



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

LETTER FROM THE SPECIAL INSPECTOR GENERAL

SIGTARP's Quarterly Report (April 1, 2022 – June 30, 2022)

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 at least \$11.3 billion, criminal prosecutions by the Department of Justice (DOJ) and others of 469 defendants - 316 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 fraud, waste, abuse, ineffectiveness, inefficiency, and risk in EESA programs, and bringing transparency to EESA.

SIGTARP is actively conducting audits and investigations over EESA's Home Affordable Modification Program (HAMP), which provides foreclosure relief for more than 572,000 homeowners. Treasury will provide \$849 million in obligated/committed funds through December 2023 to keep these homeowners in their homes. This program supports Treasury's strategic objectives of promoting equitable financial recovery and growth, and a stable and resilient housing market.

In the last quarter, as a result of a SIGTARP investigations:

- A bank CEO was convicted for taking bribes in connection with loans guaranteed by the Small Business Administration (SBA). These charges were brought about by a joint investigation with SIGTARP, the Federal Deposit Insurance Corporation – Office of Inspector General (FDIC-OIG), Homeland Security Investigations (HSI), and the SBA Office of the Inspector General (SBA-OIG)
- Two Columbus, Mississippi residents were indicted in connection with defrauding the Cares Act Fund of more than \$2 million. The defendants are charged with Conspiracy to Commit Wire Fraud, Wire Fraud, False Statements and Money Laundering. These charges stem from a SIGTARP investigation that uncovered the fraud scheme while

investigating properties that were eligible for federal TARP funds issued under EESA's Blight Elimination Program.

- A D.C. woman was convicted of mail fraud and false statements and will forfeit over \$500,000.
- A former CEO of Shreveport Federal Credit Union (SFCU), a failed TARP recipient credit union, was sentenced to one year probation and paid a fine of \$5,000 for making false statement to Treasury in connection with TARP. The defendant was aware of deficiencies at the credit union. Specifically, the CEO had investigated and discovered that there were fictitious entries on SFCU's general ledger, and that the credit union reported millions of dollars of fictitious income to its federal regulator.

As of June 2022, one bank and two credit unions remain in TARP. The fact that a bank exits TARP or that a different EESA program closes does not allow a defendant to escape criminal or civil prosecution.

As a result of SIGTARP's investigations into the Hardest Hit Fund (HHF), one defendant was convicted for defrauding the program out of mortgage assistance intended for unemployed homeowners. A court sentenced another defendant to probation for defrauding HHF's unemployment program. The City of Detroit ordered an HHF demolition contractor to replace fill material at seven demolition sites, and to test many more. The owner of a Southeast Michigan asbestos abatement company was convicted of false pretenses and sentenced to probation.

SIGTARP continues to find wrongful doing within the EESA programs. It is imperative that SIGTARP fulfill its mission to bring accountability for fraud, waste, and abuse, and ensure the HAMP program is effective, efficient, and free of risk or vulnerability.

Respectfully,

MELISSA BRUCE
Acting, Special Inspector General