homeowners received a single dollar from HHF, housing counselors were treated to an evening reception featuring a carved beef station staffed by a uniformed chef, cake bites and strawberry shortcake martinis. In total, nearly \$130,000 was spent on annual housing conferences.
- Florida: Two top agency officials attended more than a dozen conferences at luxury hotels, resorts and other destinations. Many conferences had no sessions on HHF, or only an hour or two in a four day conference, yet more than \$20,000 was charged to TARP.
- Ohio: After closing its homeowner HHF program, the state agency significantly deviated from past practices by charging TARP more than \$7,000 to hold housing counselor conferences at zoos that included animal presentations, zoo admissions, and an onsite park ranger. It also quadrupled the number of officials that went to a training conference that covered broad housing topics.
- Several other state agency officials attended conferences and other events with no HHF sessions.
 - Georgia: The state agency deputy executive director took 10 trips to events on non-HHF related topics, including to a bond pricing conference in New York where she stayed at the Tribeca Grand Hotel. The Georgia state agency charged TARP \$4,877.
 - Indiana: State agency officials took multiple non-HHF trips, including to a Federal Reserve conference on general foreclosure issues in New York and a Department of Housing and Urban Development meeting in Chicago, charging TARP \$2,230.
 - California: State agency contractors attended multiple conferences and meetings, yet provided no documentation for travel charges of \$9,218.
- A number of state agencies overcharged TARP for luxury hotels at high rates for Treasury's annual HHF Summit. Hotel costs almost quadrupled from 2013 to 2014 to nearly \$40,000. Some state officials stayed at the W Hotel, the Sofitel Hotel and the Mayflower Hotel at high nightly rates when GSA rate hotels were available.

This is SIGTARP's third audit finding waste and unnecessary charges in the HHF. Previous SIGTARP audits uncovered more than \$11 million in waste and other unnecessary expenses.

SIGTARP Audits Counter the Top Threats to TARP while Also Aligning with Four of the Five Treasury Strategic Goals

TREASURY GOAL : PROMOTE FINANCIAL STABILITY

Including “right sizing” of Federal housing programs

All of SIGTARP’s audits promote financial stability. Oversight through audits designed to identify and prevent waste, abuse, inefficiency, and ineffectiveness of programs created specifically for financial stability also promote financial stability.

TARP housing programs remain at a large size (\$33.4 billion) and will continue for years, and SIGTARP audits are an important part of the right-sizing of those Federal housing programs.



Current Size: \$23.8 Billion paid to 152 financial institutions, 834,206 consumers currently in the program, \$3.7 billion in future payments

Description: Includes the Home Affordable Mortgage Program (HAMP), which pays banks and institutions to lower the mortgage payment for at-risk homeowners, and related programs

Duration: 15 Years. Congress’ 2016 appropriations bill only terminated HAMP for new consumer applications beginning in 2017, allowing Treasury to pay institutions with TARP dollars until September 2023.

HARDEST HIT FUND

Current Size: \$9.6 Billion, 19 state agencies, 383,621 homeowners, 56,409 homebuyers, 378 cities/towns, 498 local partners, and at least 1,712 demolition and related contractors, \$1.1 billion in future spending.

Description: Mortgage payment assistance for unemployed or underemployed homeowners; Principal reduction; Reverse mortgage assistance; Down payment assistance for homebuyers; Demolition of blighted abandoned houses

Duration: 11 Years. Congress’ 2016 appropriations bill added \$2 billion and extended the program. Treasury contracts authorize TARP spending until December 2021.

SIGTARP auditors recommend changes to TARP to improve competition in the Hardest Hit Fund. Competition is particularly important for HHHF because of its unique vulnerabilities. Treasury treats the program as a grant but did not set up the program with the normal controls of a grant program. HHHF lacks critical Federal standards and regulations designed to protect the Government and taxpayers, including Federal procurement standards, which increases the risk of fraud, waste, and abuse.

In FY2016 and FY2018, SIGTARP issued audits identifying the lack of Federal competition requirements for contract awards in HHHF and recommending that Treasury apply Federal procurement standards that apply to all grants. SIGTARP also issued a report that found the contractor running HHHF in Nevada awarded six-figure contracts without requests for proposals—a violation of the contractor’s own policies. The services contracted included IT system development, IT & operations oversight, and retaining (at an average of \$12,000 a month) a high-end travel and entertainment industry public relations firm run by a former colleague of the CEO of the contractor running HHHF in Nevada. The fact that the Nevada contractor is not subject to state procurement procedures and failed to enforce its policy to require a RFP evidences the reason why uniform Federal procurement standards provide the strongest protection for taxpayers.⁸

The need for competition in the Hardest Hit Fund is particularly important because of the thousands of contractors that will receive TARP dollars through HHHF. In HHHF, there are 19 state agencies, each of which contracts with lawyers, accountants, auditors, consultants, providers of equipment, information technology, communications, risk management, training, and marketing. Treasury has also dedicated millions of TARP dollars for contracts for counseling, website development, and translation. Awarding of these contracts continues to this day. In the Hardest Hit Fund blight demolition subprogram, there are 378 cities/towns, 498 local partners, and at least 1,712 demolition and related contractors.⁹ It is likely that there are far more contractors, as not all state agencies are maintaining complete lists. Treasury rejected SIGTARP’s 2015 recommendation to maintain a central repository of contractors conducting activity in the program, and to require state agencies to maintain complete lists and an accounting of these contractors.

Instead of implementing SIGTARP’s recommendations to improve the overall condition for competition in the program by implementing the same Federal procurement standards that require competition for Federal grants in 2016, Treasury only implemented a one-sentence requirement for competition that was limited to the blight subprogram. This change was not sufficient to improve the overall condition for competition in the program. OMB has said “Competition saves money for the taxpayer, improves contractor performance, curbs fraud, and promotes accountability for results.” As reported in SIGTARP’s audit, studies have shown that competition can save up to 20 percent.¹⁰ Given Treasury’s stated goal for competition, it should protect the remaining \$1.1 billion to be spent in the Hardest Hit Fund by applying the standard regulations that require competition.

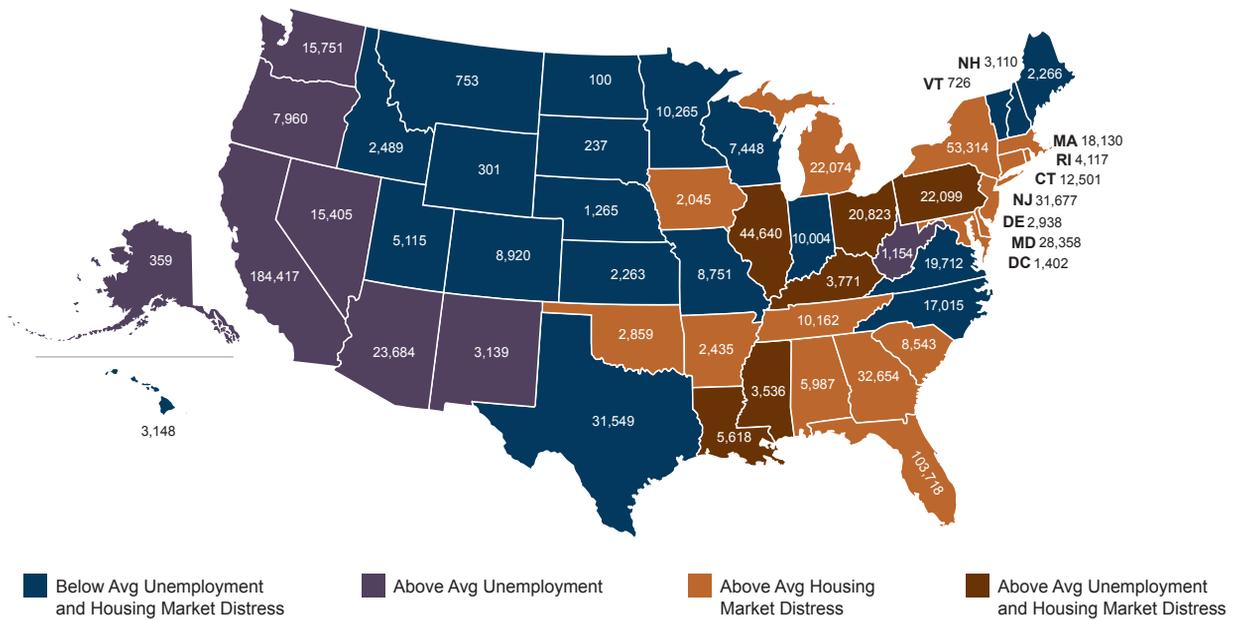
TREASURY GOAL:
TRANSFORM GOVERNMENT-WIDE FINANCIAL STEWARDSHIP
Including “Wind down sun-setting programs responsibly” and
“Fund the Government at the least cost over time”

SIGTARP’s audits promote a responsible wind-down of TARP programs over the next four and a half years. SIGTARP identifies costly waste, abuse, and mismanagement and makes recommendations that help Treasury fund these programs at the least cost over time—if Treasury implements them. If Treasury does not implement

those recommendations, as continues often to be the case, the Federal Government will pay more for these programs than is necessary, and the programs will be at risk of fraud, waste, and abuse.

The wind-down of TARP foreclosure prevention programs has not proceeded as fast as Treasury predicted. The HAMP program experienced a surge of nearly 400,000 applications in 2016, keeping participation steady. Currently, there are 834,206 consumers participating in HAMP.¹¹

834,206 CONSUMERS CURRENTLY IN HAMP



Sources: Treasury HAMP data as of 3/15/2019; Bureau of Labor Statistics, STATE EMPLOYMENT AND UNEMPLOYMENT — STATE EMPLOYMENT AND UNEMPLOYMENT — January 2019, <https://www.bls.gov/news.release/pdf/laus.pdf>, accessed 3/11/2019; CoreLogic housing market data as of 3/29/2019.
 Note 1: There are 3,499 active HAMP modifications in Puerto Rico, the US Virgin Islands, and Guam. These figures are included in the total cited above.
 Note 2: National unemployment rate of 4% (seasonally adjusted), published in March 2019, used as the "average".
 Note 3: Housing market distress based on the following factors, weighted equally in relation to the number of mortgages outstanding (based on CoreLogic data): 1) completed foreclosure sales within the past 12 months, 2) delinquent mortgages, and 3) properties in negative equity.

Recently, Treasury stopped quarterly compliance reviews of the largest financial institutions in HAMP including Ocwen, Wells Fargo, and JPMorgan Chase, and consolidated or stopped publishing reports that provide insight into MHA. Treasury has eliminated 24 reports that showed MHA activity despite continuing to spend more than a billion dollars each year.

Treasury's decreasing its oversight role increases SIGTARP's oversight responsibility to protect taxpayers. This is particularly true because many of the largest financial institutions receiving millions, and even billions, of TARP dollars through MHA have poor track records.

Track Records of Financial Institutions in MHA



Ocwen Loan Servicing, LLC

- Received \$5.2 Billion in MHA and will receive up to another \$922 Million.
- April 2019, the Massachusetts Attorney General entered into a \$2 Million settlement with Ocwen for widespread violations of the law in mortgage servicing. The settlement prohibits Ocwen from servicing mortgages in the state and requires Ocwen to offer loan modifications to 4,000 homeowners. This is one resolution of an April 2017 enforcement action by 22 State Attorneys General related to violation of laws related to homeowners.
- December 2013 enforcement action by CFPB & authorities from 49 states and the District of Columbia related to deception and shortcuts in mortgage servicing, including improperly denying homeowners a mortgage modification and failing to apply homeowner payments properly.¹²
- Findings by Treasury include: Wrongfully canceling homeowners out of HAMP, setting modification terms based on faulty calculations, errors in reporting to Treasury, and wrongfully denying homeowners for HAMP.

**WELLS
FARGO**

Wells Fargo Bank, N.A.

- Received \$3.2 Billion in MHA and will receive up to another \$511 Million for more than 80,000 consumers who are currently in the program.
- Fined \$4 Billion by Federal regulators and entered into 14 consent decrees. Two CEOs resigned including the most recent CEO in March 2019.
- Wells Fargo disclosed in their SEC filing 10-Q for the 3rd quarter 2018 (Nov. 2018) that over a five year period, due to an “error” they incorrectly denied 870 homeowners a loan modification (including HAMP) or did not offer a modification in cases where the homeowner would have otherwise qualified. 545 of the homeowners lost their house to foreclosure.
- Findings by Treasury include: Wrongfully canceling homeowners out of HAMP, errors in reporting to Treasury, setting payments based on faulty calculations, and wrongfully denying homeowners for HAMP.

JPMORGAN CHASE & CO.

JPMorgan Chase Bank, NA

- Received \$3.1 Billion in MHA and will receive up to another \$308 Million.
- Findings by Treasury include: Setting payments based on faulty calculations, errors in reporting to Treasury, and wrongfully denying homeowners for HAMP.

Bank of America.



Bank of America, N.A.

- Received \$2.2 Billion in MHA and will receive up to another \$213 Million.
- Findings by Treasury include: Setting payments based on faulty calculations, errors in reporting to Treasury, and wrongfully denying homeowners for HAMP.



Nationstar Mortgage, LLC

- Received \$1.5 Billion in MHA and will receive up to another \$436 Million.
- In September 2018, Nationstar entered into an agreement with the Florida Attorney General to resolve an investigation into mishandling forbearance plans for homeowners impacted by Hurricane Irma. Nationstar allegedly improperly reported homeowners as delinquent, and in some cases demanded full repayment of the payment reduction related to disaster relief forbearance plans.
- Findings by Treasury include: Wrongfully canceling homeowners out of HAMP, setting modified mortgage payments based on faulty calculations, errors in reporting to Treasury, and wrongfully denying homeowners for HAMP.



Select Portfolio Servicing, Inc.

- Received \$1.5 Billion in MHA and will receive up to another \$436 Million.
- Findings by Treasury include: Setting payments based on faulty calculations, errors in reporting to Treasury, and wrongfully denying homeowners for HAMP.



CitiMortgage, Inc.

- Received \$745 Million in MHA and will receive up to another \$81 Million.
- In January 2017, the CFPB ordered Citi to pay \$28.8 Million for allegedly keeping borrowers in the dark about options to avoid foreclosure and burdening them with excessive paperwork demands in applying for foreclosure relief.
- Findings by Treasury include: Setting payments based on faulty calculations, errors in reporting to Treasury, and wrongfully denying homeowners for HAMP.

HARDEST HIT FUND

Rather than wind down, in 2016 Treasury extended the Hardest Hit Fund by four years until December 2021, and has continued to expand it. Each time the Hardest Hit Fund expands to a new use, a new program, or a new city, SIGTARP has a new area that requires oversight. In FY2018, Treasury approved four state agency requests to open new HHF programs.¹³ As recently as August 2018, Treasury approved state agencies in Michigan and Mississippi to open new homebuyer down payment assistance programs funded by HHF. Congress also expanded the Hardest Hit Fund in May 2018 to a new use, the remediation of lead and asbestos, in the Economic Growth, Regulatory Relief, and Consumer Protection Act.¹⁴ State agencies have yet to start these programs. In April 2018, Treasury approved the state agency in Nevada to open a new homebuyer down payment assistance program funded by HHF, a program that Treasury later suspended.¹⁵ In November 2017, Treasury approved the state agency in South Carolina to open a new homebuyer down payment assistance program funded by HHF. In the upcoming year, we will be focused on oversight over these new HHF programs.

The following chart shows SIGTARP's recent key unimplemented recommendations in TARP foreclosure prevention programs. If Treasury and the state agencies implement these key recommendations, the risk of fraud, waste, and abuse in TARP foreclosure prevention programs—and the ultimate cost of the programs—will substantially decrease.

Unimplemented Priority Recommendations

Travel and Conference Charges to The Hardest Hit Fund That Violated Federal Regulations – March 2019

COST SAVINGS/\$ TO BE RECOVERED:

- Treasury should require state agencies to repay \$400,000 in travel and conference costs wasted or that violated Federal regulations, including for example:
 - NC agency charged \$130,000 to host conferences including paying \$2,500 for a Motivation by Chocolate speaker. Before a homeowner had received \$1, NC agency held a reception that had a beef carving station with a uniformed chef, cake bites, and strawberry shortcake martinis.
 - Conferences unrelated to HHF at beaches and in Las Vegas

- \$20K for 2 FL officials to travel to 15-17 conferences each
- Charging TARP for a 4 day conference where Treasury held a 1.5 hour meeting on day 1 = \$100,000
- Luxury hotels w/high rates = \$17,000
- Meetings with non-Treasury Federal officials
- After OH agency decided to close program in 2014, it significantly deviated from prior practice charging TARP \$32,000 to send 13 officials to a training conference when in the past they charged for 1-3 officials, and charging more than \$7,000 to hold their quarterly conferences at local zoos.
- NV agency contractor fired employee alleging employee charged TARP \$543 for an extended stay at Las Vegas casino over the weekend. NV contractor then charged TARP \$37,000 in legal fees for termination and to defend wrongful termination lawsuit.
- Treasury should improve its oversight by enforcing the Federal cost regulations, issuing guidance on the Federal regulations, clarify reporting on travel costs, and report publicly on travel costs.
- Treasury should require Treasury pre-approval of conferences hosted by state agencies charged to HHF.
- Treasury should assess internal controls at state agencies in HHF for compliance with Federal cost regulations.

Bank and Other Institutions' Wrongdoing in HAMP – Reports in 2018, 2017, 2016, and 2015

COST SAVINGS/\$ TO BE RECOVERED: \$506 million

- Treasury should take action to curb people canceling out of HAMP.
- Treasury should determine extent of servicer misconduct in homeowners canceled.
- Treasury should ensure servicers properly transfer HAMP contract with transferred mortgage.
- Treasury should suspend and/or claw back Federal dollars when servicers violate Treasury's contract.¹⁶

HHF Lacks Standard Federal Requirements for Competition – March 2018

In order to prevent fraud, waste, abuse, and ensure that taxpayers achieve the protection of full and open competition, including obtaining the best value and cost savings, Treasury should apply the uniform procurement standards to the Hardest Hit Fund.¹⁷

Risk of Asbestos Exposure, Illegal Dumping, and Contaminated Soil Found in Federal Blight Elimination Program – November 2017

COST SAVINGS: Deter fraud (standard 10% cost), Environmental Safety, and Protection of Lives

- Treasury and state agencies should preclude from participation all contractors charged/fined for violations of environmental or safety requirements.
- Treasury should require state agencies to install industry-standard, common sense safeguards that protect against risk of asbestos exposure, illegal dumping of debris, and contaminated material filling the demolition hole.
- Treasury should require state agencies to conduct oversight over asbestos removal including not paying TARP dollars until after confirming that inspection documentation and other documents show appropriate removal of asbestos and other hazardous materials.

- Treasury should require state agencies to determine approved sources of fill dirt, and not pay TARP dollars until after confirming that an inspection of the open hole showed that all debris was removed, and that the hole is only filled with clean material from an approved source.
- Treasury should require state agencies to determine a list of approved waste facilities, and not pay TARP dollars until after confirming that all debris was disposed of at an appropriate waste or recycling facilities, as documented by landfill receipts, waste manifests, and truck weight tickets.¹⁸

Mismanagement of the Hardest Hit Fund in Georgia – October 2017

COST SAVINGS: \$18.6 million

- Georgia agency should remove impediments to Georgia homeowners receiving Hardest Hit Funds such as overly strict criteria and unnecessary red tape.¹⁹
- Georgia agency should fix a broken and confusing online application system.

State Housing Agencies Charged \$3 Million in Unnecessary Expenses to the Hardest Hit Fund – August 2017

COST SAVINGS/\$ TO BE RECOVERED: \$2.24 million (\$656,430 has been recovered)

- Treasury should recover the remaining \$1.6 million in squandered TARP dollars from state agencies.
- Treasury should perform more rigorous oversight of the state agency spending.²⁰

Some examples of the waste SIGTARP identified that have not been repaid in full are:

- A Mercedes Benz lease (NV)
- An executive's use of a fleet car (SC)
- An outing at a cocktail bar (NV)
- A dinner at an Italian restaurant for all staff to celebrate an employee's wedding and receiving more HHF funding (IL)
- Employee parties (NV, NC, MI)
- Employee picnics (NV, KY)
- Visa gift cards, movie gift cards, CVS and grocery store gift cards for employees (NV, NC)
- A baby gift for an employee (NV)
- Flowers to recognize employees (NV, NC)
- Employee cash bonuses (NC, NV, FL, IL, KY, IN, AZ)
- Severance payments for former employees (NV, KY)
- Employee celebrations (NV, NC, MI)
- Attorneys' fees and settlements of discrimination and other lawsuits alleging violations of the law (NV, OR)
- Upgrading to a luxury building with double the rent only to break the lease later and incur attorneys' fees and other costs (NV)
- Free parking for all employees (MI)
- \$90–\$110 a month in cash for employees to defray transportation costs (OH)
- Building and operating costs for a new customer center primarily used for non-HHF customers (RI)
- Unnecessary online cloud storage of records after a program closed (DC)
- Employee breakroom refreshments (NV, GA, MI)

Improving TARP's Investment in American Workers – January 2017

- State agencies should eliminate unnecessary criteria that may preclude lower-income homeowners from HHF.
- State agencies should maintain detailed records of why each person was denied for HHF.
- State agencies should allow homeowners facing upcoming layoffs to be eligible for HHF before becoming past-due on their mortgage.²¹

Waste and Abuse in the Hardest Hit Fund in Nevada – September 2016

COST SAVINGS/\$ TO BE RECOVERED: \$8.1 million

- Treasury should recover \$8 million in waste from Nevada contractor.
- Treasury should remove contractor NAHAC that wasted TARP dollars.²²

Treasury's HHF Blight Elimination Program Lacks Important Federal Protections Against Fraud, Waste, and Abuse – June 2016

COST SAVINGS: Standard 20% due to lack of competition

- Treasury should require state agencies to implement uniform Federal procurement standards for blight demolition.
- State agencies should establish an independent determination of demolition costs that are necessary and reasonable for each city (using independent experts, third party fair market value quotes, and current/historical costs).
- State agencies should benchmark claims against the state agencies' independent determination of which costs are necessary and reasonable.²³

Indiana Hardest Hit Fund Used TARP Funds to Demolish Occupied Homes Rather Than Abandoned Houses – December 2015

COST SAVINGS/\$ TO BE RECOVERED: \$246,490

- Treasury should recover from the Indiana state agency the \$246,490 in TARP spent evicting people out of houses so houses could qualify for TARP funded demolition to allow a car dealership to move to their streets.²⁴

Factors Impacting the Hardest Hit Fund Florida - October 2015

COST SAVINGS: Standard 10% Lost to Fraud

- Treasury should conduct due diligence by searching public records for an applicant's conviction for non-mortgage related crimes of dishonesty.
- Treasury should ensure HHF funds do not go to felons convicted of mortgage-related crimes.
- Treasury should monitor applicants (and existing recipients) for subsequent mortgage-related convictions that would disqualify the homeowner from receiving HHF funds (or additional HHF funds).
- Treasury should ensure that state housing finance agencies conduct regular criminal history background checks on staff or contractors who are paid, either directly or indirectly, with HHF funds by searching federal, state, and county databases.²⁵

Treasury Should Do Much More to Increase the Effectiveness of the TARP Hardest Hit Fund Blight Elimination Program – April 2015

- Treasury should keep itself informed by knowing the identities of all who will participate in blight elimination activity under HHF or receive TARP funds through required reporting by state HFAs to Treasury on an ongoing basis.
- Treasury should increase transparency by publicizing a list of all city or county/land bank/non-profit/for-profit partners that will participate in blight elimination activity under HHF, a list of addresses where a property has been demolished or removed under HHF, Treasury's expected target outcomes by city and state, and performance indicators to measure progress.²⁶

- Treasury should collect all contracts and subcontracts for HHF blight elimination activities, and require the state HFAs to collect all contracts and subcontracts for HHF blight elimination activities.

TREASURY GOAL: ACHIEVE OPERATIONAL EXCELLENCE

SIGTARP is maintaining an appropriately sized and skilled workforce that maximizes performance and aligns with SIGTARP's mission and targeted outcomes at the least cost to taxpayers. SIGTARP's appropriated budget has decreased by \$18 million since FY 2017.

SIGTARP has also gained efficiencies by partnering with the U.S. Army Corps of Engineers for technical expertise in the Hardest Hit Fund blight demolition program at far less cost than hiring in-house experts. Treasury and state agencies are trusting and assuming that the demolitions and related activities are proceeding safely, appropriately, and in compliance with all applicable environmental and safety requirements and industry standards. In November 2017, SIGTARP issued an evaluation that the Corps' of Engineers review of the program showed that this was not the case in Flint, Michigan. The Corps of Engineers found that asbestos removal appears to have been mismanaged by all contractors, and that it was unclear whether the material placed in the hole was clean. The Corps of Engineers raised a number of industry standard safeguards that do not exist in the program, and warned that without these safeguards, the program is at risk of illegal dumping, contaminated soil, and asbestos (and other contaminants) exposure.²⁷ In October 2018, DOJ brought a False Claims Act settlement against a contractor for contaminated soil in the HHF program, just as SIGTARP warned. In the coming months SIGTARP will release another report based on the Corps' of Engineers review of blight demolition activities in South Carolina.

Finally, SIGTARP auditors are employing innovation, technology, and virtual information sharing to expedite the identification of fraud, waste, and abuse. SIGTARP auditors employ forensic capabilities and tools, and data mine databases containing TARP foreclosure prevention program information. This data mining led to the identification of \$11.4 million in waste.

Peer Review Results

In October 2018, SIGTARP's Audit division passed its mandated external peer review with the highest rating possible, a peer review rating of pass. Government Auditing Standards requires Federal Office of Inspector General that perform audits or attestations in accordance with generally accepted government auditing standards to have an appropriate system of quality control and to undergo external peer reviews at least once every three years.

The Railroad Retirement Board Office of Inspector General (RRB OIG) conducted a comprehensive peer review of the SIGTARP Audit Division's system of quality control in accordance with Government Auditing Standards and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). On October 30, 2018, the RRB OIG issued its System Review Report on the operations of SIGTARP's Audit Division. The report noted that "the system of quality control for SIGTARP in effect for the year ended March 31, 2018 has been suitably designed and complied with to provide SIGTARP with reasonable assurances of performing and reporting in conformity with applicable professional standards in all material respects."

The report is available on SIGTARP's website at www.SIGTARP.gov, under "Peer Review Report."

SIGTARP LAW ENFORCEMENT



SIGTARP

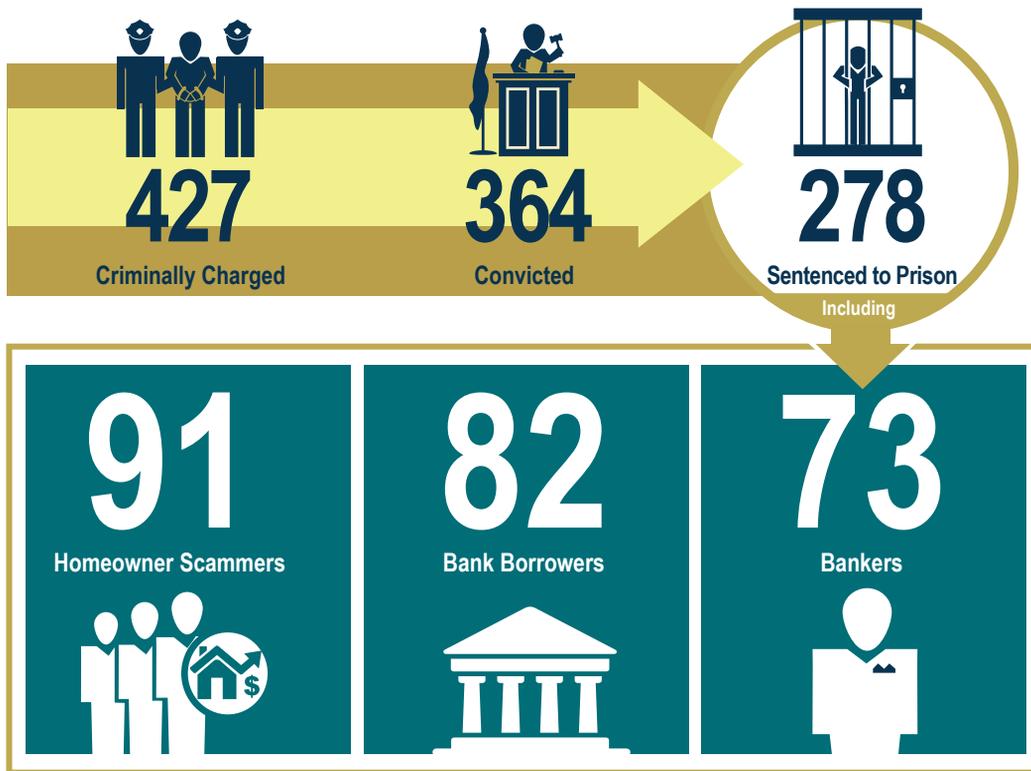
SIGTARP investigations have led to enforcement actions against

TWENTY

institutions



LAW ENFORCEMENT MISSION



As of April 15, 2019 | Convictions include four vacated due to death or cooperation | Charges are not evidence of guilt | Many defendants await trial and sentencing

SIGTARP is primarily a Federal law enforcement agency protecting the interests of the American people by investigating crime at financial institutions that received TARP funds or other TARP recipients in housing programs. With 278 people sentenced to prison resulting from a SIGTARP investigation at an average prison sentence of nearly 5 years, the threat these crimes pose is significant. SIGTARP has assessed the top threat in TARP today as unlawful conduct in TARP's housing programs by banks and other institutions paid by Treasury in TARP's \$23.8 billion Making Home Affordable Program (MHA). With \$20.1 billion already paid by Treasury to banks and other institutions and \$3.7 billion committed or obligated by Treasury through 2023 in MHA, SIGTARP is working to counter this top threat in TARP.²⁸

SIGTARP'S INVESTIGATIONS COUNTER THREATS IN TARP WHILE ALSO ALIGNING WITH TREASURY'S STRATEGIC GOALS

SIGTARP's law enforcement activities are driven by the threats and fraud we assess in TARP. We counter threats to public safety and Government interests by investigating criminal actors and working with the Department of Justice (DOJ) and state and local agencies to prosecute criminals and those who break civil laws. This law enforcement work also aligns with all five of Treasury's strategic goals.

TREASURY GOAL: ACHIEVE OPERATIONAL EXCELLENCE

Including "Employ technological solutions that advance the management and leadership of the workforce,"
"Drive efficiencies through continuous process improvement," and
"Maximize employee performance in support of organizational outcomes"

SIGTARP's Intelligence-Driven Law Enforcement

SIGTARP created innovative tools and capabilities to use intelligence and technology to bring accountability and justice to those who break the law. SIGTARP created an intelligence driven approach that has led to SIGTARP finding crime by insiders at banks that was not reported and went previously undetected. Now, 92 bankers have been convicted resulting from SIGTARP investigations because we actively searched for this crime using industry, financial, and human intelligence.

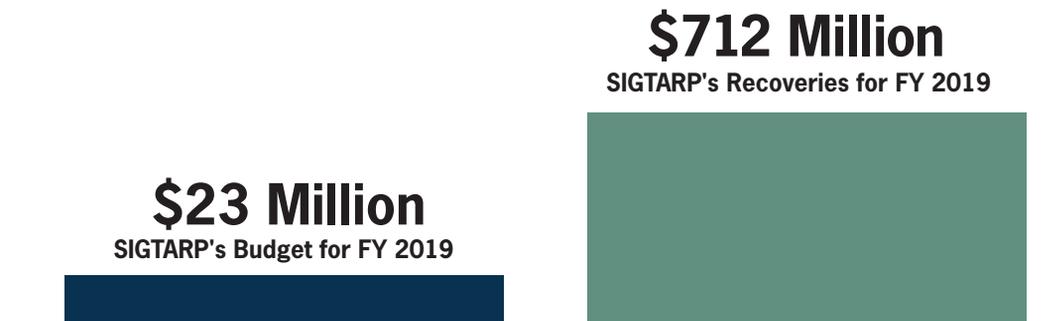
SIGTARP is currently applying its intelligence driven approach to search for crime in TARP foreclosure prevention programs where Treasury continues to spend nearly \$3 billion a year. This innovation will expedite our identification of fraud. TARP recipients include 152 mortgage servicers, headquartered in 37 states, which include large banks in MHA like Wells Fargo, Bank of America, and JPMorgan Chase, as well as more than 2,210 blight demolition contractors and local partners in 378 towns/cities receiving money from TARP's Hardest Hit Fund (HHF).²⁹ SIGTARP gained expertise in investigating large institutions through our investigations that resulted in significant DOJ enforcement actions against 20 institutions, including Goldman Sachs, Bank of America, JPMorgan Chase, Morgan Stanley, Ally Financial, Wilmington Trust, Sun Trust Bank, Fifth Third Bank, Jefferies & Co., and RBS Securities.

SIGTARP's Return on Investment of Our Budget

SIGTARP continues to assess current and future operations to fulfill its mission efficiently and reduce spending. After 10 years, our budget is half that of our peak budget. SIGTARP also seeks not to be a burden to taxpayers. We aim for recoveries that exceed our budget each year. SIGTARP's work has led to recoveries of more than \$10 billion. Every year, recoveries from our work exceed our budget. In Fiscal Year 2018, recoveries from our work totaled more than \$314 million, of which more than \$294 million was recovered for the Federal Government. Exceeding our annual budget of \$34 million. Already in FY 2019, actual dollars recovered as a result of SIGTARP's investigations are more than \$712 million, (\$335 million to the Government), which is more than 14x annual return on investment of our annual budget of \$23 million.

For Fiscal Year 2020 budget, the President's Budget request sent to Congress proposed cutting SIGTARP's budget to \$17.5 million—a 24 percent reduction from the FY 2019 enacted level, despite that TARP foreclosure prevention programs continue to spend (nearly \$3 billion last year), and carry a high risk of fraud, waste, and abuse. As authorized by Section 6(f)(3)(E) of the Inspector General Act, the Special Inspector General issued a statement in the President's Budget request sent to Congress, stating that the cut substantially inhibits SIGTARP from performing our mission.

FY 2019: \$712 Million in Recoveries More Than 14x SIGTARP's FY 2019 Annual Budget



Government Recoveries through Property Seizures and Forfeitures

SIGTARP maximizes recoveries to the Government by tracking proceeds of the crime, such as land, houses, cars, boats, and artwork. 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),
- Currency including Bitcoin cryptocurrency, bags of silver, U.S. currency, antique and collector coins, NetSpend, Visa and CashPass MasterCard debit cards, and Western Union money orders with the "Pay To" line blank,
- Collector and luxury cars such as 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, a 1957 Cadillac Coup de Ville, and other vehicles,
- 2005 54' Hylas yacht.

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.

ORDERED FORFEITED AND SEIZED



Multiple villas located in Santa Rosa, California (\$20 million appraised value)



2013 Ferrari 458 Italia (\$233,509)



2005 54' Hylas yacht "Swept Away"



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.



1934 Ford Coupe



1957 Cadillac Coupe de Ville



1961 Chevrolet Corvette

ORDERED FORFEITED AND SEIZED (CONTINUED)



Cash seized from safe, \$158,000.



Kubota tractor (\$27,600).



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 (\$362,317)



2008 Maserati Grandturismo (\$39,800)



2014 Jaguar Convertible (\$54,200)



Cash



2013 Range Rover



2008 Cadillac Escalade



2011 Cadillac SRX Performance



1963 Chevrolet Corvette Stingray



1971 Chevrolet Corvette Stingray

TREASURY GOAL: BOOST U.S. ECONOMY

Including "Improving overall condition for competition...[and] investigating anti-competitive practices"

SIGTARP's law enforcement counters the threat to TARP from anti-competitive practices and the fraud that can result from the lack of full and open competition. SIGTARP is an active partner with the DOJ Antitrust Division and other DOJ prosecutors to investigate and prosecute criminal anti-competitive practices as well as fraud in the Hardest Hit Fund Blight Elimination Program. These illegal practices in the TARP demolition program threaten the quality of work, harm public safety, threaten competition, and result in unnecessarily higher costs. SIGTARP is investigating:

- Bribery for inclusion on the approved contractor list
- Double billing or other overcharging
- Billing for work not completed
- Bribery for contract award
- Bid rigging and price fixing
- Illegal dumping of debris from demolition
- Illegal handling of asbestos
- Use of contaminated soil

The Justice Department has obtained convictions and financial resolutions, and indicted defendants, for crimes and False Claims Act violations investigated by SIGTARP that call into question a full and open competitive process in HHF blight program.

TREASURY GOAL: ENHANCE NATIONAL SECURITY

"Anti-Money Laundering: Identify and reduce vulnerabilities in the U.S. and international financial system to prevent abuse by illicit actors"

SIGTARP's law enforcement counters threats to the public and the Government from money laundering. Courts have convicted 32 defendants investigated by SIGTARP for money laundering, and 19 other defendants have been charged with money laundering who await trial. These convictions identify and reduce vulnerabilities in the U.S. and international financial system and preventing abuse by illicit actors.

TREASURY GOAL: TRANSFORM GOVERNMENT-WIDE FINANCIAL STEWARDSHIP

Including "Wind down sun-setting programs responsibly" and "Fund the Government at the least cost over time"

There are four open TARP programs – two bank programs and two foreclosure prevention programs. SIGTARP's law enforcement counters threats to TARP programs including fraud, theft, bribery, public corruption, and civil violations of the law. Additionally, this law enforcement aids Treasury's goal to wind down sun-setting programs responsibly and to fund the Government at the least cost over time because fraud hurts both of those goals. SIGTARP's remaining law enforcement work related to TARP bank programs only supports Justice Department prosecutions of bankers that SIGTARP investigated.

TREASURY GOAL: PROMOTE FINANCIAL STABILITY

SIGTARP's Investigations Related to TARP Foreclosure Prevention Programs

All of SIGTARP's investigations advance the goal of financial stability. TARP's bank bailout was made to stabilize banks. Treasury designed TARP's foreclosure prevention programs to prevent avoidable foreclosures in an effort to promote financial stability. Fraud and wrongdoing in these programs undermine Treasury's goals by increasing the risk of improper foreclosures, which harm homeowners, mortgage markets, and investor and guarantors of instruments like mortgage-backed securities that are tied to those mortgages. Fraud and other wrongdoing in these programs can also lead to government overcharges and other improper payments.

SIGTARP's highest investigation priority is to counter the threat of financial institution fraud by banks and non-bank mortgage servicers paid with TARP dollars. Significant oversight is required in the Making Home Affordable Program (including HAMP) due to the poor track record of the large banks and non-bank institutions in the program. Some institutions have been the subject of law enforcement actions, including investigations by SIGTARP. SIGTARP's investigations related to HAMP have led to DOJ actions against SunTrust Bank, JPMorgan Chase, and Bank of America related to misconduct and false representations to Treasury and/or homeowners. Regulators including Attorneys General in various states and the CFPB have also brought enforcement actions related to HAMP.

SIGTARP has identified the following wrongdoing in HAMP:

- Wrongfully terminating people out of HAMP even though homeowners made timely payments
- Lost paperwork
- Misapplying mortgage payments made in HAMP which causes delinquency that incur late fees

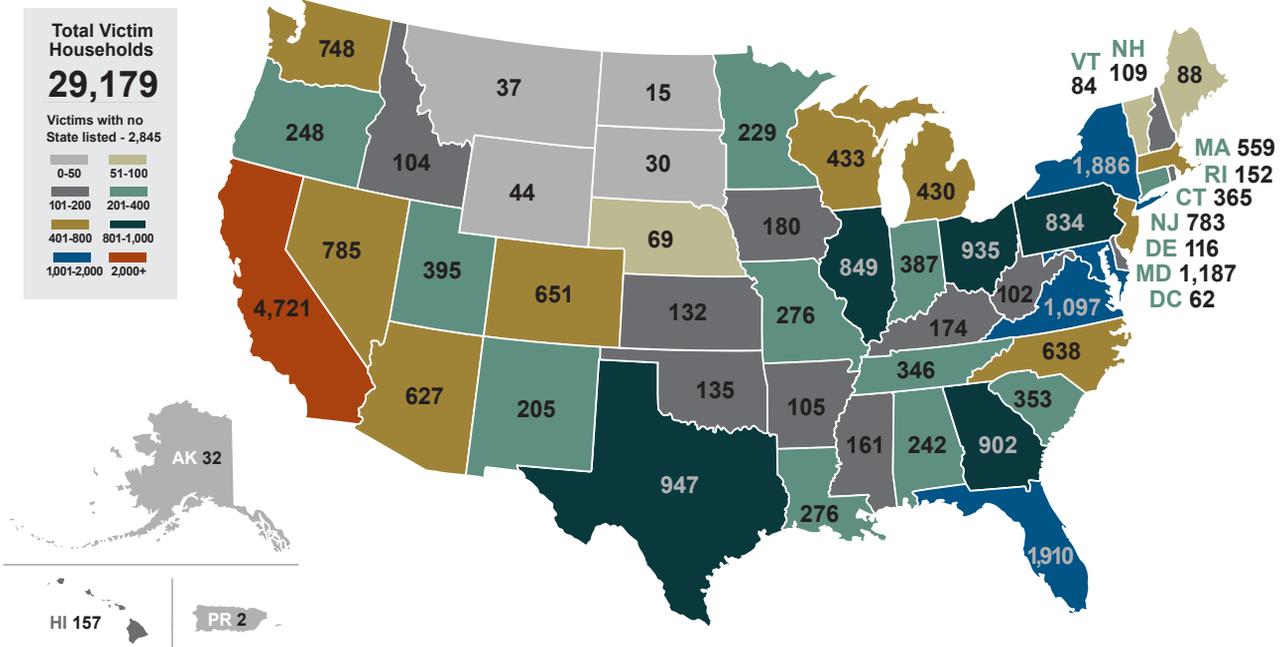
- Transferring the mortgage without transferring the HAMP paperwork. The new servicer does not know the person is in HAMP so only sees underpayment, or fails to honor the HAMP lowered interest rate
- Failing to notify homeowners, as Treasury requires, when their interest rate and monthly payment is going 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's investigations have also shut down scams, bringing justice to 117 convicted scammers. The typical scammer stole homeowners' money on a false promise that they can get a homeowner into HAMP, and then did little or nothing to help the homeowner get into the HAMP program.

91 DEFENDANTS WHO DEFRAUDED HOMEOWNERS SENTENCED TO PRISON

Ped Abghari 2 years and 6 months	Ruby Theresa Encina 1 year	Philip Haas Time served, 3 years supervised release	Niket Narayan Kulkarni 5 years (suspended) 3 years probation	Dominic A. Nolan 6 months	Scott Schreiber Time served, 3 years supervised release
Thomas J. Adams 364 days (suspended)	Nicholas Estilow 6 years and 8 months	Walter Bruce Harrell 1 year and 6 months	Damian Kutzner 5 years and 10 months	Lynn Nunes 1 year	Jen Seko 7 years
Sammy Araya 20 years	Mark Farhood 11 years	Michael Henderson 12 years	Harold E. Larson 2 years and 6 months	Yadira Padilla 4 years	Hamid Reza Shalviri 3 months
Ziad Nabil Mohammed Al Saffar 1 year and 9 months	Dennis Fischer 7 years	Jonathan L. Herbert 11 years and 8 months	Michelle Lefaoseu 1 year	Michael Lewis Parker 6 years and 8 months	Daniel Shiau 4 years and 10 months
Kristen Ayala 11 years and 3 months	Dionysius Fiumano 16 years	Mindy Holt 1 year and 6 months	John Linderman 2 years	Iris Pelayo 4 years	Howard Shmuckler 13 years and 9 months
Michael Bates 1 year	Gregory Flahive 1 year	Robert Jacobsen 6 years and 6 months	Jonathan Lyons 1 year	Isaac Joshua Perez 10 years and 10 months	John D. Silva 8 months
Anthony Blackwell 1 year	Christopher George 20 years	Najia Jalan 5 years and 10 months	Lori Macakanja 6 years	Andrew M. Phalen 1 year	Alan Tikal 24 years
Crystal Buck 5 years	Chad Gettel 7 years	Joshua David Johnson 10 years and 1 month	Christine Maharaj 3 months	Sabrina Rafo 5 years	Tamara Teresa Tikal 3 years and 9 months
Vernell Burris, Jr. 1 year	Serj Geutssoyan 4 years and 4 months	Roger Jones 2 years and 9 months	Aria Maleki 9 years and 4 months	Andrea Ramirez 18 years	Michael Trap 2 years and 6 months
David Cassuto Time served, 2 years supervised release	Frederic Gladle 5 years and 1 month	Brian M. Kelly 1 year	Jefferson Maniscan 10 years	Kevin Rasher 8 years and 1 month	Roscoe Ortega Umali 18 years and 4 months
Jaime Cassuto Time served, 2 years supervised release	Christopher S. Godfrey 7 years	Darrell Keys Time served, 3 years supervised release	John McCall 1 year	James Reese 364 days (suspended) 3 years probation	John Vescera 1 year
Jacob J. Cunningham 8 months	Angel Gonzalez Time served, 3 years supervised release	Isaak Khafizov 9 years	Herzel Meiri 10 Years	Robyn Reese 364 days (suspended) 3 years probation	Glen Alan Ward 11 years
Raymund Oquendo Dacanay 5 years	David Gotterup 15 years	Cuong Huy King 1 year and 6 months	Amir Meiri 5 Years	Justin Romano 2 years	Patthaya Wattanachinda 4 months
Catalina Deleon 2 years and 6 months	David Green Time served, 3 years supervised release	Justin D. Koelle 9 months	Mehdi Moarefian 4 years and 4 months	Glenn Steven Rosofsky 5 years and 7 months	Kowit Yuktanon 1 year and 6 months
Alberto DiRoberto 5 years	Jason Green Time served, 5 years supervised release and 6 months home confinement	Ray Kornfeld 5 years	Christopher William Nelson 10 years (suspended) 5 years probation	Joshua Sanchez 12 years and 7 months	
			Duy K. Nguyen 1 year	Jason Sant 6 years	

VICTIMS OF MORTGAGE RELATED TO TARP BY STATE WHERE SIGTARP INVESTIGATIONS LED TO CONVICTIONS



FRAUD IN THE HARDEST HIT FUND

Treasury's goal for the Hardest Hit Fund is to prevent foreclosures and neighborhood stabilization. SIGTARP has increased its number of investigations into the Hardest Hit Fund after seeing an increase in suspected criminal activity. Prosecutions this year in the Hardest Hit Fund include:

Corruption:

- Land bank official charged with bribery
- City official convicted of bribery
- Contractor charged with bribery

Fraud:

- Contractor charged with burring construction debris in demolition hole but charging as if dumped debris at landfill and bought fill dirt
- Homeowners charged with fraud.

SIGTARP's Investigations Related to TARP's Bank Programs

Treasury's goal of TARP's bank programs was to promote financial stability by increasing lending by financial institutions. Financial institution fraud and other crime hurts the banks, their communities, investors, and in some cases the economy at large.

SIGTARP's law enforcement counters the threat for financial institution fraud, and has already resulted in 73 bankers sentenced to prison, along with 55 of their co-conspirators. SIGTARP's criminal investigations have resulted in criminal charges against 104 bankers, including 24 CEOs or Presidents. Without SIGTARP's focus, expertise, and dedicated resources to support these prosecutions, many of the bankers who committed crimes in and/or against TARP banks may not have been prosecuted.

RESULTS OF SIGTARP'S BANK INVESTIGATIONS



BANKERS

104 INDICTED
92 CONVICTED*
73 SENTENCED
TO PRISON

BANKER'S CO-CONSPIRATORS

94 INDICTED
70 CONVICTED
55 SENTENCED
TO PRISON

BORROWERS DEFRAUDING BANKS

57 INDICTED
48 CONVICTED
38 SENTENCED
TO PRISON

As of April 15, 2019

*Includes two convictions vacated due to death or subsequent cooperation with the Government.

73 BANKERS SENTENCED TO PRISON OUT OF 92 CONVICTED



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

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

Mark A. Conner
12 Years in Prison
5 Years Supervised Release
Acting CEO, President, COO, Chairman,
Vice Chairman
FirstCity 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 (Subsidiary)

Sean Cutting
8 Years and 4 Months in Prison
3 Years Supervised Release
CEO, President, Director, Chief Lending
Officer, Chief Administrative Officer
Sonoma Valley Bank



Brian Melland
8 Years and 4 Months in Prison
3 Years Supervised Release
Chief Loan Officer, Senior Vice President
Sonoma Valley Bank

Ebrahim Shabudin
8 Years and 1 Month in Prison
3 Years Supervised Release
Executive Vice President, COO, Chief
Credit 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, Assistant Treasurer
Colonial Bank

Clayton A. Coe
7 Years and 3 Months in Prison
3 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 Banking Company



Kirk Marsh
6 Years and 6 Months in Prison
3 Years Supervised Release
Vice President for Government Contract
Lending, Vice President
Virginia Commerce Bank; Fulton Bank

David Gibson
6 Years in Prison
3 Years Supervised Release
Chief Financial Officer, Executive Vice
President
Wilmington Trust Company

Robert Harra
6 Years in Prison
3 Years Supervised Release
President, Chief Operating Officer
Wilmington Trust Company

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

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

Shaun Hayes
5 Years and 8 Months in Prison
5 Years Supervised Release
Director, Vice Chairman Majority
Shareholder, Consultant,
Investors Financial Corporation of Pettis
County, Inc.; Excel Bank



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

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

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

William North
4 Years and 6 Months in Prison
3 Years Supervised Release
Chief Credit Officer
Wilmington Trust Company

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

Richard Colbert
3 Years and 4 Months in Prison
3 Years Supervised Release
Attorney
Beach 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

Keavn Rakowski
3 Years in Prison
3 Years Supervised Release
Controller
Wilmington Trust Company*

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

73 BANKERS SENTENCED TO PRISON (continued)*



Brian D. Bailey
 2 Years and 6 Months in Prison
 2 Years Supervised Release
 Vice President/Delaware Market Manager, Loan Officer
 Wilmington Trust Company

Thomas Hebble
 2 Years and 6 Months in Prison
 2 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

Joseph Tobin
 2 Years in Prison
 5 Year Supervised Release
 Vice President, Loan Officer
 PBI 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

Michael Erickson
 2 Years in Prison
 3 Years Supervised Release
 Loan Officer
 Southern Bancorp



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

Vivian Tat
 2 Years in Prison
 2 Years supervised release
 Branch Manager, Vice President
 East West Bank

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

Joseph Terranova
 1 Year and 9 Months in Prison
 3 Years Supervised Release
 Vice President, Loan Officer
 Wilmington Trust Company

Don 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

Ricky Hajdik
 1 Year and 8 Months in Prison
 3 Years Supervised Release
 Loan Officer
 Lone Star Bank



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

Poppi Metaxas
 1 Year and 6 Months in Prison
 3 Years Supervised Release
 CEO, President, Board Member
 Gateway Bank, F.S.B.

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

Peter W. Hayes
 1 Year and 3 Months in Prison
 3 Years Supervised Release
 Loan Officer
 Wilmington Trust Company

Brian Hartline
 1 Year and 2 Months in Prison
 5 Years Supervised Release
 Branch Manager
 NOVA Financial Holdings, Inc.; NOVA Bank

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



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

Justin T. Brough
 11 Months in Prison
 5 Years Supervised Release
 Senior Vice President
 Bank of America

Barry Bekkedam
 11 Months in Prison
 3 Years Supervised Release
 Former Chairman,
 NOVA Financial Holdings, Inc.;
 NOVA Bank

Jeanette Salsi
 7 Months in Prison
 3 Years Supervised Release
 Loan Underwriter
 Pierce Commercial Bank (Subsidiary)

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 (Subsidiary)

**Sandra Torrence aka/
 Saundra Scales**
 6 Months in Prison
 2 Years Supervised release
 CEO, President
 First Legacy Community Credit Union



Samuel Cobb
 3 Months in Prison
 5 Years Supervised Release
 Vice President
 GulfSouth Private Bank

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

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

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

Rodney Dunn
 2 Months in Prison
 1 Year Supervised Release
 Vice President
 Harbor Bank of Maryland

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

Timothy Murphy
 1 Day in Prison
 5 Years Supervised Release
 Executive Vice President
 Excel Bank

*Reversed on appeal

73 BANKERS SENTENCED TO PRISON (continued)*



Sam Tuttle
 1 Day in Prison
 6 Months Home Confinement
 3 Years supervised release
 Vice President, Loan Officer
 Pierce Commercial Bank (Subsidiary)



Robert Pennington
 Time Served
 5 Years Supervised Release
 8 Months Home Confinement
 Vice President
 Citizens First National Bank



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



Michael Primeau
 Time Served
 3 Years Supervised Release
 President
 Lend America, Gateway Bank F.S.B.



Michael W. Yancey
 Time Served
 3 years supervised release
 Senior Vice President
 Farmers Bank & Trust, N.A.



Benjamin Leske
 Time Served
 1 Month Home Confinement
 2 Years Supervised Release
 Loan Officer
 Pierce Commercial Bank (Subsidiary)



Ed Rounds
 Time Served
 2 Years Supervised Release
 Loan Officer
 Pierce Commercial Bank (Subsidiary)



Angela Crozier
 Time Served
 1 Year Supervised Release
 Loan Processor
 Pierce Commercial Bank (Subsidiary)



Craig Meyer
 Time Served
 1 Year Supervised Release
 Vice President, Principal, Loan
 Officer,
 Pierce Commercial Bank (Subsidiary)

4 BANKERS SENTENCED TO HOME CONFINEMENT

Adam Voelker
 2 Months Home Confinement
 Loan Processor
 Pierce Commercial Bank (Subsidiary)

Darryl Woods
 1 Year Home Confinement
 CEO, CFO, Chairman; President,
 Chairman, MainStreet Bank;
 Calvert Financial Corporation

Jeremy Churchill
 1 Year Home Confinement
 Vice President, Commerical Loan
 Officer
 Bank of the Commonwealth

Matthew Daniel Sweet
 6 Months Home Confinement
 Vice President, Controller
 One Bank and Trust, N.A.

55 BANKER CO-CONSPIRATORS SENTENCED TO PRISON OUT OF 70 CONVICTED



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



Mark Anthony McBride
14 Years and 2 Months in Prison
5 Years Supervised Release
(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)



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



Jerome Arthur Whittington
10 Years in Prison
7 Years Supervised Release
Bank of America



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



David Lonich
6 Years and 8 Months in Prison
3 Years Supervised Release
(Sonoma Valley Bank Case)



Lawrence Wright
6 Years and 3 Months in Prison
5 Years Supervised Release
Bluewater Real Estate
Investments, LLC
(GulfSouth 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, TMS Heritage, LLC,
(Orion Bank Case)



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



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)



Mohsen Hass
4 Years and 9 Months in Prison
3 Years Supervised Release
Owner
Wilshire State Bank



Dwight Etheridge
4 Years and 2 Months in Prison
5 Years Supervised Release
Owner/Operator
Tivest Development and
Construction LLC
(Bank of the Commonwealth Case)



Brenda Wood
4 Years and 2 Months in Prison
5 Years Supervised Release
Owner
Professional Cleaning and
Innovative Building Services Inc.
(Farmers Bank & Trust, N.A. Case)



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



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



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
3 Years Supervised Release
(Omni National Bank Case)



Michael Litz
3 Years in Prison
3 Years Supervised Release
Co-owner, McKnight Man I LLC and
Eighteen Investments
Excel Bank Investors Financial
Corp of Pettis County)



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



Dello Coutinho
3 Years in Prison
3 Years Supervised Release
Loan Officer
Ameridream
(Bank of America, CitiGroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



David Odum
3 Years and 6 Months in Prison
3 Years Supervised Release
President
Clyscose Productions, LLC
(Harbor Bank of Maryland)



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



Thomas 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)



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)



Hugo Lafuente
2 Years and 1 Month in Prison
36 Months Supervised Release
Owner
Wells Solutions
(Lone Star Bank 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)



Luis Fernando Krueger
2 Years in Prison
3 Years Supervised Release
Director of Business Development
Blackstone Development Group
(Saigon National Bank 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)

55 BANKER CO-CONSPIRATORS SENTENCED TO PRISON (continued)



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



William Cody
 1 Year and 6 Months in Prison
 3 Years Supervised Release
 Owner/ Operator
 C&C Holdings LLC
 (GulfSouth Private Bank Case)



Joseph DiValli
 1 Year and 6 Months in Prison
 3 Years Supervised Release
 Loan Officer
 Wells Fargo



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



Hua Leung
 1 Year and 6 Months in Prison
 2 Years Supervised Release
 (Saigon National Bank 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)



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



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



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)



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



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



Ruimin Zhao
 4 Months in Prison
 1 Year Supervised Release
 (Saigon National Bank Case)



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



Bruce Houle
 1 Day in Prison
 5 Years Supervised Release
 6 Months Home Confinement
 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)



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



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

4 BANKER CO-CONSPIRATORS SENTENCED TO HOME CONFINEMENT

Randall Silver
 1 Year Home Confinement
 CFO
 Oxford Collection Agency Inc.
 (Oxford Collection Case)

Recardo Lewis
 6 Months Home Confinement
 Project Manager
 Twist Development & Construction,
 LLC
 (Bank of the Commonwealth Case)

Patrick Pinto
 6 Months Home Confinement
 Co-owner
 Oxford Collection Agency Inc.
 (Oxford Collection Case)

Charles Harris
 6 Months Home Confinement
 Co-owner
 Oxford Collection Agency Inc.
 (Oxford Collection Case)

40 DEFENDANTS WHO FRAUDULENTLY DECEIVED 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
 3 Years Supervised Release
 President
 Mount Vernon Money Center
 (Victim: U.S. Bank, Webster Bank, Bank of America, NY Community Bank Corp)

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

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

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

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

Leigh Farrington Fiske
 4 Years and 9 Months in Prison
 5 Years Supervised Release
 (Victim: Wells Fargo Bank, U.S. Bank)



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
 Waikale Properties Corp
 (Victim: Goldman Sachs, Wells Fargo, JP Morgan, Deutsche Bank)

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

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

Greisy Jimenez
 3 Years in Prison
 4 Years Supervised Release
 Real Estate Agent
 Foreclosure 911
 (Victim: Bank of America N.A.; JPMorgan Chase Bank, N.A.)

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



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

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

Margaret Connolly
 2 Years in Prison
 3 Years Supervised Release
 Attorney
 (Victim: JP Morgan)

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
 Jetsco Manufacturing Co., Inc. (aka Fanplastic Molding Company)
 (Victim: Old Second National Bank)

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

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



Mahendra Prasad
 1 Year and 3 Months in Prison
 5 Year Supervised Release
 (Victim: JPMorgan Chase, Bank of America)

Jasmin Polanco
 1 Year and 3 Months in Prison
 3 years Supervised Release
 Attorney
 JPMorgan, Bank of America, Capital One

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 Probation
 Real Estate Agent
 (Victim: Bank of America, Wells Fargo)

John Cheng
 6 Months in Prison
 5 Years Supervised Release
 Loan Broker, Owner SinoWest Financial Services, Inc.
 (Victim: BNB Financial Services Corp.)

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

Vanessa Ricci
 6 Months in Prison
 3 Years Supervised Release
 Mortgage Broker
 Financial Services, Inc.
 (Victim: JPMorgan, Bank of America, Capital One)



Ronald Onorato
 6 Months in Prison
 2 Year Supervised Release
 CEO
 Northpoint Group, Inc.
 (Victim: Integra Bank)

Raj Maruvada
 6 Months in Prison
 1 Year Supervised Release
 CPA, Raj Maruvada & Associates P.C.
 (Victim: TARP Bank)

Tariq Khan
 1 Day in Prison
 1 Year Home Confinement
 5 Years Supervised Release
 Owner
 Urban Motors Corporation
 (Victim: Old Second National Bank)

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

Hyacinth Bellerose
 Time Served
 1 Year Home Confinement
 1 Year Supervised Release
 Attorney
 (Victim: JPMorgan, Bank of America, First Horizon Corp.)

Dahianara Moran
 Time Served
 1 Year Home Confinement
 1 Year Supervised Release
 Former Director of Human Resources of The Psychological Center Inc.
 (Victim: JPMorgan, Bank of America, First Horizon Corp.)

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

40 DEFENDANTS WHO DEFRAUDED TARP BANKS SENTENCED TO PRISON (continued)



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

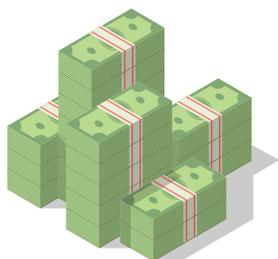
Pasquale Scarpa
Time Served
5 Years Supervised Release
(Victim: Capital One, Signature
Bank, Sovereign Bank)

Mark A Pagani
Time Served
5 Year Supervised Release
Attorney
(Victim: Capital One, Signature
Bank, Sovereign Bank)

Falgun Dharia
Time Served
3 Years Supervised Release
Owner
Mantiff Management Corp.
(Victim: PNC Bank)

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

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



SCAMS USING TARP

15

Julius Blackwelder
3 years and 10 months

John Farahi
10 years

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

Todd Taylor
1 day

Mark Steven Thompson
1 year and 6 months

Robert Wertheim
1 year and 6 months

SIGTARP's 2019 Mid-Year Investigative Results

Seven Former Wilmington Trust Bankers Sentenced to Prison for Fraud; Bank Resolves Criminal Indictment by Admitting Wrongdoing and Agreeing to Pay \$60 Million

In December 2018 and January 2019, a federal court sentenced seven former Wilmington Trust bankers to prison terms of up to six years. As a result of a SIGTARP investigation, the bank's former president, chief financial officer, chief credit officer and controller were convicted of securities fraud after a trial. Wilmington Trust Bank received a \$330 million TARP bailout. As the conspiracy was ongoing and while in TARP, the bank collapsed and was acquired by M&T Bank at a discount of approximately 46% from the bank's share price the prior trading day.

SIGTARP's investigation uncovered a scheme by bank insiders to conceal the total quantity of past due loans on its books from the Federal Reserve, the Securities and Exchange Commission and the investing public. After the trial, a jury convicted former president Robert Harra, former chief financial officer David Gibson, former chief credit officer William North, and former controller Kevyn Rakowski of hiding more than \$300 million in loans that were 90 days past due.

At their sentencing, U.S. District Judge Richard G. Andrews said the investigation uncovered the "the biggest financial crime in Delaware, at least in the past 35 years." In remarks to the press, Special Inspector Goldsmith Romero said that the "defendants made the choice to commit a crime again, and again, and again. To lie about those risky loans, to lie that the bank was doing well, to lie to hide hundreds of millions in past due loans." The court sentenced former president Harra and former chief financial officer Gibson to six years in prison and

ordered them to pay \$300,000 each. The court sentenced former chief credit officer North to four and half years in prison and ordered him to pay \$100,000 and former controller Rakowski to three years in prison.

The court separately sentenced three other Wilmington Trust officers: former head of commercial real estate Delaware Brian Baily to two and half years, former vice president for commercial real estate for Delaware Joseph Terranova to one year and nine months and former commercial real estate relationship manager for Delaware Peter Hayes to one year and three months.

In October 2017, as part of a criminal investigation Wilmington Trust admitted wrongdoing and agreed to pay \$60 million. Wilmington Trust was the only TARP bank indicted by the Justice Department.

SIGTARP was joined in the investigation by the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigation, and the Federal Reserve Bank-Office of Inspector General. The U.S. Attorney's Office for the District of Delaware prosecuted the case.

Former Detroit Official and Former Demolition Contractor Convicted of Bribery in Connection with Blight Elimination Program

As a result of a SIGTARP investigation, a federal court convicted former field operations manager for the Detroit Building Authority Aradondo Haskins of federal bribery charges related to demolition contracts in TARP's Hardest Hit Fund. He was also convicted of committing honest services fraud while employed as an executive at demolition contractor Adamo Group, which received contracts under the Hardest Hit Fund. Former Adamo Group executive Anthony Daguanno was also convicted of committing honest services fraud.

In remarks to the press, Special Inspector Goldsmith Romero said the defendants "deprived the government and taxpayers of full and open competition in the Hardest Hit Fund by providing a contractor confidential information about the lowest bid in exchange for bribes."

\$258 Million in Hardest Hit Funds have been allocated to the Detroit. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney for the Eastern District of Michigan and the Antitrust Division of the Department of Justice are prosecuting the case.

Land Bank Official Indicted for Conspiracy to Commit Bribery and Fraud in TARP's Hardest Hit Fund Blight Elimination Program

In November 2018, Cuyahoga County Land Bank official Kenneth Tyson was indicted for conspiring to commit honest services and wire fraud and bribery in federally funded programs. Tyson served as a liaison for East Cleveland, vetting prospective demolition contractors for placement on the qualified list to receive demolition jobs. Over a five year period, Tyson allegedly conspired by soliciting and accepting improvements and repairs to his personal property in Cleveland Heights in return for arranging a demolition company to be put on the list and to be invited to bid. The contractor is alleged to have received contract awards and been paid under the program.

Cuyahoga County Land Bank has received nearly \$60 million from TARP's Blight Elimination Program to demolish homes for neighborhood stabilization. In the indictment press release, Special Inspector General Goldsmith Romero said: "competition in federal blight demolition programs is critical to protecting taxpayers, with no room for contract awards involving bribery, as is alleged against this land bank official."

SIGTARP was joined in the investigation by the FBI, the Department of Housing and Urban Development's Office of Inspector General, and the Internal Revenue Service – Criminal Investigations. The U.S. Attorney's Office for the Northern District of Ohio is prosecuting the case.

Demolition Contractor Dumped Dirt with Construction Debris onto Demolition Sites and Submitted False Claims in TARP's Hardest Hit Fund Program

In October 2018, the Justice Department resolved a SIGTARP investigation of Martin Enterprises, Inc. ("Martin") under the False Claims Act given that the business closed. Martin paid the federal government \$30,508 for fraudulently billed claims and a \$30,508 penalty. It also paid the City of Fort Wayne \$800,000 for the cost to excavate and remove all of the construction debris and replace with approved fill dirt, and for other damages.

SIGTARP's investigation found that Martin fraudulently submitted claims for TARP dollars for demolitions in Fort Wayne, Indiana under TARP's Hardest Hit Fund Blight Elimination Program. From 2014 to 2016, the City of Fort Wayne, Indiana awarded all of the demolition contracts under the TARP program to Martin who was paid \$2 million. Martin dumped construction debris into the demolition hole, covered it with a layer of clean dirt, and falsely billed the TARP program as if it had filled the hole with clean fill dirt. At the announcement of the resolution, Special Inspector Goldsmith Romero said "dumping of potentially contaminated building material on blighted properties by the only Hardest Hit Fund-paid demolition contractor in Fort Wayne put residents and communities at risk while fleecing Taxpayers."

The United States Attorney's Office for the Northern District of Indiana was the Justice Department office involved in the investigation.

Business Owner Sentenced to Five Years in Prison

In November 2018, a federal court sentenced Amir Meiri to five years in prison for a criminal scheme that defrauded homeowners seeking mortgage modifications, including through TARP's HAMP program. Meiri and the other co-defendants falsely represented to homeowners – some of whom were elderly or in poor health – that they were part of the HAMP program and could assist them with a loan modification that could save their homes. Instead, they deceived homeowners into selling their homes for less than the actual values to Launch Development. That company was owned and controlled by Meiri and Herzel Meiri, who a court sentenced to 10 years in prison.

As part of the scheme homeowners were falsely assured that their homes would be returned to them after a short period, and that they could remain in their homes. Homeowners often were then forced to vacate their homes, and in many cases had no other place to live. Many of the homes were resold for an enormous profit.

Meiri was ordered to pay \$6.5 million in restitution. SIGTARP was joined in the investigation by the FBI and the New York State Department of Financial Services. The U.S. Attorney's Office Southern District of New York prosecuted the case.

Homeowner Convicted for Defrauding a Hardest Hit Fund Unemployment Program

In January 2019, Charles Mitchell was convicted for making false statements about his income to receive Hardest Hit Fund assistance. The court ordered Mitchell to repay \$12,435.82, the proceeds of his fraud. SIGTARP was joined in the investigation by the Georgia state attorney general, which prosecuted the case.

Former Southern Bancorp Bank Officer Sentenced to Two Years in Prison for Fraud

As a result of a SIGTARP investigation, in February 2019, a federal court sentenced bank officer Michael J. Erickson to two years in prison after he was convicted of embezzling funds from Southern Bancorp. The court ordered Erickson to pay \$1.4 million to Southern Bancorp. Taxpayers lost \$2.3 million on the investment; the bank received a \$33.8 million bailout from TARP.

In its investigation, SIGTARP uncovered a scheme where Erickson stole thousands of dollars for his own personal enrichment from a commercial loan he managed. SIGTARP was joined in the investigation by the Federal Bureau of Investigation. The U.S. Attorney's Office for the Northern District of Mississippi prosecuted the case.

Former Bank Senior Vice President Convicted for Making a False Statement on a Loan Application

In November 2018, Michael W. Yancey, a former senior vice president and commercial lender at TARP recipient Farmers Bank & Trust, was convicted for making a false statement on a loan application and banned from banking. Yancey conspired with another person to obtain and maintain a business loan of \$850,000 from Farmers Bank for two companies by falsely representing the terms of a real estate purchase. The false information he submitted made it appear that the loan conformed to a maximum 75 percent loan-to-value ratio, when in truth the unsecured portion of the loan was approximately 97 percent of the purchase price.

SIGTARP was joined in the investigation by the FBI, the U.S. Department of Labor - Office of the Inspector General, and the U.S. Department of Labor - Employee Benefits Security Administration. The U.S. Attorney's Office for the District of Kansas prosecuted the case.

Insurance Company Owner Sentenced to Two and a Half Years in Prison for Multimillion Life Insurance Scheme

In December 2018, Daniel Carpenter was sentenced to two and a half years for defrauding insurance companies, including a TARP recipient, into issuing insurance policies on the lives of elderly people for the financial benefit of Carpenter and other investors in the scheme.

Carpenter was convicted of 57 counts of conspiracy, mail and wire fraud, money laundering and illegal monetary transaction offenses. He defrauded, among other insurance providers, a subsidiary of Lincoln National Corporation, which received \$950 million in TARP funds. SIGTARP was joined in the investigation by the U.S. Department of Labor – Office of the Inspector General and the U.S. Department of Labor – Employee Benefits Security Administration's Boston Office. The U.S. Attorney's Office for the District of Connecticut prosecuted the case.

Conman Sentenced to 10 Years in Prison in Fraud Schemes that Cost Victims Nearly \$2 Million

In October 2018, Jerome Arthur Whittington was sentenced to 10 years in federal prison for conspiracy, wire fraud and passport fraud. The court ordered Whittington to pay \$1.7 million in restitution to his victims. In the various fraud schemes, Whittington posed as a former federal prosecutor, a successful attorney, a special agent with the FBI, and a wealthy real estate investor.

The judge in the case called Whittington's criminal conduct exceptional, saying "the sheer volume and breadth of his fraudulent conduct is unlike anything I've seen from the bench." One victim told the court that Whittington "ruined" his life by stealing retirement savings he had built up during a 40-year career.

Whittington routed victims' funds through TARP recipient banks. SIGTARP was joined in the investigation by the FBI. The U.S. Attorney's Office for the Central District of California prosecuted the case.

Former Bank CEO, Financier and Business Owner Indicted for Regulatory and Bank Fraud

In October 2018, former First State Bank CEO Joseph Natale, financier Albert Gasparro, and business owner Gary Ketchum were indicted for their roles in a scheme to defraud the now defunct First State Bank, which attempted to obtain TARP funds.

The defendants are charged with conspiracy to mislead the FDIC and First State Bank, conspiracy to commit bank fraud and bank fraud. Former First State Bank legal counsel Donna Conroy, a conspirator, pleaded guilty in May 2017 and is awaiting sentencing. SIGTARP was joined in the investigation by the FBI and the FDIC Office of Inspector General. The U.S. Attorney's Office for New Jersey is prosecuting the case.

East West Bank Manager Sentenced to Two Years in Prison for Money Laundering

In February 2019, a federal court sentenced Vivian Tat to two years in federal prison for laundering tens of thousands of dollars in cash. This case is the result of Operation "Phantom Bank," targeting TARP recipient Saigon National Bank, which resulted in six indictments that charge a total of 25 defendants. SIGTARP was joined in the investigation by the FBI and the IRS Criminal Investigation. The U.S. Attorney's Office for the Central District of California prosecuted the case.

Physician Convicted of Making a False Statement to a Financial Institution

In November 2018, a federal court convicted Dr. Zahid Aslam of making false statements to a bank, including using a straw borrower to get a loan. SIGTARP was joined in the investigation by FBI, the IRS – Criminal Investigation Division, the HHS Office of the Inspector General, and the Delaware Medicaid Fraud Control Unit. The U.S. Attorney's Office for the District of Delaware prosecuted the case.

1. SIGTARP analysis of Treasury, Aggregate Cap Monitoring Report, March 2019.
2. SIGTARP analysis of Treasury Hardest Hit Fund Quarterly Financial Reports. (various dates), obtained via Treasury response to SIGTARP data calls.
3. SIGTARP Audit Report, Unnecessary Expenses Charged to the Hardest Hit Fund, August 2017, https://www.sig tarp.gov/Audit%20Reports/Unnecessary_Expenses_Audit_8.25.17.pdf , accessed 4/24/2019; SIGTARP Audit Report, Waste and Abuse in the Hardest Hit Fund in Nevada, September 2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 4/24/2019; SIGTARP, Engagement Memorandum – Audit of Hardest Hit Fund Travel, Conferences, and Other Administrative Expenses Charged to TARP, October 2017, https://www.sig tarp.gov/Audit%20Engagement%20Memorandums/Engagement_Memo_for_Audit_of_HHF_Travel_and_Conferences_10.16.2017.pdf, accessed 4/24/2019; SIGTARP Audit Report, The Hardest Hit Fund Lacks Standard Federal Requirements for Competition, March 2018, https://www.sig tarp.gov/Audit%20Reports/HHF_Competition_Audit_Report.pdf, accessed 4/24/2019; Public Law 114-113: Consolidated Appropriations Act, 2016, 12/18/2015, <https://www.congress.gov/bill/114th-congress/house-bill/2029/text>, accessed 4/24/2019.
4. Economic Growth, Regulatory Relief, and Consumer Protection Act, <https://www.congress.gov/bill/115th-congress/senate-bill/2155/text#toc-id2fcf1bcf6c7f46f89e1d21f9cd0702b3>, accessed 4/24/2019.
5. SIGTARP Audit Report, Risk of Asbestos Exposure, Illegal Dumping, and Contaminated Soil Found in Federal Blight Elimination Program. November 2017, https://www.sig tarp.gov/Audit%20Reports/Blight_Eliminations_Inspection_Report_11.21.2017.pdf, accessed 4/24/2019.
6. SIGTARP analysis of Blight Elimination Program data provided by Housing Finance Agencies participating in the Hardest Hit Fund Program.
7. SIGTARP analysis of Treasury Hardest Hit Fund Quarterly Financial Reports (various dates), obtained via Treasury response to SIGTARP data calls; SIGTARP analysis of Treasury MHA data.
8. SIGTARP Audit Report, Unnecessary Expenses Charged to the Hardest Hit Fund, August 2017, https://www.sig tarp.gov/Audit%20Reports/Unnecessary_Expenses_Audit_8.25.17.pdf , accessed 4/24/2019; SIGTARP Audit Report, Waste and Abuse in the Hardest Hit Fund in Nevada, September 2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 4/24/2019; SIGTARP, Engagement Memorandum – Audit of Hardest Hit Fund Travel, Conferences, and Other Administrative Expenses Charged to TARP, October 2017, https://www.sig tarp.gov/Audit%20Engagement%20Memorandums/Engagement_Memo_for_Audit_of_HHF_Travel_and_Conferences_10.16.2017.pdf, accessed 4/24/2019; SIGTARP Audit Report, The Hardest Hit Fund Lacks Standard Federal Requirements for Competition, March 2018, https://www.sig tarp.gov/Audit%20Reports/HHF_Competition_Audit_Report.pdf , accessed 4/24/2019; Public Law 114-113: Consolidated Appropriations Act, 2016, 12/18/2015, <https://www.congress.gov/bill/114th-congress/house-bill/2029/text>, accessed 4/24/2019.
9. SIGTARP analysis of Blight Elimination Program data provided by Housing Finance Agencies participating in the Hardest Hit Fund Program.
10. See Commerce Office of Inspector General, “Awarding of U.S. Census Bureau Noncompetitive Contracts Did Not Consistently Follow Federal Acquisition Regulations and Commerce Acquisition Policies,” September 25, 2017, citing to Healey, P.A. et al. Naval Postgraduate School, “The Value of Competitive Contracting,” September 2014.
11. SIGTARP analysis of Treasury MHA data.
12. Unless otherwise noted, all instances of MHA servicer non-compliance was obtained via SIGTARP analysis of Treasury Making Home Affordable servicer compliance examinations, obtained from Treasury via data calls on various dates, all MHA statistics derived from SIGTARP analysis of Treasury MHA data.
13. SIGTARP analysis of Treasury MHA data. SIGTARP analysis of HHF Participation Agreement amendments obtained from Treasury “Hardest Hit Fund – Additional Program Information” website @ <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/hhf/Pages/Archival-information.aspx?Program=Hardest+Hit+Fund>, accessed 4/24/2019 and Treasury “Hardest Hit Fund – Current Program Documents” website @ <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>, accessed 4/24/2019.

14. Economic Growth, Regulatory Relief, and Consumer Protection Act, <https://www.congress.gov/bill/115th-congress/senate-bill/2155/text#toc-id2fcf1bcf6c7f46f89e1d21f9cd0702b3>, accessed 4/24/2019.
15. SIGTARP analysis of HHF Participation Agreement amendments obtained from Treasury “Hardest Hit Fund – Additional Program Information” website @<https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/hhf/Pages/Archival-information.aspx?Program=Hardest+Hit+Fund>, accessed 4/24/2019 and Treasury “Hardest Hit Fund – Current Program Documents” website @ <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>, accessed 4/24/2019.
16. Unless otherwise noted – all recommendations were issued as a result of various SIGTARP audits, which can be accessed at the following website: <https://www.sig tarp.gov/Pages/Audits-Home.aspx>.
17. SIGTARP Audit Report, The Hardest Hit Fund Lacks Standard Federal Requirements for Competition, March 2018, https://www.sig tarp.gov/Audit%20Reports/HHF_Competition_Audit_Report.pdf, accessed 4/24/2019.
18. SIGTARP Audit Report, Risk of Asbestos Exposure, Illegal Dumping, and Contaminated Soil Found in Federal Blight Elimination Program. November 2017, https://www.sig tarp.gov/Audit%20Reports/Blight_Eliminations_Inspection_Report_11.21.2017.pdf, accessed 4/24/2019.
19. SIGTARP Mismanagement of the Hardest Hit Fund in Georgia, October 2017, https://www.sig tarp.gov/Audit%20Reports/Audit_Report_Mismanagement_HHF_GA_10_13_2007.pdf, accessed 4/24/2019.
20. SIGTARP Audit Report, Unnecessary Expenses Charged to the Hardest Hit Fund, August 2017, https://www.sig tarp.gov/Audit%20Reports/Unnecessary_Expenses_Audit_8.25.17.pdf, accessed 4/24/2019.
21. SIGTARP Audit Report, Improving TARP’s Investment in American Workers, January 2017, https://www.sig tarp.gov/Audit%20Reports/2017_01_11_Improving_TARPs_Investment_in_American_Workers_Report.pdf, accessed 4/24/2019.
22. SIGTARP Audit Report, Waste and Abuse in the Hardest Hit Fund in Nevada, September 2016, https://www.sig tarp.gov/Audit%20Reports/HHF%20Nevada_090916.pdf, accessed 4/24/2019.
23. SIGTARP Audit Report, Treasury’s HHF Blight Elimination Program Lacks Important Federal Protections Against Fraud, Waste, and Abuse, June 2016 <https://www.sig tarp.gov/Audit%20Reports/Blight%20Audit%20SIGTARP-16-003.pdf>, accessed 4/24/2019.
24. SIGTARP, Alert Letter, 12/10/2015, https://www.sig tarp.gov/Audit%20Reports/SIGTARP_HHF_Blight_Elimination_Risk.pdf, accessed 4/24/2019.
25. SIGTARP Audit Report, Factors Impacting the Effectiveness of Hardest Hit Fund Florida, October 2015, https://www.sig tarp.gov/Audit%20Reports/SIGTARP_HHF_Florida_Report.pdf; accessed 4/24/2019.
26. SIGTARP Audit Report, Treasury Should Do Much More to Increase the Effectiveness of the TARP Hardest Hit Fund Blight Elimination Program, Waste, and Abuse, April 2015, https://www.sig tarp.gov/Audit%20Reports/SIGTARP_Blight_Elimination_Report.pdf, accessed 4/24/2019.
27. SIGTARP Audit Report, Risk of Asbestos Exposure, Illegal Dumping, and Contaminated Soil Found in Federal Blight Elimination Program. November 2017, https://www.sig tarp.gov/Audit%20Reports/Blight_Eliminations_Inspection_Report_11.21.2017.pdf, accessed 4/24/2019.
28. SIGTARP analysis of Treasury MHA data.
29. SIGTARP analysis of Blight Elimination Program data provided by Housing Finance Agencies participating in the Hardest Hit Fund Program.

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) is a federal law enforcement agency and an independent audit watchdog that targets financial institution crime and other fraud, waste, and abuse related to TARP
