

SIGTARP

SEMIANNUAL REPORT TO CONGRESS
APRIL 1, 2021 – SEPTEMBER 30, 2021



LETTER FROM THE PRINCIPAL DEPUTY SPECIAL INSPECTOR GENERAL

SIGTARP's Semiannual Report (April 1, 2021 – September 30, 2021)

Ever since Congress created the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) under the Emergency Economic Stabilization Act (EESA), SIGTARP has delivered for American taxpayers. As a law enforcement office, SIGTARP has a proven record of identifying and investigating fraud and other crime. SIGTARP investigations have resulted in the recovery of more than \$11.3 billion, and criminal prosecutions by the Department of Justice (DOJ) and others of 463 defendants - 313 of them sentenced to prison, including 74 bankers. Our investigations have also resulted in enforcement actions against 25 corporations/entities, including enforcement actions against many of the largest U.S. financial institutions. As an independent watchdog, SIGTARP has a proven record of identifying waste, abuse, ineffectiveness, inefficiency, and risk in EESA programs.

The Home Affordable Modification Program (HAMP) is the largest ongoing EESA program. This reporting period, SIGTARP made important progress on several investigations. SIGTARP investigations led to new charges, convictions, and sentencings. For example, two men were sentenced to prison, each for multimillion dollar scams against homeowners seeking admission into HAMP. According to the latest data, HAMP is providing much needed foreclosure relief to more than 620,000 participating homeowners living in all 50 states. The program has \$1.1 billion remaining of Treasury funds to distribute to existing program members. As a result of SIGTARP investigations, a California man was sentenced to more than four years in prison in a nationwide \$2.3 million fraud scam, under the false names HOPE Services and HAMP Services, that victimized more than 400 homeowners related to the HAMP program. He was the fifth defendant sentenced to prison for this scam.

SIGTARP also continued supporting DOJ on prosecutions related to bankers and co-conspirators investigated by SIGTARP. For example, a defendant was convicted for her role in a money laundering conspiracy as part of Operation Phantom Bank. Operation Phantom Bank involved a series of money laundering schemes for international narcotics trafficking proceeds, including through a bank while it was in TARP until 2017. This was allegedly orchestrated by the bank CEO, who was indicted.

Also, as a result of SIGTARP's investigations, an Illinois-based demolition contractor was sentenced to home detention and ordered to pay restitution after his conviction for defrauding the Hardest Hit Fund (HHF) Blight Elimination Program in connection with demolitions in Hammond, Indiana. SIGTARP's investigation revealed that the contractor had improperly disposed of demolition debris, and had submitted false disposal, dumping, and clean fill dirt documentation to the City of Hammond. In addition, several individuals investigated by SIGTARP were prosecuted for defrauding HHF programs for unemployed homeowners.

In August 2021, SIGTARP released an evaluation report on HAMP finding that Treasury can enhance loan-level transparency on HAMP, particularly to bring more accountability to mortgage servicers with poor performance, violations of HAMP rules, or homeowner abuse. SIGTARP found that Treasury has reduced its oversight of HAMP servicers despite finding that servicers have wrongfully canceled homeowners out of HAMP, labeled homeowners as delinquent, and set mortgage payments too high, along with other violations. SIGTARP also issued a report on Treasury's progress in implementing SIGTARP's recommendation to shift HHF funding to unemployment mortgage assistance, now estimated to help an additional 12,000 people stay in their homes during the pandemic. SIGTARP also issued a fraud prevention advisory on HHF blight demolition.

As investigations are focused on past fraud or other crime, ongoing activity in these programs adds to our future investigative case load. It is imperative that SIGTARP fulfill its mission to bring accountability for fraud, waste, and abuse, and ensure these programs are effective, efficient, and free of risk or vulnerability.

Respectfully,

MELISSA BRUCE

Principal Deputy Special Inspector General

MISSION

Prevent and detect fraud, waste, and abuse in the more than \$442 billion appropriated by Congress through the Emergency Economic Stabilization Act (EESA) and \$2 billion appropriated through the Consolidated Appropriations Act of 2016, and promote economy, efficiency, effectiveness, and accountability in these economic stability programs. SIGTARP conducts investigations of suspected illegal activity, and also independently audits EESA long-term economic stability programs.

EESA has two parts:

1. Short-term Treasury purchases of "troubled assets," which led to investments in banks, insurance companies and automotive companies - these programs have been largely completed, as has SIGTARP's work in this area; and
2. Long-term programs intended to bring economic stability to the financial industry and communities by protecting home values and preserving homeownership programs that will continue to operate until at least 2024.

Under these long-term economic stability programs, the Department of the Treasury and Fannie Mae (with assistance from Freddie Mac) run a program that funds incentives to more than 150 financial institutions, including some of the largest in our nation, to lower mortgage payments to terms that are affordable and sustainable for homeowners at risk of foreclosure. Treasury also funds grant-like programs administered by housing finance agencies in 19 states, including programs providing foreclosure relief to homeowners unemployed or underemployed due to the COVID-19 pandemic.

ABOUT US

SIGTARP currently conducts criminal and civil investigations and independently audits and evaluates the EESA long-term economic stability programs (the Home Affordable Modification Program (HAMP) and the Hardest Hit Fund (HHF)). Treasury, Fannie Mae, and state housing agencies respond to ongoing housing market issues through EESA programs, including national economic instability resulting from the COVID-19 pandemic.

- **HAMP:** HAMP continues to prevent foreclosures for more than 620,000 Americans after the lapse of the foreclosure moratorium in the CARES Act. Treasury and Fannie Mae pay incentives to financial institutions to lower mortgages to affordable and sustainable terms. Payments are not automatic but require institutions to follow the law and HAMP rules.
- **HHF:** In the Consolidated Appropriations Act of 2016, Congress authorized an additional \$2 billion and amended HHF from responding to the financial crisis to respond to ongoing housing market needs. In 2020, Treasury extended HHF until December 2021. State housing agencies are using HHF to provide mortgage assistance for Americans facing unemployment and underemployment due to the pandemic.

SIGTARP Investigations: Primarily a law enforcement agency, SIGTARP delivers justice and accountability for fraud, corruption, or other illegal acts that harm EESA programs and put taxpayer dollars at risk. SIGTARP has concurrent jurisdiction with the Federal Bureau of Investigation (FBI) and supports U.S. Department of Justice's (DOJ) prosecutions.

463 defendants have been criminally charged as a result of SIGTARP investigations. SIGTARP has a 96 percent DOJ conviction rate. Already 400 defendants have been convicted, 313 of them sentenced to prison, while others await trial/sentencing. SIGTARP's investigations have led to prosecutions of more than 107 bankers (including 74 sentenced to prison) and DOJ enforcement actions against the largest banks. This proven record gives us the expertise to investigate financial institutions in HAMP. SIGTARP also found defendants who scammed nearly 31,000 homeowners trying to access HAMP, including 121 criminally convicted. SIGTARP also investigates fraud, corruption, and environmental crimes in EESA-funded blight demolitions, and investigates homeowners stealing from HHF.

More than \$11 billion has been recovered and SIGTARP has a cumulative 29 times return on investment. SIGTARP has one of the highest returns on investment of any Inspector General. Each year, dollars recovered from SIGTARP's work far exceed our cost. In FY 2021, the government and victims recovered more than \$222.6 million.

SIGTARP Audits: SIGTARP's audits and evaluations identify roadblocks and obstacles to increase the speed of assistance to Americans, bring transparency and prevent future fraud, waste, and abuse. SIGTARP worked with the late Congressman John Lewis and Atlanta Legal Aid to identify mismanagement by a Georgia state agency that "guarded" federal mortgage assistance, denying high percentages of homeowners, including many homeowners in minority neighborhoods. More homeowners received assistance after the state agency implemented SIGTARP's recommendations. SIGTARP has warned about the risk of corruption, lack of competition, and environmental and safety issues in federally funded demolitions of blighted properties.



SIGTARP

SIGTARP CONDUCTS INVESTIGATIONS AND AUDITS OF LONG-TERM ECONOMIC STABILITY PROGRAMS

\$11 BILLION RECOVERED

The Making Home Affordable (MHA) program pays lenders to lower mortgage payments for homeowners at risk of foreclosure.

\$21.8 billion has been spent, including \$479.1 million in FY 2021. Up to \$1.1 billion is available to be spent into FY 2024.

As of September 30, 2021

– Recipients include –



The Hardest Hit Fund (HHF)

helps unemployed and underemployed Americans pay their mortgages (including due to the COVID-19 pandemic), demolishes blighted homes and funds homebuyer down payments.

Through June 2021, \$9.6 billion has been obligated in the program. This includes \$118.2 million spent during the first three quarters of FY 2021. There is \$288.1 million available to be spent into FY 2022.

– Recipients have included –



19 state agencies



378 cities or counties and 503 local partners



More than 1,700 demolition contractors



Homeowners & homebuyers

As of June 30, 2021



SIGTARP



\$11 Billion =
Recovered from Investigations

29x
Return on Investment

As of September 30, 2021 | Convictions include four vacated due to death or cooperation | Charges are not evidence of guilt | Many defendants await trial and sentencing
Return on investment based on SIGTARP's annual budget 2010 - 2021



SIGTARP

SIGTARP investigations have led to enforcement actions against

TWENTY FIVE

institutions





SIGTARP

Fiscal Year 2021 | BY THE NUMBERS

Fiscal Year 2021	
Dollars Recovered (Millions)	\$222.6
Questioned Costs (Millions)	\$13
Civil Enforcement Actions Against HAMP Financial Institutions	1
Criminal Charges	17
Arrests	9
Convictions	16
Sentenced to Prison	12
Prosecutorial Referrals	23
▶ Justice Department Referrals	5
▶ State and Local Referrals	18
Prosecutor Declinations	9

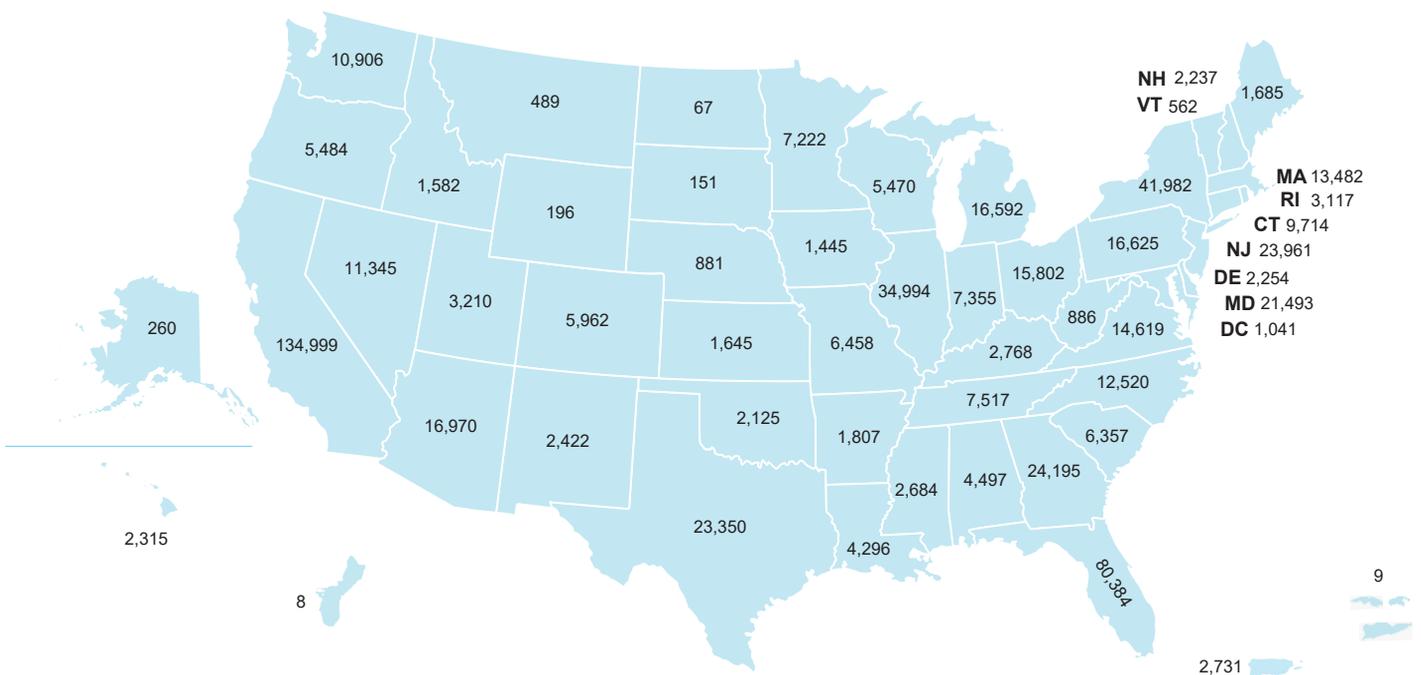
SIGTARP'S OVERSIGHT OF MAKING HOME
AFFORDABLE AND HOME AFFORDABLE
MODIFICATION PROGRAMS

SIGTARP's top law enforcement priority is to investigate and bring justice to unlawful conduct by financial institutions in HAMP. Our nation cannot have a resilient housing market if financial institutions and consumers violate the law. SIGTARP's top audit priority is to identify risk/vulnerabilities in HAMP that would hurt homeowners and impede Treasury's goal to provide affordable and sustainable homeownership.

HAMP IS PREVENTING FORECLOSURES FOR THE MORE THAN 620,000 PARTICIPANTS WHO LIVE IN ALL 50 STATES

HAMP remains critical to the economic growth and recovery of 623,128 Americans as of September 2021. A July 2019 Gallup survey showed that 40 percent of Americans said they were running into debt or barely making ends meet despite national economic success. The pandemic led to additional economic instability. HAMP provides fair access to home ownership by financial institutions modifying mortgages to be affordable and sustainable.

OVER 620,000 HOMEOWNERS CURRENTLY IN HAMP



SIGTARP'S OVERSIGHT OF HAMP

SIGTARP conducts criminal and civil investigations and independent audits and evaluations of HAMP. Our investigations into SunTrust Bank and Nationstar Mortgage are now public. Additionally, SIGTARP has a number of open, confidential investigations in this area, several of which have been referred to DOJ. SIGTARP also found defendants who scammed nearly 31,000 homeowners trying to access HAMP, resulting in 100 sentenced to prison.

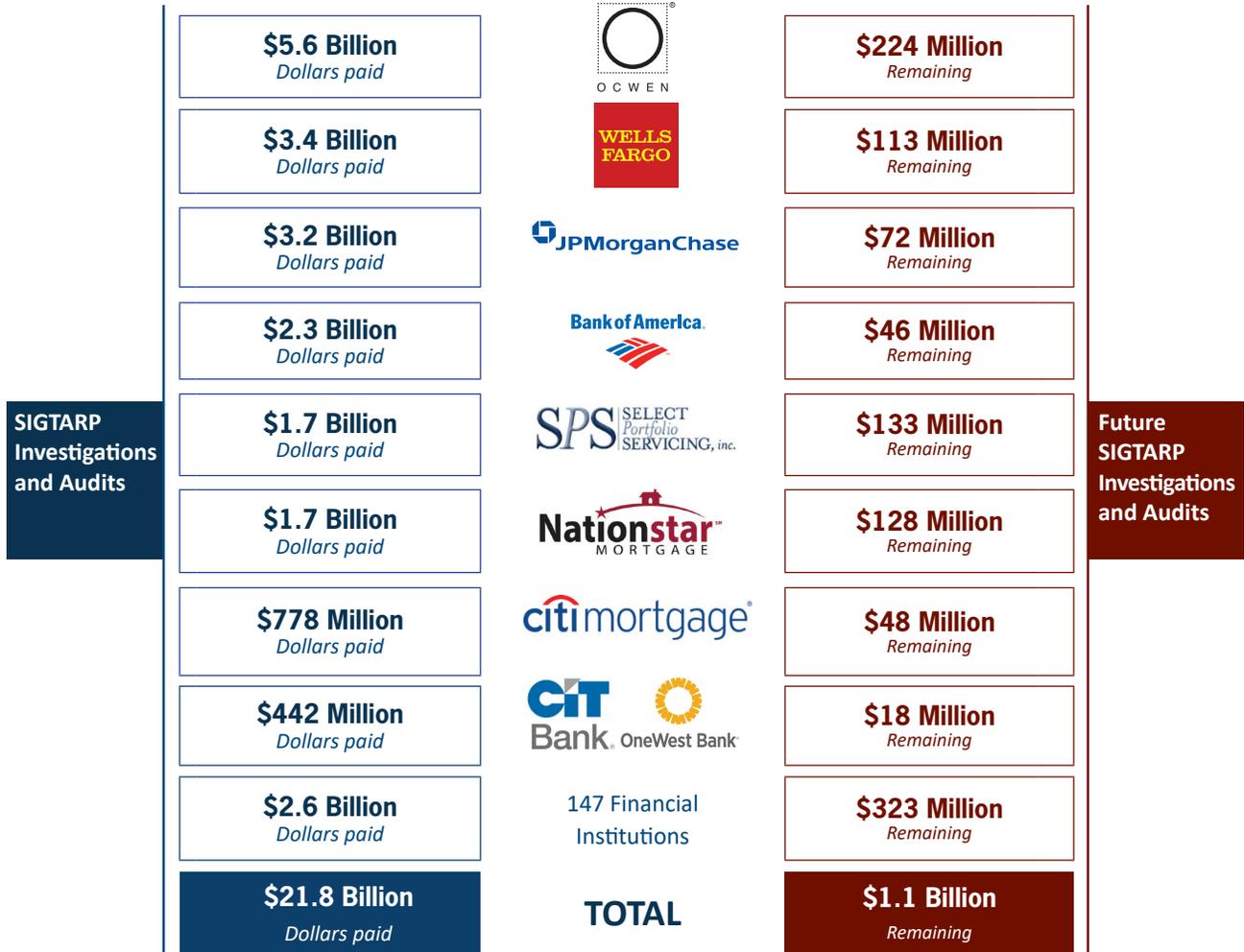
Federal payments are not automatic and require the financial institutions administering HAMP to follow the law and rules.

TOP 10 FINANCIAL INSTITUTIONS AND TOTAL SPENT IN FY 2021

1	Ocwen Loan Servicing, LLC	140,798,995.80
2	Select Portfolio Servicing, Inc.	79,746,404.83
3	Nationstar Mortgage, LLC	62,630,410.61
4	Wells Fargo Bank, N.A.	34,905,904.96
5	Specialized Loan Servicing LLC	27,745,793.49
6	Bank of America, N.A.	24,507,298.59
7	JPMorgan Chase Bank, NA	23,095,481.09
8	MidFirst Bank	17,956,135.72
9	Carrington Mortgage Services, LLC	16,394,675.68
10	CitiMortgage, Inc.	7,666,623.85
11	145 Other Institutions	43,682,301.41
	\$ Spent in FY 2021	\$479,130,026.03

Source: SIGTARP'S October 13, 2021 analysis of Treasury's most recent MHA data; Treasury, Aggregate Cap Monitor - September 2021

CUMULATIVE SPENDING IN THE MAKING HOME AFFORDABLE PROGRAM



Source: SIGTARP's October 2021 analysis of Treasury and Fannie Mae's most recent MHA data; Treasury, Disbursement Report -September 2021; SIGTARP analysis of Treasury and Fannie Mae MHA data. Of the 155 total institutions, 90 remain eligible to receive future funds under MHA.

The Wells Fargo logo, consisting of the words "WELLS" and "FARGO" in a bold, yellow, sans-serif font, stacked vertically on a red rectangular background.

The Office of the Comptroller of the Currency (OCC) fined Wells Fargo \$250 million for Violations Related to Loss Mitigation, including HAMP

On September 9, 2021, the OCC fined Wells Fargo \$250 million and issued a cease and desist order "for engaging in unsafe and unsound practice(s) related to material deficiencies regarding the Bank's loss mitigation activities, including loan modification decisions and operational practices, and inadequate Risk Management and Internal Audit of the Bank's loss mitigation activities."

- The OCC found that the Bank "negatively affected borrowers."
- The OCC found that "the Bank's inadequate controls, insufficient independent oversight, and ineffective governance related to loss mitigation activities have caused the Bank's failure to timely detect, prevent, and quantify inaccurate loan modification decisions and impaired the Bank's ability to fully and timely remediate harmed customers."



SunTrust committed fraud while administering HAMP, causing serious financial harm to thousands of homeowners who applied through the bank. SunTrust made material misrepresentations to homeowners applying for lower interest rates and failed to process applications in a timely fashion. SunTrust issued mass denials then lied to Treasury about why applicants were denied.

SIGTARP led the investigation that uncovered the criminal conduct and SunTrust's unwillingness to put resources in HAMP despite taking billions in TARP funds. During the course of the investigation, investigators found that the floor of the room where SunTrust dumped unopened Fed-Ex packages of HAMP applications and other homeowner documents buckled under the packages' sheer weight.

As part of their enforcement action with DOJ, SunTrust made corporate changes and paid \$320 million to victim homeowners, housing non-profits, and the government.



Enforcement Actions Brought by 51 Attorneys General, 53 State Financial Services Regulators, and the Consumer Financial Protection Bureau Against the Nation's Fourth Largest Mortgage Servicer, Nationstar Mortgage, LLC n/k/a Mr. Cooper, for Violating Consumer Protection Laws and Harming More than 40,000 Homeowners

On December 7, 2020, the Attorneys General, state financial services regulators, and the Consumer Financial Protection Bureau (CFPB) brought three separate, but related, enforcement actions against Nationstar, the fourth largest mortgage servicer in the nation and one of the largest participants and recipients of EESA funding in the HAMP program. These actions resulted in part from SIGTARP's investigation. Under HAMP, Treasury makes incentive payments to mortgage servicers and investors to modify mortgages to terms and payments that are affordable and sustainable. The CFPB complaint charged Nationstar with unfair and deceptive practices from 2012 to 2016. State Attorneys General filed charges under the applicable state law, some for conduct from 2011 to 2017.

As stated by the Attorneys General, in 2012, Nationstar began purchasing mortgage servicing portfolios from competitors and grew quickly into the nation's largest non-bank servicer.

The lawsuit alleged that as loan data was transferred to Nationstar, borrowers who had sought assistance with payments and loan modifications sometimes fell through the cracks.¹

The lawsuit alleged other unlawful acts and practices by Nationstar, including:

- Failing to properly oversee and implement the transfer of mortgage loans;
- Failing to appropriately identify loans with pending loan modification applications when a loan was being transferred to Nationstar for servicing;
- Failing to timely and accurately apply payments made by certain borrowers;
- Threatening foreclosure and conveying conflicting messages to certain borrowers engaged in loss mitigation;
- Failing to properly process borrowers' applications for loan modifications;
- Failing to properly review and respond to borrower complaints;
- Failing to make timely escrow disbursements, including the failure to timely remit property tax payments;
- Failing to timely terminate borrowers' private mortgage insurance; and
- Collecting monthly modified payment amounts on certain loans where the amounts charged for principal and interest exceeded the principal and interest amount contained in the trial plan agreement.

¹SIGTARP previously warned Treasury of this very risk. See SIGTARP, "Homeowners Can Get Lost in the Shuffle and Suffer Harm When Their Servicer Transfers Their Mortgage But Not the HAMP Application or Modification," October 29, 2014, www.sig tarp.gov/audits-all.

Nationstar resolved the charges by agreeing to enhance policies and processes and paying \$86.3 million, including redress, to over 115,000 harmed homeowners and a \$1.5 million civil penalty. This included payments of:

- \$16,242,809 to in-flight modification borrowers;
- \$9,728,960 + \$13.5 million to modification payment increase borrowers;
- \$93,307 to tax disbursement borrowers;
- \$10,832,738 to PMI borrowers;
- \$20,825,235 + more than \$2 million to escrow borrowers; and
- \$100,000 to unlawful foreclosure borrowers.

To put this figure in perspective, Treasury has distributed \$1.7 billion to Nationstar under HAMP and related programs, including \$84 million in FY 2020 and nearly \$63 million in FY 2021. Additionally, SIGTARP previously reported to Congress in April 2019 that Treasury had found Nationstar wrongfully canceled homeowners out of the HAMP program, set modified mortgage payments based on faulty calculations, and wrongfully denied people for HAMP. See page 17 of that report which can be found at www.sig tarp.gov.

Federal Court Sentences Man to Prison for Participating in Multimillion-Dollar Fraud Scheme Against Those Seeking Assistance From HAMP

On August 20, 2021, Mario Alvarenga was sentenced to six months in prison and three years of supervised release, ordered to forfeit \$189,000, and ordered to pay restitution of more than \$9.4 million after pleading guilty to conspiracy to commit fraud, bank fraud, and conspiracy to commit obstruction of justice, for participating in a scheme to fraudulently induce distressed homeowners to sell their homes to a company associated with defendants, Launch Development, LLC.

Since at least 2013, Alvarenga and his co-conspirators defrauded distressed homeowners throughout the Bronx, Brooklyn, and Queens, New York, by falsely representing to these homeowners – some of whom were elderly or in poor health – that they could assist the homeowners with a loan modification or similar relief from foreclosure that would allow the homeowners to save their homes. However, rather than assisting these homeowners, the defendants deceived them into selling their homes at a settlement to Launch Development, a for-profit real estate company also affiliated with Alvarenga and his co-conspirators. The homeowners did not know that they were selling their homes to Launch Development for well below market value. One of the co-conspirators went to a homeowner's home and demanded that the homeowner vacate the premises or eviction proceedings would commence. This fraud generated millions of dollars because the houses were then re-sold at enormous profits.

SIGTARP was joined in the investigation by the FBI and the New York State Department of Financial Services. The U.S. Attorney's Office for the Southern District of New York prosecuted the case.

California Man Sentenced to More than Four Years in Prison in \$2.3 Million Fraud Scheme Under False Names that Victimized More than 400 Homeowners Related to HAMP Program

In September 2021, a federal court sentenced Brian Joseph Pacios to 52 months in prison, the fifth defendant sentenced to prison for a nationwide scheme that defrauded more than 400 homeowners. The court also sentenced Pacios to pay restitution of more than \$2.3 million.

During 2014 and 2015, Pacios and four co-conspirators operated under aliases and told homeowners they worked for HOPE Services, later changed to HAMP Services, which sounded similar to the HAMP program. They falsely told victims they were part of a non-profit, government-affiliated agency, and that the homeowners were eligible and approved for loan modifications. The homeowners were instructed to make three trial payments that would be held in a trust account or escrow, but not to inform their lender about the trial payments. Pacios and co-conspirators fraudulently received at least \$2.3 million in trial payments from more than 400 victims nationwide spanning from their base of operation in California to points as far as Egg Harbor City, New Jersey, and Mount Airy, Maryland. Instead of using the funds to assist homeowners, the funds were spent on sales commissions and living expenses of Pacios and the others, as well as trips to Las Vegas.

The court previously sentenced four co-conspirators to prison. Alan Jessie Chance was sentenced to twelve months in prison and three years supervised release. Chad Caldaronello was sentenced to three years and five months in prison. Michael P. Paquette was sentenced to one year and three months in prison. Dennis Lake was sentenced to three years probation and six months home confinement. The FBI and Federal Trade Commission were instrumental in assisting SIGTARP in this investigation. The United States Attorney's Office for the Central District of California prosecuted the case.

100 DEFENDANTS WHO DEFRAUDED HOMEOWNERS SENTENCED TO PRISON

SIGTARP's investigations into the HAMP program have protected consumers seeking access to HAMP and subsequently became the victims of scams. SIGTARP brought justice to 121 convicted scammers.

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

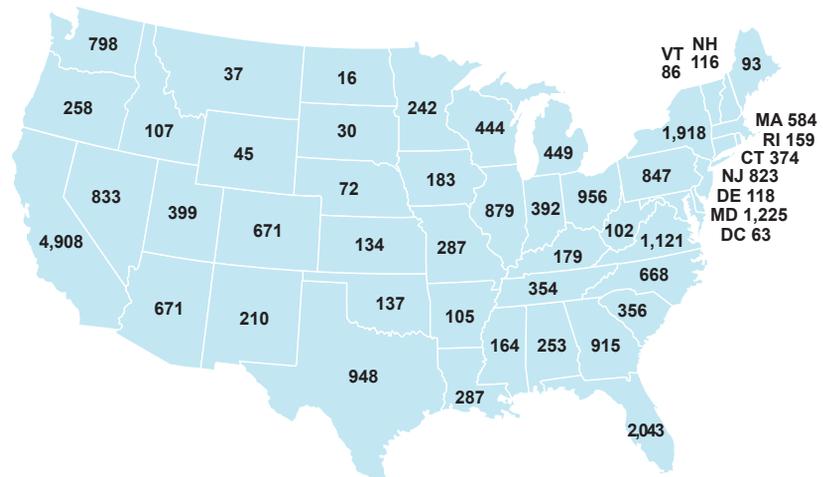
Nearly 31,000 Homeowners across all 50 States were Victims of Scammers

Total Victim Households **30,821**
 Victims with no State listed 3,420



HI 276

PR 3



SIGTARP'S OVERSIGHT OF TREASURY'S
TARP INVESTMENTS IN BANKS AND
SECURITIES TRADING

RESULTS OF SIGTARP'S BANK INVESTIGATIONS

SIGTARP continues to support criminal prosecutions by DOJ of TARP bankers and co-conspirators, as well as parallel civil actions by the Securities and Exchange Commission (SEC). The bank fraud, securities fraud, money laundering, and other crimes and civil violations of law uncovered by SIGTARP hurts banks' stability and their ability to lend to communities.



BANKERS
107 INDICTED
93 CONVICTED*
74 SENTENCED
TO PRISON
81 INDUSTRY BANS

**BANKER
CO-CONSPIRATORS**
100 INDICTED
83 CONVICTED
68 SENTENCED
TO PRISON

**BORROWERS
DEFRAUDING BANKS**
58 INDICTED
53 CONVICTED
41 SENTENCED
TO PRISON

As of September 30, 2021

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

INVESTIGATIONS AND PROSECUTIONS DO NOT END WHEN A BANK EXITS TARP

Just as a bank robber cannot escape prosecution by returning the stolen money, a banker defrauding a TARP bank cannot escape prosecution by DOJ simply because the bank exited TARP. The bankers that SIGTARP investigates have engaged in money laundering, fraud, or other crimes against the bank. These are not victimless crimes. These crimes destabilize the bank, often cause losses, and hurt the bank's ability to lend to its communities. Bankers committing these crimes must be held accountable through the criminal justice system and removed from the bank. The same is true for civil charges by the SEC against bankers at public companies.

SIGTARP has brought landmark cases that changed the Federal Government's bank prosecutions. Since the Savings & Loan Crisis, the DOJ has largely limited prosecutions to cases where the banker had some conflict of interest and made a personal profit. SIGTARP found that during the Great Recession, some bankers fraudulently inflated the bank's financial condition so that bank regulators, Treasury, and the investing public could not know about the decline in the financial condition. Some of these banks failed. Some raised capital from investors based on false financials. Some used those artificially inflated financials to obtain TARP funding.

Bank investigations and prosecutions are complex and lengthy. The ten-year statute of limitations recognizes the time it takes for the government to find the crime, investigate it, and bring criminal charges. Once SIGTARP refers the case to DOJ for prosecution, SIGTARP works with the prosecutors until the prosecution is complete, which can take years.

The bank may exit TARP during the investigation and/or prosecution, which has no bearing on SIGTARP's work. Currently, there is one bank and two credit unions in TARP. One United Bank received \$12.06 million in TARP and has missed dividends of \$8.99 million. Cooperative Center Federal Credit Union received \$559,000 and D.C. Federal Credit Union received \$500,000 in TARP. In February 2021, Harbor Bankshares Corporation exited TARP after more than a decade, with Treasury taking a 70 percent loss (\$4.7 million). SIGTARP's investigations of Harbor Bankshares resulted in criminal prosecutions. The court sentenced the vice president to two months in prison for receiving a bribe in a scheme to defraud the bank. The court also sentenced two co-conspirators to prison for 30 months and 18 months.

While some of our bank investigations remain confidential, we are reporting on the public results.

74 BANKERS SENTENCED TO PRISON OUT OF 93 CONVICTED



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

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

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
 5 Years Supervised Release
 Vice President, Senior Commercial Loan
 Officer
 FirstCity Bank

Gary Patton Hall Jr.
 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

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

Ataollah Aminpour
 5 Years and 10 Months in Prison
 5 Years Supervised Release
 Chief Marketing Officer
 Mirae Bank

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

Dana Frye
 5 Years in Prison
 2 Years Supervised Release
 Chief Lending Officer, Executive Vice
 President
 Country Bank

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

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

Richard Colbert
 3 Years and 4 Months in Prison
 3 Years Supervised Release
 Attorney
 Beach Community Bank, GulfSouth Private
 Bank Case

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



Michael H. Ashley
 3 Years in Prison
 5 Years Supervised Release
 Vice President, Chief Business Strategist
 Lend America, Gateway Bank, F.S.B. Case

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

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

Melvin Rosh
 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

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

74 BANKERS SENTENCED TO PRISON (continued)



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



Mary B. Halsey
2 Years in Prison
5 Years Supervised Release
CEO, President
Cecil 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
3 Years Supervised Release
Executive Director of Investments
Oppenheimer and Company



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



Tae Kim
1 Year and 6 Months in Prison
3 Years Supervised Release
Relationship Manager
Citibank; Wilmington Savings Fund Society, FSB



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 Case



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
3 Years Supervised Release
CEO, President,
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
3 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/
Sandra 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
3 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
Time Served
5 Years Supervised Release
Executive Vice President
Excel Bank

74 BANKERS SENTENCED TO PRISON (continued)



Sam Tuttle
Time Served
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)

5 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, Commercial Loan Officer
Bank of the Commonwealth

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

Michael Craig Brewster
1 Year Home Confinement
Executive Vice President, Senior Loan Officer
River City Bank

68 BANKER CO-CONSPIRATORS SENTENCED TO PRISON OUT OF 83 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 Hranowskyj
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)



Pablo Hernandez
7 Years and 3 Months in Prison
3 Years Supervised Release
(Saigon National 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, TMLS Heritage, LLC,
(Orion Bank Case)



Mehul Khatiwala
5 Years and 3 months in Prison
4 Years Supervised Release
Chief Executive Officer, Delaware
Hotel Group, LLC
(Cecil 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, Melody Gas Station
(Wilshire State Bank Case)



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 3 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)



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



Raymond Tan
3 Years in Prison
2 Years Supervised Release
(Saigon National Bank Case)



Jimmy Sheng Lee
3 Years in Prison
2 Years Supervised Release
(Saigon National Bank Case)



Zahid Aslam
3 Years and 6 Months in Prison
3 Years Supervised Release
Owner
Alpha Medical Center
(Citibank; Wilmington Savings Fund
Society Case)



David Odom
2 Years and 6 Months in Prison
3 Years Supervised Release
President
Cityscape 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)

68 BANKER CO-CONSPIRATORS SENTENCED TO PRISON (continued)



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)



Wang Gao Wag
2 Years in Prison
2 Years Supervised Release
(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)



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 DiVali
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)



Richard Cheung
1 Year and 4 Months in Prison
2 Years Supervised Release
(Saigon National Bank Case)



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



Amadeo Gaglioti
1 Year in Prison
3 Years Supervised Release
(Bank of America, CitiGroup Inc.,
PNC Bank, U.S. Bank, Wells Fargo
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
3 Years Probation
Title Agent
(Bank of America, CitiGroup,
PNC Bank, U.S. Bank, Wells
Fargo Case)



Jose Luis Salguero Bedoya
10 Months in Prison
(5 Months Home Confinement)
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)



Miguel LaRosa
6 Months in Prison
3 Years Supervised Release
(Bank of America; CitiGroup Inc.;
PNC Bank; U.S. Bank; Wells Fargo
Bank Case)



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



Sean Ragland
3 Years 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)



James House
Time Served
3 Years Supervised Release
(Sonoma Valley Bank Case)



Arthur Anthony
Time Served
3 Years Supervised Release
(Bank of America; CitiGroup Inc.;
PNC Bank; U.S. Bank; Wells Fargo
Bank Case)



Daniel Whitehurst
Time Served
2 Years Supervised Release
Cecil Bank Case



Mina Chau
Time Served
2 Years Supervised Release
Saigon National Bank 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
Tivest 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)

43 DEFENDANTS WHO DEFRAUDED TARP BANKS SENTENCED TO PRISON



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

Robert Egan
11 Years in Prison
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 Partners 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
Cheeta'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
Jefsclo 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
4 Months 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)



Vannessa 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)



Nani Isaac
Time Served
2 Years Supervised Release
(Victim: JPMorgan, Bank of America)



Martin Bahrani
1 Day in Prison
2 Years Supervised Release
(Victim: JPMorgan, Bank of America)



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

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



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)

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)



Timothy Fitzgerald
Time Served
2 Years Supervised Release
Chief Financial Officer
KC United LLC
(Victim: Bank of Blue Valley)

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

DEFENDANT WHO DEFRAUDED TARP BANKS SENTENCED TO HOME CONFINEMENT

Thomas Comer
8 Months Home Confinement
Owner
CFC Transportation
(Victim: The Bank of Vernon)

SIX CONTRACTORS, PROGRAM OFFICIALS AND HOMEOWNERS WHO DEFRAUDED THE TARP HARDEST HIT FUND SENTENCED TO PRISON



Arodono Haskins
1 year
Field Operations Manager
Detroit Building Authority

Anthony Daguanno
1 year
Sr. Estimator, Adamo Group
(Detroit Building Authority
Contractor)

Todd Taylor
1 day
Florida Housing Finance Corp., HHF
Applicant

Keylon Wright
1 day
SC Housing,
HHF Mortgage Payment
Assistance

Joshua David Armato
1 day
SC Housing,
HHF Mortgage Payment
Assistance

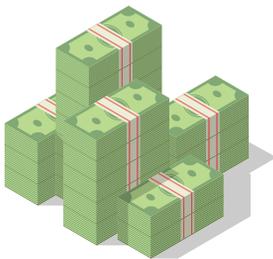
Marvette Thompson Easterling
1 day
SC Housing,
HHF Mortgage Payment Assistance

CONTRACTOR BANNED



**Richard Berg and
Environmental Specialty
Services**
Banned by the Detroit OIG from
doing business with the city of
Detroit for 20 years

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



SCAMS USING TARP

14

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

Mark Steven Thompson
1 year and 6 months

Robert Wertheim
1 year and 6 months

SIGTARP'S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

New Jersey Hotel Owner Sentenced to 63 Months in Prison for Defrauding TARP Bank in \$15 Million Loan Fraud Resulting in \$3.6 Million Loss

On April 29, 2021, Mehul Khatiwala, a New Jersey resident who owned various hotels, was sentenced to 63 months in prison, followed by four years of supervised release, fined \$50,000, and ordered to pay restitution of \$3,593,801 for his role in defrauding Cecil Bank. In April 2019, Khatiwala was convicted of conspiracy to commit bank fraud and three counts of bank fraud for defrauding Cecil Bank to obtain loans to purchase hotels and a multifamily residential property, resulting in losses of \$3.6 million. In December 2008, Cecil Bank received an \$11.56 million bailout from TARP. While the bank was in TARP, from 2011 to 2014, Khatiwala defrauded the bank out of \$15 million in loans. The bank suffered \$3.6 million in losses on those loans. In June 2017, Cecil Bank filed bankruptcy, resulting in losses to TARP of more than \$10.6 million. U.S. Attorney for the District of Maryland, Robert Hur, whose office prosecuted the case stated, "The defendant used deceit to steal millions of dollars from the victims, which ended up including not only the bank but the American taxpayers." SIGTARP was joined in the investigation by the Federal Housing Finance Agency Office of Inspector General, the Federal Deposit Insurance Corporation Office of Inspector General, and the Small Business Administration Office of Inspector General.

Senior Loan Officer/Executive Vice President in TARP Bank in Georgia and Co-Conspirator Sentenced for Fraud

On September 8, 2021, Michael Craig Brewster of Huntsville, Alabama, former senior loan officer and Executive Vice President at TARP recipient River City Bank in Rome, Georgia, pled guilty to a charge of receipt of gifts or commissions in exchange for procuring loans. He was sentenced on the same day to 12 months home confinement and three years of supervised release, fined \$5,000, and ordered to pay restitution of \$46,948. On September 23, 2021, co-conspirator Edmond Cash pled guilty to a count of bank fraud. His sentencing is scheduled for January 2022. River City Bank failed to pay nine quarterly dividend payments to Treasury while in TARP, totaling more than \$1 million. Treasury also wrote off \$826,721 after auctioning off its preferred shares in a loss.

According to the indictment originally returned in February 2021, Cash was involved in developing and investing in residential neighborhood construction projects, including in the Longbranch Lakes development in Spencer, Tennessee. Brewster purchased and sold property in the development. Cash was the lead developer for Longbranch Lakes and another co-conspirator, LaDonna Barton, was his company's employee and an investor in the development. Cash and his business partners allegedly were past due on several loans taken out from River City Bank. Cash and Barton falsely applied for a bank loan for Barton to purchase two parcels of property, when the true purpose of the loan was for Cash to make past due payments on loans that he and his business partners owed to the bank. One day after the bank disbursed the loan proceeds, Barton and Cash made past due payments on loans owed to the bank, paid operating costs for Longbranch Lakes, and pocketed the remaining loan proceeds.

SIGTARP was joined in the investigation by the Federal Deposit Insurance Corporation Office of Inspector General. The U.S. Attorney for the Northern District of Georgia is prosecuting the case.

SIGTARP'S OVERSIGHT OF THE HARDEST HIT FUND

SIGTARP'S OVERSIGHT

SIGTARP conducts oversight through investigations, audits, and evaluations of EESA's \$9.7 billion HHF, announced by President Obama in 2010 and expanded in 2016 by Congress (which moved \$2 billion to HHF from HAMP). HHF provided \$9.7 billion to 19 state housing finance agencies to address ongoing local housing needs. Additionally, Treasury allows state agencies to recycle back into the program interest and recoveries from liens. Recoveries from SIGTARP investigations and audits also recycle back into the program.

SIGTARP investigates and supports the prosecution of corruption, fraud, and environmental crimes in demolitions of blighted properties under HHF. We continue to bring justice to individuals who defrauded the HHF mortgage assistance program. Our auditors and evaluators help ensure that the assistance effectively reaches those intended to be helped by identifying obstacles, roadblocks, waste, abuse, or risk of violation of program rules.

SIGTARP INVESTIGATIONS

As with all investigations, SIGTARP investigations for criminal and civil violations of the law are backwards-looking, seeking justice and accountability for past violations of the law, and assisting in recovering dollars lost to fraud. Fraud, waste, and abuse cannot happen while federal funds are unspent and safe in a government account. Criminal and civil law enforcement actions take time to investigate and prosecute through the courts. A non-complex criminal investigation and prosecution of crime in HHF can take three to five years, which is extended for more complex cases. The fact that a state agency may close its HHF program while SIGTARP's investigation is pending will not stop SIGTARP or prosecutors (such as the DOJ and state Attorneys General) from bringing justice and accountability to individuals or entities that violated the laws and could do so again. Prosecutions have already resulted in prison sentences, convictions, payment of losses and fines, and contractor bans.

SIGTARP Investigations in the HHF Blight Demolition Subprogram

SIGTARP investigates corruption, bribery, other anti-competitive acts, fraud, environmental/safety and other crimes, as well as civil violations of the law or program rules in the HHF blight demolition subprogram. SIGTARP spends significant resources investigating crimes that could have been deterred if: (1) Treasury had implemented SIGTARP's prior audit recommendations, (2) Treasury had implemented controls to mitigate the risk of contaminated dirt, asbestos exposure, and illegal dumping in HHF blight demolitions, and (3) Treasury had mitigated anti-competitive actions in demolition contracts.

SIGTARP has a number of ongoing confidential criminal investigations and is working actively with the DOJ and state Attorneys General offices. Public results of our investigations include:

- In FY 2021, an asbestos abatement contractor who allegedly was chosen as a subcontractor in Detroit demolitions due to bribes was criminally charged by the Michigan Attorney General for ***bribery, money laundering, and false pretenses***, and violating Michigan law requiring abatement companies to be independent from air monitoring companies who monitor post-abatement air quality to safeguard the public's health.
- In FY 2021, a SIGTARP investigation into four contractors conducting demolitions in Detroit, including in HHF, determined that the contractors used dirt from the I-94 road project to fill the demolition hole – ***dirt that had not been approved for use for demolition projects***. These findings are reported by the Detroit OIG which partnered with SIGTARP.
- In FY 2021, an official from a land bank in Cleveland, Ohio – a land bank that received nearly \$60 million from HHF – was ***convicted and sentenced to probation for lying to federal agents***, including a SIGTARP agent, who were conducting an investigation about work that a contractor with the land bank did to the land bank's official's house. The official did not pay for that work.
- In FY 2020, the head of a major Detroit demolition subcontractor and the subcontractor itself were ***barred for 20 years from contracts in Detroit for paying bribes*** on at least 71 occasions for HHF contracts. This contractor was paid \$6.2 million in HHF from 2014 to 2018 for asbestos abatement, and \$545,000 for asbestos abatement remediation. The Detroit OIG, which issued the disbarment after partnering with SIGTARP, found that the contractor and the City of Detroit took only minimal steps to prevent this from occurring in the future. Previously, the Detroit OIG had issued a suspension because the contractor provided asbestos abatement services that could impact the health, safety, and welfare of Detroit residents.

- In FY 2020, SIGTARP agents arrested an Illinois contractor for fraud in HHF demolitions in Hammond, Indiana. The contractor was paid more than \$100,000 in HHF. In FY 2021, the contractor was convicted of fraud charges brought by DOJ and sentenced to home confinement, two years probation, and ordered to pay over \$108,000 in restitution. The **fraud related to illegal dumping of the demolition debris** in unknown locations enabled him to avoid the registered facility fee.
- In FY 2020, SIGTARP agents arrested an Indiana contractor who DOJ charged with theft for HHF demolitions in Logansport, Indiana. The charges alleged that the contractor submitted false and fraudulent documents between 2015 and 2017, confirming that he properly disposed of demolition debris. The indictment alleged that the contractor **improperly disposed of demolition debris** on-site.
- In FY 2019, the Detroit city official in charge of demolition bids for HHF **was sentenced to prison after his conviction for bribery**, conspiracy, and fraud related to HHF contracts. The court ordered the official to forfeit \$26,500 for bribes he accepted and to pay a \$5,000 fine. Detroit is the largest participating city in the program with more than \$250 million in EESA funding. The official started taking bribes from subcontractors when he worked for Adamo, one of the lead contractors in HHF demolitions in Detroit, and then continued taking bribes as a city official. As a city official he took bribes in exchange for providing confidential information about bids which ensured the contractor paying the bribes was awarded lucrative contracts. The prosecuting U.S. Attorney said that the corruption of the government contracting damaged the integrity of the program and broke the public trust.
- In FY 2019, a senior official from Adamo was **sentenced to prison after his conviction for conspiracy to commit fraud by taking bribes and kickbacks** from a subcontractor related to demolition contracts in Detroit, including in the HHF program. The senior official accepted more than \$372,750 in bribes and kickbacks on 71 occasions, in exchange for providing confidential information about bids ensuring that the subcontractor was awarded lucrative contracts. The court ordered the official to forfeit the \$372,750 in bribes he took and to pay a \$10,000 fine.
- In FY 2019, DOJ resolved **False Claims Act violations** against Martin Enterprise to which the City of Fort Wayne, Indiana had awarded all HHF blight contracts. Instead of filling the post-demolition excavation sites with clean fill dirt as required, from February to September 2017, **Martin filled the holes with construction debris and then falsely billed HHF**. Martin settled with Fort Wayne to pay \$800,000 for the cost to excavate and remove all the construction debris and replace with approved fill dirt, and for other damages.

SIGTARP Investigations of Fraud in HHF Mortgage Assistance Programs

SIGTARP investigates and supports the prosecution by federal, state, or local prosecutors of individuals who defrauded the program and received mortgage assistance to which they were not entitled. In some instances, these individuals were also defrauding other federal assistance programs. It is important to bring justice to these fraudsters to deter them from defrauding other programs in the future. Additionally, court sentencing after conviction includes an order of repayment of illegally obtained HHF mortgage – funds that can be recycled into the program to be available for individuals suffering pandemic-related unemployment and other hardships.

SIGTARP investigations have led to the prosecution of 12 HHF mortgage assistance recipients in FY 2021. Individuals prosecuted were from California, Indiana, Illinois, Georgia, and South Carolina.

SIGTARP'S INVESTIGATIVE RESULTS IN LAST SIX MONTHS

Illinois-Based Demolition Contractor Sentenced for Defrauding HHF Blight Elimination Program in Hammond, Indiana

In May 2021, Mahmoud Alshuaibi, owner of Illinois-based IESCO Construction, was sentenced on federal charges of wire fraud and theft from a local government receiving federal funds. Alshuaibi pled guilty to charges in late 2020 and admitted to submitting false and fraudulent documents to support his claim for payment from the City of Hammond, Indiana for demolition work through the HHF's Blight Elimination Program. He admitted to failing to adhere to Blight Elimination Guidelines with respect to the demolition of these properties, including the proper disposal of debris at licensed landfills.

Instead, between June 2016 and March 2017, he disposed of the demolition debris in unknown locations enabling him to avoid the registered facility fee. Alshuaibi submitted false disposal, dumping, and clean fill dirt documentation to the City of Hammond and was paid over \$100,000 under the Blight Elimination Program.

In May 2021, Alshuaibi was sentenced to six months home confinement, 24-months probation and ordered to pay \$108,700 in restitution. The U.S. Attorney's Office for the Northern District of Indiana prosecuted the case.

Illinois Man Ordered to Pay Over \$82,000 in Restitution for Defrauding the U.S Treasury Department's Mortgage Assistance Program in Indiana

In April 2021, Mohammed Khan pled guilty to a Federal false claim in the District Court of Northern Indiana. He admitted to falsely submitting a claim to the Indiana Housing and Community Development Authority in an application for HHF mortgage assistance in January 2017. He claimed to reside in Hobart, Indiana, knowing the claim was false, fictitious, and fraudulent because he resided elsewhere. As a result of his fraudulent application, from March 2017 to August 2018, he received \$29,926 in HHF mortgage assistance for a property in which he did not reside.

In his plea agreement, Khan agreed to pay restitution of \$29,926 to the Indiana Housing and Community Development Authority. He also agreed to pay restitution for his fraudulent receipt of benefit funds from the Illinois Department of Employment Security for unemployment fraud and to the U.S. Department of Agriculture for food stamp fraud. He was sentenced in August 2021 to 12-months probation and total restitution of \$82,560.

In September 2021, Khan was remanded to custody for failing to meet the conditions of his probation. This case is being prosecuted by the U.S. Attorney's Office in the Northern District of Indiana.

California Couple Charged for Defrauding the HHF Mortgage Assistance Program Administered through Keep Your Home California (KYHC)

In September 2021, a felony complaint was filed against Fernando Favole in the State of California. Favole and his wife applied for Unemployment Mortgage Assistance, which was part of the State of California HHF program administered by CalHFA Mortgage Assistance Corporation. In April 2016, Favole and his wife both become unemployed.

As part of the application process, Favole submitted an unemployment affidavit in June 2016 that stated it was his responsibility to provide notification if he became re-employed during the benefit assistance period. In August 2016, Favole became re-employed by Toshiba America Information Systems as a product marketing manager. In February 2017, Favole left Toshiba and became employed by Epson America, Inc. as a product manager. At no time did Favole report that he had become re-employed. In total, Favole received Unemployment Mortgage Assistance benefits from June 2016 through October 2017 in the amount of \$52,083. The case is being prosecuted by the State of California Attorney General's Office.

Placer County California Couple Charged for Fraudulently Obtaining KYHC HHF Mortgage Assistance

John and Nevenka Kordic of Granite Bay, California, received Unemployment Mortgage Assistance Benefits from KYHC for a period of 18-months from July 31, 2015, to December 23, 2016, totaling \$53,676. In a 32-count felony complaint, the Kordics were charged with grand theft and obtaining services by false pretense.

One of the program requirements for KYHC Mortgage Assistance is that benefit applicants reside in the home for which they are seeking benefits and continue to reside there. Knowing this requirement, the Kordics moved from their property and failed to disclose this fact to KYHC. The Kordics began renting their property within two months of being approved and receiving mortgage assistance while simultaneously receiving rental income. This case is being prosecuted by the Placer County, California District Attorney's Office.

California Man Charged with Defrauding HHF Mortgage Assistance Program

On July 20, 2021, a criminal felony complaint was filed in the Superior Court of California, County of Solano alleging Velimir Mlaker of Fairfield, California, committed grand theft of personal property, a violation of Section 487(a) of the Penal Code of the State of California. The complaint further alleges that while receiving KYHC Unemployment Mortgage Assistance, Mlaker became re-employed, knowingly failed to inform the KYHC program, and continued to receive approximately \$3,000 per month in mortgage benefits paid to his mortgage servicer while gainfully employed. Mlaker received \$44,348 in benefits over the period April 2015 through September 2016. This case is being prosecuted by the Solano County District Attorney's Office.

California Man Convicted for Defrauding the KYHC Mortgage Assistance Program

In July 2021, Robert Charles Sneed from Indio, California, pled guilty to one count of theft of government property in violation of Title 18 USC 641 in the Central District Court in California. In late 2015, Sneed applied for benefit assistance and certified under penalty of perjury that he was unemployed, when in fact he was employed at Sunline Transit. In reliance upon Sneed's application and affidavits, KYHC approved Sneed for mortgage assistance benefits. From March 2016 through July 2017, Sneed received monthly mortgage payments of approximately \$2,200 per month for a total of \$41,027 in benefit funds sourcing from Treasury. Sneed is scheduled for sentencing in October 2021. The case will be prosecuted by the Riverside United States Attorney's Office in the Central District of California.

Northern California Woman Charged with Grand Theft and Perjury in Sacramento County, CA

In May 2021, Sheena Heer was charged in a felony criminal complaint in Sacramento Superior Court. Heer is charged with violating Section 487(a) of the Penal Code, grand theft, and Section 118(a) of the Penal Code, perjury related to the KYHC Unemployment Mortgage Assistance Program.

Between January 30, 2015, and June 24, 2016, Heer unlawfully received \$29,664 in benefits designed to assist financially distressed homeowners in avoiding foreclosure. She received monthly payments over an 18-month period paid directly to her mortgage servicer, Bank of America, based upon her claim of unemployment. Prior to receiving her first month's benefit from KYHC, Heer became employed as a part-time loan processor. She started a second job, approximately one week after receiving her first benefit payment, as a post underwriter processor at a financial services company and earned income well above the limit for receiving mortgage assistance. Heer was aware of her requirement to notify KYHC upon re-employment and signed an unemployment affidavit she knew to be false. This case is being prosecuted by the Sacramento County District Attorney's Office.

Georgia Man Sentenced to Prison for Fraudulently Obtaining HHF Mortgage Assistance in South Carolina

On July 22, 2021, Joshua David Armato was sentenced to time served and five years probation for defrauding the SC HELP HHF program. From January 18, 2017, to August 1, 2018, Armato knowingly obtained \$34,218 in HHF mortgage assistance under an HHF program for financially distressed homeowners, which requires the homeowner to own and occupy the property as the principal residence. Armato and his wife moved in August 2017 and rented the property. Armato concealed that the property was no longer owner occupied and concealed rental income. The U.S. Attorney's Office for the District of South Carolina prosecuted the case.

Indiana Woman Accepts Agreement to Plead Guilty to Fraudulently Obtaining HHF Mortgage Assistance

On August 9, 2021, a six count plea agreement was filed on Natasha Banister in Madison County, Indiana Circuit Court. The plea agreement was comprised of three counts of welfare fraud and three counts of perjury. Natasha Banister applied for and received Indiana Housing and Community Development Authority Unemployment Bridge Program benefit assistance totaling \$28,514, based on false statements surrounding a home owned by her boyfriend. In March 2014, Banister submitted a hardship affidavit and subsequent recertification documents in the name of her boyfriend, which contained false statements, including that he resided in the residence when he was in prison. Banister received monthly mortgage assistance payments from May 2014 through December 2015, totaling \$28,514. The Madison County, Indiana Prosecutor's Office is prosecuting this case.

South Carolina Woman Sentenced to Prison for Fraudulently Obtaining HHF Mortgage Assistance

On June 28, 2021, Keylon Wright was sentenced to time served in prison and five years supervised release after pleading guilty to bank fraud for defrauding the SC HELP HHF program. From October 1, 2015, to August 1, 2016, Wright knowingly obtained \$16,063 in HHF mortgage assistance funds under an HHF program for financially distressed homeowners, which requires the homeowner to own and occupy the property as the principal residence. Wright lied in her application stating that the house was owner occupied when she was renting the property. She also concealed the rental income, stating that her only income was \$1,000 in monthly unemployment benefits. The U.S. Attorney's Office for the District of South Carolina prosecuted the case.

South Carolina Woman Sentenced to Prison for Fraudulently Obtaining HHF Mortgage Assistance

On July 22, 2021, Marvette Thompson Easterling was sentenced to time served in prison and five years of supervised release after pleading guilty to bank fraud for defrauding the SC HELP HHF program. From November 7, 2014, to April 1, 2016, Easterling knowingly obtained \$14,679 in HHF mortgage assistance funds under an HHF program for financially distressed homeowners, which requires the homeowner to own and occupy the property as the principal residence. Easterling lied in her application stating that the house was owner occupied when she was renting the property. She also concealed the rental income that came from a Section 8 housing assistance program, stating that her only income was \$383 in monthly child support. The U.S. Attorney's Office for the District of South Carolina prosecuted the case.

Indiana Couple Sentenced After Conviction for Fraudulently Obtaining HHF Mortgage Assistance

On March 22, 2021, in Elkhart Superior Court, Richard and Jennifer Knox were each sentenced to one year in jail (suspended), one year probation, \$9,970 in restitution, and 40 hours of community service on their conviction of welfare fraud and perjury for defrauding the HHF program. From February 2016 until December 2017, Richard and Jennifer Knox received monthly mortgage assistance payments through the Indiana Housing and Community Development Authority for their home in Elkhart, Indiana, based upon an assertion of unemployment. In fact, Richard Knox had gained part-time employment as an automotive painter shortly after receiving benefits and then became fully employed at Keystone RV. The Knoxs submitted at least two HHF hardship recertifications throughout the benefit period stating that they continued to be unemployed, concealing Richard's re-employment. This case was prosecuted by the Prosecuting Attorney's Office for the County of Elkhart, State of Indiana.

SIGTARP AUDITS

SIGTARP audits and evaluations have improved the effectiveness and efficiency of HHF mortgage assistance programs by reporting on poor performance and, in one case, mismanagement by individual state agencies and identifying obstacles to the timely distribution of assistance. SIGTARP audits and evaluations of HHF blight demolition programs have identified abuse of the program as it was used to demolish lived-in houses on the desired relocation site of a car dealership. SIGTARP also warned Treasury about risks to the health and safety of communities, and risks of anti-competitive behavior in the bidding and awarding of contracts and made recommendations that, if implemented, could have deterred fraud and other crimes found by SIGTARP investigations.

SIGTARP also audits administrative costs of participating state housing agencies. SIGTARP audits have found \$11 million in waste, abuse, and questioned costs. This backwards-looking work on past spending has resulted in Treasury recovering and deterring funds lost to waste and abuse. Although Treasury only recovered a small fraction of the waste identified by SIGTARP, Treasury implemented some of the SIGTARP's important recommendations to improve Treasury's review of administrative expenses. In 2020, Treasury recovered \$395,000 from HHF state agencies based on SIGTARP recommendations.

SIGTARP Releases Evaluation of Treasury's Public Reporting on the Home Affordable Modification Program

In June 2021, there were more than 645,000 homeowners nationwide using HAMP to stay in their homes. SIGTARP's report [Treasury's Public Reporting on the Home Affordable Modification Program](#) found that although Treasury provides some transparency to the public on HAMP, more transparency is needed on active homeowners in the program and the performance of 118 bank and non-bank mortgage servicers that administer it. This additional transparency would provide greater insight on who is currently benefitting from HAMP and help the public understand the effectiveness of HAMP in achieving its goals to modify mortgages to be affordable and sustainable. The added transparency would also bring more accountability and insight into servicers' poor performance and violations of Treasury's rules.

SIGTARP found that Treasury complies with its requirement in the Dodd Frank Act to provide transparency by publishing loan-level data on participating homeowners. Transparency could be enhanced if Treasury analyzed and summarized the data on the 645,000 homeowners by geography (region, state, and city/county) and demographics (race, ethnicity, and income level), and reported this information to the public, which SIGTARP recommends.

SIGTARP also found that Treasury does not publicly report on the performance of individual mortgage servicers, missing an opportunity to bring greater accountability and insight into poor servicer performance. Key performance indicators, which SIGTARP recommends Treasury report, include reporting by servicer the number and rate of homeowners redefaulted out of HAMP. This could show above-average redefault rates, leading to greater Treasury scrutiny and potentially exposing a servicer's wrongful redefaults of homeowners. Defaults that disproportionately affect minorities or communities of color could also lead to greater Treasury scrutiny.

Treasury does not report on its oversight of HAMP mortgage servicers, which SIGTARP recommends. For example, Treasury has not reported that it decreased its compliance reviews of servicers, only conducting reviews of the top 14 servicers and decreasing reviews for servicers such as Wells Fargo, JP Morgan Chase, and Bank of America from four reviews in 2019 to only two in 2020.

Treasury has continued to find mortgage servicers that wrongfully redefaulted homeowners out of HAMP or took action that could lead to redefaults, such as wrongfully labeling a current homeowner as delinquent or incorrectly setting the mortgage payment too high. For example, over the last two years, Treasury found that Ocwen Loan Servicing, Bank of America, Citigroup, and NewRez LLC wrongfully redefaulted one or more homeowners out of HAMP. Treasury also found that the afore-mentioned, in addition to Specialized Loan Servicing (SLS) and Bayview, wrongfully labeled homeowners as delinquent; incorrectly set their payments too high; did not recast the mortgage or did not do so in a timely manner, which could lower payments; or violated other HAMP rules. Specifically:

- Ocwen Loan Servicing LLC (the largest HAMP servicer), or PHH Mortgage Corporation, a subsidiary of Ocwen, wrongly redefaulted a homeowner in forbearance in the fourth quarter of 2020 and wrongfully reported one borrower as delinquent in the third quarter of 2019. Treasury also found that the servicer did not timely reduce the borrower's unpaid principal balance in the fourth quarter of 2020. In addition, Treasury found that the servicer did not send timely notices to homeowners that interest rates and therefore payments were increasing in the fourth quarter of 2019. The servicer did not accurately apply borrower incentive payments in all four quarters of 2019 and was late in recasting mortgages, which could lower mortgage payments, in the first and second quarters of 2019. SIGTARP previously reported in 2017 that Treasury found Ocwen wrongfully redefaulted homeowners out of HAMP, set mortgage modification terms based on faulty calculations, reported erroneous data, and wrongfully denied homeowners HAMP assistance.
- Bank of America redefaulted three homeowners on Coronavirus Disease 2019 forbearance plans without providing them the required advance notice and did not send recast offers to five homeowners, which could have reduced their payments, all in the fourth quarter of 2020.
- Citigroup wrongfully redefaulted one homeowner out of HAMP in the second quarter of 2019 and one homeowner in the third quarter of 2019. In addition, it did not send a recast offer to two homeowners in the first quarter of 2020, which could have reduced their payments.
- NewRez LLC wrongfully redefaulted one homeowner in the first quarter of 2019, one homeowner in the third quarter of 2019, two homeowners in the fourth quarter of 2019, one homeowner in the first quarter of 2020, and one homeowner in the third quarter of 2020. Treasury also found that the servicer used inaccurate information in recasting mortgages and was late in sending the recast notice.
- U.S. Bank incorrectly increased one homeowner's interest rate in the first quarter of 2019 and wrongly reported one homeowner as delinquent in the third quarter of 2019, two homeowners as delinquent in the second quarter of 2019, and two homeowners as delinquent in the first quarter of 2019.
- Specialized Loan Servicing LLC did not timely reduce principal for homeowners in the first quarter of 2019 and in the third and fourth quarters of 2019 for loans transferred to SLS that were not set up properly.
- Carrington Mortgage Services LLC inaccurately calculated borrower pay-for-performance incentives in the third and fourth quarters of 2019, and did not recast mortgages accurately 99 times in all four quarters of 2019 and in the first quarter of 2020.
- Bayview Loan Servicing LLC wrongfully reported one homeowner as delinquent, did not timely reduce one homeowner's principal, and reported other incorrect data in the first quarter of 2019.

Servicer misconduct that violates HAMP rules harms homeowners, even if only one or a few homeowners at a time. When Treasury finds a violation, it requires the servicer to remedy it for the specific homeowner. In certain cases, it requires the servicer to do a lookback review for other homeowners harmed. Treasury uses small sample sizes (e.g., 25 loans), often finding that the issue was not systemic, even if the same problem appeared in multiple quarters. Treasury often did not increase its sample size and look back to determine if the mortgage servicer similarly harmed other homeowners, which SIGTARP recommends.

Treasury also does not publicly report on its oversight efforts after filing federal and/or state enforcement actions against HAMP servicers for homeowner abuse.

Treasury Made Significant Progress in Implementing SIGTARP's April 2020 Recommendation to Shift the Hardest Hit Fund to Assist Homeowners Suffering Pandemic-Related Hardships, Resulting in an Estimated Additional 12,000 Homeowners Who Will Receive Assistance

In a report, [Treasury Has Been Effective at Shifting the HHF to Assist Homeowners Suffering Pandemic-Related Hardships, Efforts That Could Be Further Enhanced](#), issued June 8, 2021, SIGTARP found that Treasury has been effective and has made significant progress in implementing SIGTARP's April 2020 recommendation to shift the HHF to assist homeowners suffering pandemic-related hardships, such as unemployment or loss of income. As a result, starting in March 2020, an additional 12,000 homeowners are estimated to have received HHF assistance to stay in their homes.

Treasury extended the deadline for states to approve new applications to June 30, 2021, and has been working with state agencies in HHF to open new programs, reopen programs that had closed to new applicants, and expand eligibility to address the pandemic, among other changes outlined in the report. State agencies have until December 30, 2021, to provide the assistance to homeowners.

SIGTARP found that Treasury's efforts could be enhanced to help even more people stay in their homes by implementing seven recommendations. SIGTARP recommended that Treasury extend the June 30 and December 30 deadlines because they have put pressure on state agencies already facing operational delays and backlogs in ramping up to respond to the pandemic. Additionally, SIGTARP recommended that Treasury recycle the \$118 million recovered from four state agencies that terminated the HHF program (including three during the pandemic).

SIGTARP recommended that Treasury remove obstacles, roadblocks, and barriers including:

- Receipt of CARES Act unemployment or other stimulus funding that can make homeowners ineligible;
- Proof of state unemployment benefits that can be a barrier given backlogs in state unemployment benefits;
- Backlogs of state unemployment benefits are sometimes delivered several months at once, which can cause a homeowner to be ineligible; and,
- Treasury's approval for state agencies that have met their spending caps but have program income available.

SIGTARP also recommended that Treasury increase transparency into its recent efforts to use HHF for the pandemic and reporting on active status of the program.

SIGTARP Recommends Controls Against Fraud and Waste in the Blight Elimination Program After Finding \$13 Million Spent in Michigan on Backfill Dirt that was Missing the Required Supporting Dirt Invoices

In a [management advisory letter](#) issued June 24, 2021, SIGTARP recommended that Treasury take corrective action to require an important fraud and waste prevention control in the HHF Blight Elimination Program. SIGTARP's review found \$13 million paid to contractors in Michigan on backfill dirt that was missing the required supporting dirt invoices from 2017 through 2019. In 2017, after the Michigan agency administering HHF expressed concern that local contractors had requested excessive payments, the Detroit blight program partner required contractors to provide invoices and trip/load tickets to substantiate all costs associated with backfill dirt for which the contractors sought reimbursement. SIGTARP's review of 100 files submitted by local contractors found none that contained the required invoices. Absent substantiating documentation, the Michigan state agency cannot verify the accuracy of actual costs for reimbursement. SIGTARP recommended that Treasury require state agencies to substantiate the actual price contractors paid for any materials used in the demolition process before releasing any reimbursements with federal funds. SIGTARP also recommended that Treasury require state agencies to (1) conduct reviews to determine if blight partners reimbursed local contractors for invoices without substantiating the actual costs of the materials used, (2) identify the cost of those materials, and (3) recoup any excessive payments.

PEER REVIEWS

SIGTARP PEER REVIEWS

The Export-Import Bank Office of Inspector General initiated a Quality Assessment Review of SIGTARP's audit function in September 2021.

The Quality Assessment Review of Investigative Operations has been scheduled for 2023.

Investigations

In early 2019, the EPA Office of Inspector General (EPA OIG) conducted a Quality Assessment Review of the Investigative Operations of SIGTARP for the period of October 1, 2015, through September 30, 2018.

The EPA OIG issued its letter which stated that “the system of internal safeguards and management procedures for the investigative function of SIGTARP in effect for the period October 1, 2015, through September 30, 2018, is in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the applicable Attorney General guidelines. These safeguards and procedures provide reasonable assurance of conforming to professional standards in the planning, execution and reporting of its investigations and in the use of law enforcement powers.”

Audits

In 2020, the Offices of Inspector General of the U.S. Department of Commerce and Tennessee Valley Authority (Review Team) conducted a Quality Assessment Review of SIGTARP's evaluation function. The Review Team determined that SIGTARP's policies and procedures met the seven Blue Book standards addressed in the external peer review. The reports reviewed by the Review Team met the Blue Book standards and complied with SIGTARP's Evaluation Policies and Procedures Manual. CIGIE requires external peer reviews of OIGs conducting evaluations at least once every three years.

The most recent review is available on SIGTARP's website at www.SIGTARP.gov, under “Peer Review Report.”

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.
